

CITY OF CARRABELLE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**CITY OF CARRABELLE, FLORIDA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities and Water and Sewer Fund, the financial statements present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, and Water and Sewer Fund of the City as of September 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

Basis for Opinions

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

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

As discussed in Note (14) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Water and Sewer Fund.

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter – Prior Period Restatements

As discussed in Note (12) to the financial statements, after the September 30, 2022 financial statements were issued, two errors in the financial statements were identified related to grant receivables and lease receivables. As a result, certain beginning fund balance and net position balances as of September 30, 2022 have been restated in the current year financial statements. Our opinions are not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

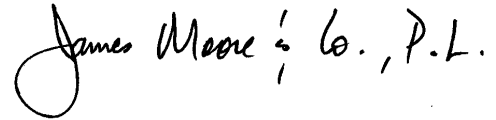
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s financial statements. The Schedule of Expenditures of Federal Awards and State Financial Assistance as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Federal Awards and State Financial Assistance as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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, looped initial "J".

Tallahassee, Florida
September 17, 2024

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2023

As management of the City of Carrabelle, Florida (hereinafter referred to as the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City’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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other 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.

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

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2023
(Continued)

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 maintains two major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and special revenue fund, both of these are considered to be major funds.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$50,353,083 at the close of the most recent fiscal year.

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

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$5,775,421 may be used to meet the government's ongoing obligations to citizens and creditors.

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

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2023
(Continued)

Changes in Net Position

	2023		
	Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 230,179	\$ 2,703,233	\$ 2,933,412
Operating grants and contributions	282,210	-	282,210
Capital grants and contributions	473,041	1,567,919	2,040,960
General revenues:			
Taxes	1,713,117	-	1,713,117
Intergovernmental and other	189,335	152,200	341,535
Total revenues	<u>2,887,882</u>	<u>4,423,352</u>	<u>7,311,234</u>
Expenses:			
General government	1,119,700	-	1,119,700
Public Safety	499,849	-	499,849
Transportation	373,619	-	373,619
Culture and recreation	436,560	-	436,560
Physical environment	277,998	-	277,998
Interest on long term debt	27,348	-	27,348
Water and Sewer	-	3,909,102	3,909,102
Airport	-	221,689	221,689
Total expenses	<u>2,735,074</u>	<u>4,130,791</u>	<u>6,865,865</u>
Change in net position	152,808	292,561	445,369
Net position , beginning of year, as restated	8,949,715	40,957,999	49,907,714
Net position , end of year	<u>\$ 9,102,523</u>	<u>\$ 41,250,560</u>	<u>\$ 50,353,083</u>

	2022		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 179,344	\$ 2,635,773	\$ 2,815,117
Operating grants and contributions	1,150,051	-	1,150,051
Capital grants and contributions	506,278	4,156,309	4,662,587
General revenues:			
Taxes	1,737,558	-	1,737,558
Intergovernmental and other	228,123	13,810	241,933
Total revenues	<u>3,801,354</u>	<u>6,805,892</u>	<u>10,607,246</u>
Expenses:			
General government	737,746	-	737,746
Public Safety	467,463	-	467,463
Transportation	369,928	-	369,928
Culture and recreation	435,997	-	435,997
Physical environment	763,683	-	763,683
Interest on long term debt	31,303	-	31,303
Water and Sewer	-	3,653,074	3,653,074
Airport	-	204,400	204,400
Total expenses	<u>2,806,120</u>	<u>3,857,474</u>	<u>6,663,594</u>
Change in net position	995,234	2,948,418	3,943,652
Net position , beginning of year	7,954,481	38,009,581	45,964,062
Net position , end of year	<u>\$ 8,949,715</u>	<u>\$ 40,957,999</u>	<u>\$ 49,907,714</u>

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2023
(Continued)

Governmental activities. Governmental activities increased the City's net position by \$152,808. The key element of this increase was:

- Grant revenue related to capital projects

Business-type activities. Business-type activities increased the City's net position by \$292,561. The key element of this increase was:

- Grant revenue related to capital projects

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,901,660, an increase of \$206,251 in comparison with the prior year. Approximately 82% of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *assigned, nonspendable and restricted* to indicate that it is not available for new spending because it has already been committed to generate income to pay for a variety of other restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,218,671 while total fund balance reached \$3,651,492. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 136 percent of total general fund expenditures, while total fund balance represents 154 percent of that same amount.

The fund balance of the City of Carrabelle, Florida's general fund increased by \$232,683 during the current fiscal year. The key factors in this increase were:

- Grant revenue related to capital projects

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

Unrestricted net position of the Water and Sewer fund and the Airport fund at the end of the year amounted to \$3,271,060, and \$36,791, respectively. The total increase in net position for the funds was \$292,561. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Carrabelle, Florida's business-type activities.

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2023
(Continued)

General Fund Budgetary Highlights

- General government and transportation expenditures were greater than budgeted amounts due to capital asset purchases and grant activity.

Capital Asset and Debt Administration

Capital assets: The City of Carrabelle, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2023, amounts to \$49,828,801 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and system, improvements, machinery and equipment, park facilities and roads.

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

- Water and sewer infrastructure improvements.
- Airport improvements.

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

Right-to-use assets: The City's right-to-use assets as of September 30, 2023, amount to \$96,307 (net of accumulated amortization).

Long-term debt. At the end of the current fiscal year, the City of Carrabelle, Florida had total debt outstanding of \$6,079,927, which was related to capital improvement debt. In addition, lease liabilities at the end of the fiscal year were \$86,389.

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

Economic Factors and Next Year's Budgets and Rates

- Millage rate consistent with previous years.
- Continued water and sewer fund infrastructure improvements
- Increase in property tax revenues based on increasing values.

Requests for Information

This financial report is designed to provide a general overview of the City of Carrabelle, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Clerk, 1206 Hwy 98 East, Carrabelle, Florida 32322.

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,146,203	\$ 2,886,497	\$ 6,032,700
Certificates of deposit	56,097	251,402	307,499
Investments	1,038	-	1,038
Receivables, net	25,682	391,065	416,747
Due from other governments	220,145	1,611,874	1,832,019
Inventory	-	2,900	2,900
Prepays	15,695	14,729	30,424
Restricted assets			
Cash and cash equivalents	620,206	209,904	830,110
Right-to-use lease receivable			
Due within one year	52,147	-	52,147
Due in more than one year	573,418	-	573,418
Capital assets not being depreciated:			
Land	401,368	2,970,515	3,371,883
Construction in process	110,126	7,583,433	7,693,559
Capital assets being depreciated, net	6,169,540	32,593,819	38,763,359
Right-of-use lease asset being amortized, net	25,749	70,558	96,307
Total assets	<u>\$ 11,417,414</u>	<u>\$ 48,586,696</u>	<u>\$ 60,004,110</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 171,427</u>	<u>\$ 105,645</u>	<u>\$ 277,072</u>
LIABILITIES			
Account payable and accrued expenses	\$ 212,938	\$ 1,108,711	\$ 1,321,649
Unearned revenue	-	9,030	9,030
Deposits	12,000	237,614	249,614
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	33,598	257,816	291,414
Leases payable	6,569	26,818	33,387
Compensated absences	32,518	28,111	60,629
Due in more than one year:			
Bonds and notes payable	658,655	5,129,858	5,788,513
Leases payable	14,553	38,449	53,002
Compensated absences	-	31,345	31,345
Net pension liability	861,714	531,051	1,392,765
Total liabilities	<u>\$ 1,832,545</u>	<u>\$ 7,398,803</u>	<u>\$ 9,231,348</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	\$ 69,740	\$ 42,978	\$ 112,718
Deferred inflows related to leases	584,033	-	584,033
Total deferred inflows	<u>\$ 653,773</u>	<u>\$ 42,978</u>	<u>\$ 696,751</u>
NET POSITION			
Net investment in capital assets	\$ 5,967,659	\$ 37,765,384	\$ 43,733,043
Restricted for:			
Infrastructure	121,491	-	121,491
Community redevelopment	248,401	-	248,401
Public safety	165,516	-	165,516
Building permit enforcement	78,411	-	78,411
Cemetery	53,475	-	53,475
Debt service	-	177,325	177,325
Unrestricted	2,467,570	3,307,851	5,775,421
Total net position	<u>\$ 9,102,523</u>	<u>\$ 41,250,560</u>	<u>\$ 50,353,083</u>

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

**CITY OF CARRABELLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 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	\$ 1,119,700	\$ 194,666	\$ 282,210	\$ 473,041	\$ (169,783)	\$ -	\$ (169,783)
Public safety	499,849	35,513	-	-	(464,336)	-	(464,336)
Transportation	373,619	-	-	-	(373,619)	-	(373,619)
Culture and recreation	436,560	-	-	-	(436,560)	-	(436,560)
Physical environment	277,998	-	-	-	(277,998)	-	(277,998)
Interest on long term debt	27,348	-	-	-	(27,348)	-	(27,348)
Total governmental activities	<u>2,735,074</u>	<u>230,179</u>	<u>282,210</u>	<u>473,041</u>	<u>(1,749,644)</u>	<u>-</u>	<u>(1,749,644)</u>
Business-type activities:							
Water and sewer	3,909,102	2,619,609	-	1,402,669	-	113,176	113,176
Airport	221,689	83,624	-	165,250	-	27,185	27,185
Total business-type activities	<u>4,130,791</u>	<u>2,703,233</u>	<u>-</u>	<u>1,567,919</u>	<u>-</u>	<u>140,361</u>	<u>140,361</u>
Total government	<u>\$ 6,865,865</u>	<u>\$ 2,933,412</u>	<u>\$ 282,210</u>	<u>\$ 2,040,960</u>	<u>(1,749,644)</u>	<u>140,361</u>	<u>(1,609,283)</u>
General revenues:							
Property taxes					1,201,670	-	1,201,670
Sales taxes					248,001	-	248,001
Other taxes					93,028	-	93,028
Franchise and utility taxes					170,418	-	170,418
Intergovernmental revenue					95,563	-	95,563
Other					22,317	27,443	49,760
Unrestricted investment earnings					106,483	89,729	196,212
Transfers					(35,028)	35,028	-
Change in net position					152,808	292,561	445,369
Net position, beginning of year, as restated					8,949,715	40,957,999	49,907,714
Net position, end of year					<u>\$ 9,102,523</u>	<u>\$ 41,250,560</u>	<u>\$ 50,353,083</u>

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

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

	General Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,486,573	\$ 279,780	\$ 56	\$ 3,766,409
Certificate of deposit	56,097	-	-	56,097
Investments	1,038	-	-	1,038
Receivables, net	25,682	-	-	25,682
Due from other governments	220,145	-	-	220,145
Lease receivables	625,565	-	-	625,565
Prepaid items	13,984	1,711	-	15,695
Total assets	<u>\$ 4,429,084</u>	<u>\$ 281,491</u>	<u>\$ 56</u>	<u>\$ 4,710,631</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 181,559	\$ 31,379	\$ -	\$ 212,938
Customer deposits	12,000	-	-	12,000
Total liabilities	<u>193,559</u>	<u>31,379</u>	<u>-</u>	<u>224,938</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	584,033	-	-	584,033
Total deferred inflows of resources	<u>584,033</u>	<u>-</u>	<u>-</u>	<u>584,033</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	13,984	1,711	-	15,695
Restricted for:				
Infrastructure	121,435	-	56	121,491
Public safety	165,516	-	-	165,516
Community redevelopment	-	248,401	-	248,401
Building permit enforcement	78,411	-	-	78,411
Cemetery	53,475	-	-	53,475
Unassigned	3,218,671	-	-	3,218,671
Total fund balances	<u>3,651,492</u>	<u>250,112</u>	<u>56</u>	<u>3,901,660</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,429,084</u>	<u>\$ 281,491</u>	<u>\$ 56</u>	<u>\$ 4,710,631</u>

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

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

Fund balances - total governmental funds		\$ 3,901,660
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		
Total governmental capital assets	13,638,861	
Total governmental right of use assets	35,113	
Less: accumulated amortization	(9,364)	
Less: accumulated depreciation	<u>(6,957,827)</u>	6,706,783
<p>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 for payment of those benefits (no such liability exists at the end of the current fiscal benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.</p>		
Net pension liability	(861,714)	
Deferred outflows related to pensions	171,427	
Deferred inflows related to pensions	<u>(69,740)</u>	(760,027)
<p>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, deferred outflows, and other debt-related deferred charges consist of the following:</p>		
Bonds and notes payable	(692,253)	
Lease obligations	(21,122)	
Compensated absences	<u>(32,518)</u>	(745,893)
Net position of governmental activities		<u><u>\$ 9,102,523</u></u>

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

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

	General Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes, licenses and permits	\$ 1,734,086	\$ 125,315	\$ -	\$ 1,859,401
Intergovernmental	820,407	-	-	820,407
Charges for services	120,302	-	-	120,302
Investment income	95,821	10,662	-	106,483
Other	11,501	4,816	-	16,317
Total revenues	<u>2,782,117</u>	<u>140,793</u>	<u>-</u>	<u>2,922,910</u>
Expenditures				
General government	861,545	-	-	861,545
Public safety	475,680	-	-	475,680
Transportation	304,856	-	-	304,856
Culture and recreation	279,650	10,952	-	290,602
Physical environment	17,464	222,232	-	239,696
Community development	66,943	-	-	66,943
Capital Outlay	294,836	81,613	-	376,449
Debt service:				
Principal	38,512	-	-	38,512
Interest	27,348	-	-	27,348
Total expenditures	<u>2,366,834</u>	<u>314,797</u>	<u>-</u>	<u>2,681,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>415,283</u>	<u>(174,004)</u>	<u>-</u>	<u>241,279</u>
Other financing sources (uses)				
Transfers in	18,500	166,072	-	184,572
Transfers out	(201,100)	(18,500)	-	(219,600)
Total other financing sources (uses)	<u>(182,600)</u>	<u>147,572</u>	<u>-</u>	<u>(35,028)</u>
Net change in fund balances	<u>232,683</u>	<u>(26,432)</u>	<u>-</u>	<u>206,251</u>
Fund balances, beginning of year, as restated	3,418,809	276,544	56	3,695,409
Fund balances, end of year	<u>\$ 3,651,492</u>	<u>\$ 250,112</u>	<u>\$ 56</u>	<u>\$ 3,901,660</u>

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

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

Net change in fund balances - total governmental funds	\$ 206,251
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	376,449
Depreciation and amortization expense	(368,794)
Bond, loan, and leases 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, note and leases 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 general long-term debt and lease principal	38,512
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	(97,936)
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 compensated absences liability	(1,674)
Change in net position of governmental activities	\$ 152,808

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

CITY OF CARRABELLE, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Airport</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,843,666	\$ 42,831	\$ 2,886,497
Restricted assets:			
Cash and cash equivalents	209,904	-	209,904
Certificate of deposit	251,402	-	251,402
Receivables, net	391,065	-	391,065
Due from other governments	1,611,784	90	1,611,874
Inventory	-	2,900	2,900
Prepaid items	14,729	-	14,729
Total current assets	<u>5,322,550</u>	<u>45,821</u>	<u>5,368,371</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	37,958,048	5,189,719	43,147,767
Right-to-use lease asset, net of accumulated amortization	70,558	-	70,558
Total noncurrent assets	<u>38,028,606</u>	<u>5,189,719</u>	<u>43,218,325</u>
Total assets	<u>\$ 43,351,156</u>	<u>\$ 5,235,540</u>	<u>\$ 48,586,696</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	<u>\$ 105,645</u>	<u>\$ -</u>	<u>\$ 105,645</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,108,711	\$ -	\$ 1,108,711
Current portion of lease liability	26,818	-	26,818
Current portion of compensated absences	28,111	-	28,111
Current portion of notes payable	257,816	-	257,816
Due to other funds	-	-	-
Unearned revenue	-	9,030	9,030
Utility deposits	237,614	-	237,614
Noncurrent liabilities:			
Compensated absences	31,345	-	31,345
Lease liability, long-term portion	38,449	-	38,449
Notes payable, long-term portion	5,129,858	-	5,129,858
Net pension liability	531,051	-	531,051
Total liabilities	<u>\$ 7,389,773</u>	<u>\$ 9,030</u>	<u>\$ 7,398,803</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	<u>\$ 42,978</u>	<u>\$ -</u>	<u>\$ 42,978</u>
NET POSITION			
Net investment in capital assets	\$ 32,575,665	\$ 5,189,719	\$ 37,765,384
Restricted for debt service	177,325	-	177,325
Unrestricted	3,271,060	36,791	3,307,851
Total net position	<u>\$ 36,024,050</u>	<u>\$ 5,226,510</u>	<u>\$ 41,250,560</u>

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

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

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Airport	Total
Operating revenues			
Charges for services	\$ 2,619,609	\$ 83,624	\$ 2,703,233
Other revenues	27,443	-	27,443
Total operating revenues	2,647,052	83,624	2,730,676
Operating expenses			
Contracted services	1,600	1,275	2,875
Salaries	508,330	-	508,330
Employee benefits	305,119	-	305,119
Auto and truck	15,920	-	15,920
Depreciation	1,839,688	120,063	1,959,751
Amortization	25,440	-	25,440
Professional fees	92,157	830	92,987
Repairs	330,533	24,877	355,410
Utilities	229,068	7,130	236,198
Supplies	362,702	45,912	408,614
Insurance	78,260	21,602	99,862
Miscellaneous	40,859	-	40,859
Total operating expenses	3,829,676	221,689	4,051,365
Operating income (loss)	(1,182,624)	(138,065)	(1,320,689)
Nonoperating revenues (expenses):			
Capital grants	1,402,669	165,250	1,567,919
Interest earnings	88,872	857	89,729
Interest expense	(79,426)	-	(79,426)
Total nonoperating revenues (expenses)	1,412,115	166,107	1,578,222
Income (loss) before contributions and transfers	229,491	28,042	257,533
Transfers in	35,028	-	35,028
Change in net position	264,519	28,042	292,561
Total net position, beginning of year	35,759,531	5,198,468	40,957,999
Total net position, end of year	\$ 36,024,050	\$ 5,226,510	\$ 41,250,560

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

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

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Airport	Total
Cash flows from operating activities			
Cash received from customers and others	\$ 2,520,750	\$ 188,904	\$ 2,709,654
Cash paid to vendors	(1,934,985)	(91,748)	(2,026,733)
Cash paid to employees	(891,207)	-	(891,207)
Net cash provided by (used in) operating activities	<u>(305,442)</u>	<u>97,156</u>	<u>(208,286)</u>
Cash flows from noncapital financing activities			
Interfund transfers	<u>(35,028)</u>	<u>(45,000)</u>	<u>(80,028)</u>
Cash flows from capital and related financing activities			
Capital contributions	35,028	-	35,028
Acquisition and construction of capital assets	(3,639,233)	(165,250)	(3,804,483)
Capital grants	3,043,330	120,250	3,163,580
Principal payments of long-term debt	(180,687)	-	(180,687)
Proceeds from issuance of long-term debt	1,021,733	-	1,021,733
Interest paid	(79,426)	-	(79,426)
Net cash provided by (used in) capital and related financing activities	<u>200,745</u>	<u>(45,000)</u>	<u>155,745</u>
Cash flows from investing activities			
Interest received	88,872	857	89,729
Net change in cash and cash equivalents	<u>(50,853)</u>	<u>8,013</u>	<u>(42,840)</u>
Cash and cash equivalents, beginning of year	3,104,423	34,818	3,139,241
Cash and cash equivalents, end of year	<u>\$ 3,053,570</u>	<u>\$ 42,831</u>	<u>\$ 3,096,401</u>
Cash and cash equivalents classified as:			
Unrestricted	\$ 2,843,666	\$ 42,831	\$ 2,886,497
Restricted	209,904	-	209,904
Total cash and cash equivalents	<u>\$ 3,053,570</u>	<u>\$ 42,831</u>	<u>\$ 3,096,401</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (1,182,624)	\$ (138,065)	\$ (1,320,689)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:			
Depreciation	1,839,688	120,063	1,959,751
Changes in assets and liabilities:			
Accounts receivable	(105,934)	15,280	(90,654)
Due from other governments	-	90,000	90,000
Prepaid items	63,530	9,878	73,408
Accounts payable and accrued liabilities	(977,492)	-	(977,492)
Deposits	(20,368)	-	(20,368)
Compensated absences	4,039	-	4,039
Net pension liability, deferred inflows and deferred outflows related to pensions	73,719	-	73,719
Net cash provided by (used in) operating activities	<u>\$ (305,442)</u>	<u>\$ 97,156</u>	<u>\$ (208,286)</u>
Non-cash investing, capital, and financing activities:			
Capital assets acquired through accounts payable	<u>\$ 260,532</u>	<u>\$ -</u>	<u>\$ 260,532</u>

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

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The *community redevelopment fund* accounts for the receipts and expenditures related the City’s Community Redevelopment Agency.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

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

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

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

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

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

(g) **Deposits and investments**—The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

(h) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. For financial reporting purposes, infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 acquired after September 30, 2003 and an estimated useful life in excess of two years. For inventory purposes, capital assets are assets with individual cost of \$1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

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

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

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

Assets	Years
Buildings	39
Infrastructure	20
Utility system	5 – 50
Vehicles	5
Office equipment	5 – 10

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

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

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

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

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

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

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

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

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

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

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

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

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

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

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

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

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

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

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

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

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

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

(3) **Receivables:**

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

	General Fund	Water Sewer Fund	Airport Fund	Total
Intergovernmental	\$ 220,145	\$ 1,611,784	\$ 90	\$ 1,832,019
Accounts receivable	25,682	532,800	-	558,482
Less: allowance for uncollectible receivables	-	(141,735)	-	(141,735)
Net receivables	\$ 245,827	\$ 2,002,849	\$ 90	\$ 2,248,766

(4) **Transfers:**

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

The composition of interfund transfers during the year ended September 30, 2023, is as follows:

Transfers In	Transfers Out	Amount
Special Revenue Fund	General Fund	\$ 166,072
General Fund	Special Revenue Fund	18,500
Enterprise Fund	General Fund	35,028
		\$ 219,600

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

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(5) **Leases:**

The City has leases in effect for vehicles through 2027. The vehicles are considered right-to-use assets of the City. The City also leases buildings to tenants with terms ending from 2026 through 2038. The City records lease receivables representing the future cash payments and associated interest, while the deferred inflows represent the lease revenue to be recognized over the term of the lease. The City assumed a 6% interest rate based on expected borrowing rate.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Right-to-use leased assets, being amortized:				
Vehicles	\$ 35,113	\$ -	\$ -	\$ 35,113
Accumulated amortization	(2,341)	(7,023)	-	(9,364)
Right-to-use leased assets, net	<u>\$ 32,772</u>	<u>\$ (7,023)</u>	<u>\$ -</u>	<u>\$ 25,749</u>
Business-type activities:				
Right-to-use leased assets, being amortized:				
Vehicles	\$ 24,842	\$ 75,856	\$ -	\$ 100,698
Accumulated amortization	(4,700)	(25,440)	-	(30,140)
Right-to-use leased assets, net	<u>\$ 20,142</u>	<u>\$ 50,416</u>	<u>\$ -</u>	<u>\$ 70,558</u>

The amortization expense for right-to-use leased assets was \$32,463 for the year ended September 30, 2023.

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

Year Ending September 30,	Principal	Interest	Total
2024	\$ 33,387	\$ 3,369	\$ 36,756
2025	25,564	2,411	27,975
2026	27,438	1,491	28,929
Total Future Payments	<u>\$ 86,389</u>	<u>\$ 7,271</u>	<u>\$ 93,660</u>

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

(5) **Leases:** (Continued)

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,147	\$ 14,383	\$ 66,530
2025	53,778	13,119	66,897
2026	57,363	11,800	69,163
2027	59,779	10,397	70,176
2028	63,685	8,933	72,618
2029-2033	196,555	27,007	223,562
2034-2038	142,258	7,278	149,536
Total	<u>\$ 625,565</u>	<u>\$ 92,917</u>	<u>\$ 718,482</u>

Total rental income for the year ended September 30, 2023 was \$58,710 and interest income was \$15,488 related to the leases of the buildings.

(6) **Deposits:**

At year end, the carrying amount of the City deposits was \$7,170,309 and the bank balance was \$7,488,764. The entire bank balance was covered by Federal depository insurance, or by collateral held by the City's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

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

The carrying amount of deposits consisted of the following as of September 30, 2023:

Cash and cash equivalents	\$ 6,862,810
Certificates of deposit	307,499
	<u>\$ 7,170,309</u>

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(7) Capital Assets:

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 401,368	\$ -	\$ -	\$ 401,368
Construction in progress	-	110,126	-	110,126
Total capital assets, not being depreciated	<u>401,368</u>	<u>110,126</u>	<u>-</u>	<u>511,494</u>
Capital assets, being depreciated:				
Land improvements	558,913	150,660	-	709,573
Buildings and improvements	6,861,530	-	-	6,861,530
Equipment, furniture, fixtures and vehicles	3,001,117	115,663	-	3,116,780
Infrastructure	2,439,484	-	-	2,439,484
Total capital assets, being depreciated	<u>12,861,044</u>	<u>266,323</u>	<u>-</u>	<u>13,127,367</u>
Less accumulated depreciation for:				
Land Improvements	(113,738)	(25,002)	-	(138,740)
Buildings and improvements	(2,596,432)	(169,850)	-	(2,766,282)
Equipment, furniture, fixtures and vehicles	(2,827,596)	(58,842)	-	(2,886,438)
Infrastructure	(1,058,290)	(108,077)	-	(1,166,367)
Total accumulated depreciation	<u>(6,596,056)</u>	<u>(361,771)</u>	<u>-</u>	<u>(6,957,827)</u>
Total capital assets, being depreciated, net	<u>6,264,988</u>	<u>(95,448)</u>	<u>-</u>	<u>6,169,540</u>
Governmental activities capital assets, net	<u>\$ 6,666,356</u>	<u>\$ 14,678</u>	<u>\$ -</u>	<u>\$ 6,681,034</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,970,515	\$ -	\$ -	\$ 2,970,515
Construction in progress	5,569,806	2,013,627	-	7,583,433
Total capital assets, not being depreciated	<u>8,540,321</u>	<u>2,013,627</u>	<u>-</u>	<u>10,553,948</u>
Capital assets, being depreciated:				
Equipment, buildings, utility systems and improvements	57,223,949	99,779	-	57,323,728
Total capital assets, being depreciated	<u>57,223,949</u>	<u>99,779</u>	<u>-</u>	<u>57,323,728</u>
Less accumulated depreciation:				
Equipment, buildings, utility systems and improvements	(22,770,158)	(1,959,751)	-	(24,729,909)
Total accumulated depreciation	<u>(22,770,158)</u>	<u>(1,959,751)</u>	<u>-</u>	<u>(24,729,909)</u>
Total capital assets, being depreciated, net	<u>34,453,791</u>	<u>(1,859,972)</u>	<u>-</u>	<u>32,593,819</u>
Business type activities capital assets, net	<u>\$ 42,994,112</u>	<u>\$ 153,655</u>	<u>\$ -</u>	<u>\$ 43,147,767</u>

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

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 94,237
Public safety	17,146
Transportation	68,763
Culture and recreation	52,645
Physical environment	128,980
Total	\$ 361,771
Business-type activities:	
Water and sewer	\$ 1,839,688
Airport	120,063
Total	\$ 1,959,751

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

Governmental Activities

Note payable

3.94% note payable to bank payable in monthly installments of \$5,015 beginning May 2019 including interest, through March 2029 with remaining principal and interest payments due at that time, collateralized by building.	\$ 692,253
Less: Current portion	33,598
Notes payable, less current portion	\$ 658,655

Maturities of note payable are as follows:

Year Ending September 30,	Principal	Interest
2024	\$ 33,598	\$ 26,585
2025	35,022	25,161
2026	36,428	23,755
2027	37,892	22,292
2028	39,355	20,828
2029	509,958	9,719
Total	\$ 692,253	\$ 128,340

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

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

Business-type Activities

Notes payable

1.34% note payable to government agency, payable in semi-annual installments of \$7,077 including interest through February 15, 2031, collateralized by water and sewer revenues	\$ 110,214
1.54% note payable to government agency, payable in semi-annual installments of \$106,198 including interest through May 15, 2042, collateralized by water and sewer revenues	3,470,033
2.71% note payable to government agency, payable in semi-annual installments of \$18,689 including interest through December 15, 2040, collateralized by water and sewer revenues	540,999
2.71% note payable to government agency, payable in semi-annual installments of \$11,174 including interest through December 15, 2040, collateralized by water and sewer revenues	319,341
0.00% note payable to government agency, payable in semi-annual installments of \$27,840 including interest through December 15, 2041, collateralized by water and sewer revenues	947,087
	5,387,674
Less: Current portion	257,816
Notes payable, less current portion	\$ 5,129,858

Maturities of notes payable are as follows:

Year Ending September 30,	Principal	Interest
2024	\$ 257,816	\$ 77,913
2025	267,775	74,179
2026	271,578	70,377
2027	275,455	66,500
2028	279,405	62,550
2029-2033	1,419,452	251,407
2034-2038	1,494,062	144,942
2039-2042	1,122,131	34,296
Total	\$ 5,387,674	\$ 782,164

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

Changes in long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities:					
Compensated absences	\$ 30,844	\$ 54,815	\$ 53,141	\$ 32,518	\$ 32,518
Lease liabilities	27,261	-	6,139	21,122	6,569
Notes payable	724,626	-	32,373	692,253	33,598
Governmental activity long-term liabilities	<u>\$ 782,731</u>	<u>\$ 54,815</u>	<u>\$ 91,653</u>	<u>\$ 745,893</u>	<u>\$ 72,685</u>
Business-type activities:					
Notes payable	\$ 4,595,834	\$ 947,087	\$ 155,247	\$ 5,387,674	\$ 257,816
Lease liabilities	16,061	75,856	26,650	65,267	26,818
Compensated absences	24,276	68,264	33,084	59,456	28,111
Business-type activity long-term liabilities	<u>\$ 4,636,171</u>	<u>\$ 1,091,207</u>	<u>\$ 214,981</u>	<u>\$ 5,512,397</u>	<u>\$ 312,745</u>

(9) **Contingent Liabilities:**

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

(10) **Other Items:**

(a) **Risk management**—The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

(b) **Contractual commitments:** As of September 30, 2023, the City had the following commitments related to unfinished projects:

<u>Projects</u>	<u>Remaining Commitment</u>
Local Infrastructure Improvement Projects	\$ 1,630,000

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(11) Florida Retirement System:

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all general employees hired before January 1, 1996, and all firefighters, regardless of date of hire.

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

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

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

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

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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

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

Contributions

The entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2023	After June 30, 2023
Regular Class	11.91%	13.57%
Senior Management	31.57%	34.52%
Special Risk	27.83%	32.67%

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.

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

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

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

Entity Contributions – FRS	\$ 123,420
Entity Contributions – HIS	15,345
Employee Contributions – FRS	27,732

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

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

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 1,022,297
HIS	370,468
Total	<u>\$ 1,392,765</u>

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

<u>Plan</u>	<u>2023</u>	<u>2022</u>
FRS	0.002565567%	0.002598302%
HIS	0.002332724%	0.002379855%

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

FRS	\$ 181,577
HIS	134,618
Total	<u>\$ 316,195</u>

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

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

Deferred outflows/inflows related to pensions:

At September 30, 2023, 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	\$ 95,985	\$ -	\$ 5,423	\$ (870)
Changes of assumptions	66,642	-	9,739	(32,102)
Net difference between projected and actual investment earnings	42,694	-	191	-
Change in proportionate share	8,367	(64,266)	9,641	(15,480)
Contributions subsequent to measurement date	33,561	-	4,829	-
Total	<u>\$ 247,249</u>	<u>\$ (64,266)</u>	<u>\$ 29,823</u>	<u>\$ (48,452)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023.

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

	FRS	HIS	Total
2024	\$ (567)	\$ (6,410)	\$ (6,977)
2025	(31,533)	(4,711)	(36,244)
2026	162,091	(2,116)	159,975
2027	15,391	(5,822)	9,569
2028	4,040	(3,894)	146
Thereafter	-	(505)	(505)
Total	<u>\$ 149,422</u>	<u>\$ (23,458)</u>	<u>\$ 125,964</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%.

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

(11) Florida Retirement System: (Continued)

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. 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.

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 1,746,292	\$ 1,022,297	\$ 416,589
HIS	3.65%	422,646	370,468	327,216

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.

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

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

(12) Restatement of Beginning Fund Balance and Net Position:

Subsequent to issuance of the September 30, 2022 financial statements, it was identified that there was an overstatement of due from other governments (grant receivable) and an understatement of leases receivable at September 30, 2022. Therefore, an adjustment to beginning equity of the general fund and governmental activities was made and is reflected in the accompanying financial statements.

The net effect of these adjustments on beginning net position is as follows:

	Fund Balance	Net Position
	General Fund	Governmental Activities
Fund balance/net position - 9/30/2022, originally reported	\$ 3,492,062	\$ 9,051,832
Grant receivable restatement	(102,117)	(102,117)
Lease receivable restatement	28,864	-
Fund balance/net position - 9/30/2022, as restated	\$ 3,418,809	\$ 8,949,715

(13) Recent Accounting Pronouncements:

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

- a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB 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.
- c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 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.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(14) Other Postemployment Benefits:

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

CITY OF CARRABELLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

CITY OF CARRABELLE, FLORIDA
SCHEDULE 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>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
REVENUES				
Licenses and Permits	\$ 1,615,500	\$ 1,718,710	\$ 1,734,086	\$ 15,376
Intergovernmental	55,300	1,051,453	820,407	(231,046)
Charges for services	59,500	70,787	120,302	49,515
Other	3,300	90,660	95,821	5,161
	10,000	18,566	11,501	(7,065)
Total revenues	<u>1,743,600</u>	<u>2,950,176</u>	<u>2,782,117</u>	<u>(168,059)</u>
EXPENDITURES				
General government	436,050	542,615	861,545	(318,930)
Public safety	511,500	481,156	475,680	5,476
Transportation	346,500	299,253	304,856	(5,603)
Culture and recreation	-	489,300	279,650	209,650
Physical environment	-	17,464	17,464	-
Community development	100,000	233,015	66,943	166,072
Capital outlay	15,000	307,546	294,836	12,710
Debt service:				
Principal	61,000	-	38,512	(38,512)
Interest	-	-	27,348	(27,348)
Total expenditures	<u>1,470,050</u>	<u>2,370,349</u>	<u>2,366,834</u>	<u>3,515</u>
Excess of revenues over expenditures	<u>273,550</u>	<u>579,827</u>	<u>415,283</u>	<u>(164,544)</u>
Other financing sources (uses)				
Transfers in	-	-	18,500	18,500
Transfers out	-	-	(201,100)	(201,100)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(182,600)</u>	<u>(182,600)</u>
Net change in fund balances	<u>273,550</u>	<u>579,827</u>	<u>232,683</u>	<u>(347,144)</u>
Fund balances, beginning of year	1,525,308	1,525,308	3,418,809	1,893,501
Fund balances, end of year	<u>\$ 1,798,858</u>	<u>\$ 2,105,135</u>	<u>\$ 3,651,492</u>	<u>\$ 1,546,357</u>

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

CITY OF CARRABELLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes, licenses and permits	\$ 113,162	\$ 125,315	\$ 125,315	\$ -
Investment income	-	-	10,662	10,662
Other	-	4,816	4,816	-
Total revenues	113,162	130,131	140,793	10,662
EXPENDITURES				
Culture and recreation	13,000	10,952	10,952	-
Physical environment	365,655	504,715	222,232	282,483
Capital outlay	115,000	57,080	81,613	(24,533)
Total expenditures	493,655	572,747	314,797	257,950
Excess (deficiency) of revenues over (under) expenditures	(380,493)	(442,616)	(174,004)	268,612
Other financing sources				
Transfers in	158,560	166,072	166,072	-
Transfers out	-	-	(18,500)	(18,500)
Net change in fund balances	(221,933)	(276,544)	(26,432)	250,112
Fund balances, beginning of year	276,544	276,544	276,544	-
Fund balances, end of year	\$ 54,611	\$ -	\$ 250,112	\$ 250,112

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

**CITY OF CARRABELLE, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Budgetary Information:

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

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

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

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

	As of September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Proportion of the net pension liability (asset)	0.002565567%	0.002598302%	0.002550393%	0.002718544%	0.002909241%	0.003262706%	0.331695200%	0.003389060%	0.003199934%	0.003350965%
Proportionate share of the net pension liability (asset)	\$ 1,022,297	\$ 966,777	\$ 192,653	\$ 1,178,257	\$ 1,001,902	\$ 982,744	\$ 981,132	\$ 855,740	\$ 413,314	\$ 204,458
Covered-employee payroll	924,402	867,478	833,701	797,477	738,314	828,120	814,325	822,788	1,194,464	1,444,086
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	110.59%	111.45%	23.11%	147.75%	135.70%	118.67%	120.48%	104.00%	34.60%	14.16%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability (asset)	0.002332724%	0.002379855%	0.002354444%	0.002297274%	0.002207136%	0.002534893%	0.002554142%	0.002653027%	0.002667368%	0.002787310%
Proportionate share of the net pension liability (asset)	\$ 370,468	\$ 252,065	\$ 288,808	\$ 280,466	\$ 246,956	\$ 268,296	\$ 273,101	\$ 309,199	\$ 272,030	\$ 260,620
Covered-employee payroll	924,402	867,478	833,701	797,477	738,314	828,120	814,325	822,788	1,194,464	1,444,086
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.58%	22.77%	18.05%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

	As of September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Florida Retirement System (FRS)</u>										
Contractually required contribution	\$ 127,967	\$ 110,874	\$ 97,159	\$ 90,325	\$ 90,207	\$ 92,985	\$ 87,318	\$ 86,474	\$ 72,982	\$ 83,035
Contributions in relation to the contractually required contribution	(127,967)	(110,874)	(97,159)	(90,325)	(90,207)	(92,985)	(87,318)	(86,474)	(72,982)	(83,035)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 949,053	\$ 867,478	\$ 833,701	\$ 797,477	\$ 738,314	\$ 828,120	\$ 814,325	\$ 822,788	\$ 1,194,464	\$ 1,444,086
Contributions as a percentage of covered-employee payroll	13.48%	12.78%	11.65%	11.33%	12.22%	11.23%	10.72%	10.51%	6.11%	5.75%
<u>Health Insurance Subsidy Program (HIS)</u>										
Contractually required contribution	\$ 16,575	\$ 14,400	\$ 13,839	\$ 13,238	\$ 12,256	\$ 13,747	\$ 13,518	\$ 13,658	\$ 15,050	\$ 17,329
Contributions in relation to the contractually required contribution	(16,575)	(14,400)	(13,839)	(13,238)	(12,256)	(13,747)	(13,518)	(13,658)	(15,050)	(17,329)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 949,053	\$ 867,478	\$ 833,701	\$ 797,477	\$ 738,314	\$ 828,120	\$ 814,325	\$ 822,788	\$ 1,194,464	\$ 1,444,086
Contributions as a percentage of covered-employee payroll	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

CITY OF CARRABELLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2023

Federal Agency Pass-Through Entity Federal Program	Assistance Listing Number	Pass-Through Identifying/ Grant Contract Identification Number	Expenditures
FEDERAL AGENCY			
U.S. Department of Housing and Urban Development			
Passed through Florida Department of Economic Opportunity Community Development Block Grants/State's Program	14.228	H2457	\$ 17,464
Total U.S. Department of Housing and Urban Development			<u>17,464</u>
U.S. Environmental Protection Agency			
Passed through Florida Department of Environmental Protection Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW190421	401,958
Total U.S. Environmental Protection Agency			<u>401,958</u>
Department of the Treasury			
Passed through Franklin County Board of County Commissioners COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5168	249,617
Total Department of the Interior			<u>249,617</u>
Department of the Interior			
Passed through Florida Fish and Wildlife Commission: Sport Fish Restoration	15.605	21025	125,005
Total Department of the Interior			<u>125,005</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 794,044</u>

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

CITY OF CARRABELLE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2023

State Agency Pass-Through Entity State Project	State CSFA Number	Pass-Through Identifying/ Grant Contract Identification Number	Expenditures
STATE AGENCY			
Florida Department of Environmental Protection			
Passed through Northwest Florida Water Management District Water Management Districts - Land Acquisition and Improvement	37.022	17-069	372,297
Passed through Northwest Florida Water Management District Early Restoration Deepwater Horizon Oil Spill	37.081	20-011	1,030,372
Direct: Resilient Florida Program	37.098	23RE5	250,863
Total Florida Department of Environmental Protection			1,653,532
Florida Department of Transportation			
Direct: Aviation Grant Programs	55.004	G2212	165,250
Total Florida Department of Transportation			165,250
Florida Department of State			
Direct: Acquisition, Restoration of Historic Properties	45.032	23.H.SC.100.112	41,000
Total Florida Department of State			41,000
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 1,859,782

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

CITY OF CARRABELLE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal grant activity of the City of Carrabelle, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or Chapter 10.550, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

The City did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Subrecipients:**

The City did not pass any monies recognized on the Schedule to subrecipients.

(5) **Contingency:**

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Carrabelle, Florida's (the City) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement*, and the requirements described in the Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2023. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

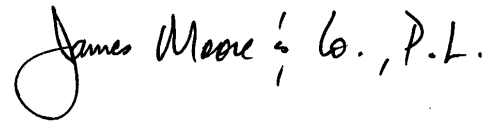
Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, this report 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, looping initial "J".

Tallahassee, Florida
September 17, 2024

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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, each major fund, and the aggregate remaining fund information of the City of Carrabelle, 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 September 17, 2024.

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

Report on Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a significant deficiency.

Compliance and Other Matters

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

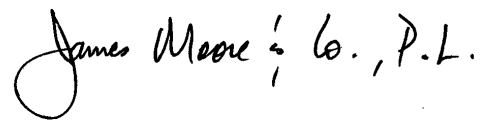
City of Carrabelle, Florida's Response to Findings

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

We also noted certain matters that we reported to management of City, in a separate management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General dated September 17, 2024.

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.



Tallahassee, Florida
September 17, 2024

**CITY OF CARRABELLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

I. Summary of Auditors' Results:

Financial Statements:

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

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

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

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

Identification of major State programs:

State CSFA Number	Project Name
37.081	Restoration Deepwater Horizon Oil Spill

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

**CITY OF CARRABELLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(CONTINUED)**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes none reported

Auditee qualified as a low-risk auditee? yes no

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

Identification of major Federal programs:

Assistance Listing Number	Program Name
66.468	Drinking Water State Revolving Fund

II. Financial Statement Findings:

Finding 2023-001: Prepare Financial Statements in Accordance with GAAP and Significant Adjustments

Criteria: Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

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

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

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

Recommendation: We recommend that the process for identifying accounting transaction be reviewed and updated.

Finding 2023-002: Segregation of Duties

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

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

**CITY OF CARRABELLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(CONTINUED)**

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

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

Recommendation: We recommend management develop compensating controls.

Finding 2023-003: Controls over Utility Adjustments and Credit Memos

Criteria: Internal controls over financial reporting should include timely review of any utility adjustments and credit memos.

Condition: For the year ended September 30, 2023, the City has no process to review utility adjustments or credit memos.

Cause: The City did not have processes in place to ensure that utility adjustments and credit memos are approved.

Effect: Incorrect or unauthorized recording of adjustments could lead to a material misstatement on the financial statements.

Recommendation: We recommend management develop internal controls and processes needed to review all utility adjustments and credit memos in a timely manner.

II. **Federal Program and State Project Findings and Questioned Costs:** None.

III. **Federal Program Findings and Questioned Costs:** None

IV. **State Project Findings and Questioned Costs:** None

**CITY OF CARRABELLE, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2022-001 Prepare Financial Statements in Accordance with GAAP and Significant Adjustments –
Corrective action not taken. See repeat finding 2023-001.

2022-02 Segregation of Duties – Corrective action not taken. See repeat finding 2023-002.

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Carrabelle, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon September 17, 2024.

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

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated September 17, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2022 Finding #	2021 Finding #
2023-001	2022-001	2021-001
2023-002	2022-002	2021-002

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

2023-004 - Travel policy: We recommend the City develop a written travel policy that is in accordance with Florida statutes and follow those policies internally.

2023-005 - Policy manual documentation of restrictions: We recommend the City update its policy manual to document net asset restrictions are in agreement with Florida statutes.

Additional Matters

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to

provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Special District Information – Carrabelle Community Redevelopment Agency

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Carrabelle Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

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 CRA reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 1
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: 1
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$15,386
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$17,500
- 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. Military Flag Pole
Budget: \$90,000
Expended: \$31,720
 - b. Façade Grants
Budget: \$80,000
Expended: \$68,752
- 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: the district's original budget totaled \$493,655 and was amended by the total amount of \$79,092, for final budgeted expenditures of \$572,747.

Purpose of this Letter

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

James Moore & Co., P.L.

Tallahassee, Florida
September 17, 2024



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

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

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2023. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

A handwritten signature in black ink that reads 'James Moore & Co., P.L.' with a stylized flourish at the end.

Tallahassee, Florida
September 17, 2024

**CITY OF CARRABELLE, FLORIDA
OFFICIALS
SEPTEMBER 30, 2023**

CITY COUNCIL

Brenda LaPaz, Mayor
Anthony Millender
Sebrina Brown
Russel Walden
William Gray

CITY ADMINISTRATOR

Courtney Millender Dempsey

CITY CLERK

Keisha Messer

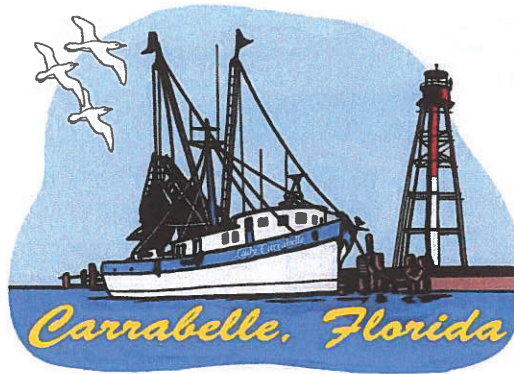
CITY OF CARRABELLE CARRABELLE, FLORIDA

BRENDA LAPAZ
MAYOR-COMMISSIONER

CAL ALLEN
COMMISSIONER

SEBRINA BROWN
COMMISSIONER

ANTHONY MILLENDER
COMMISSIONER



DAN HARTMAN
CITY ATTORNEY

COURTNEY DEMPSEY
CITY ADMINISTRATOR

KEISHA MESSER
CITY CLERK

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

Managements Corrective Action Plan

FY 2023-001 Prepare Financial Statements in Accordance with GAAP and Significant Adj.

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

FY 2023-002 Segregation of Duties Due to the size of the City Staff it is difficult to create a separation of duties, however the City makes every effort to mitigate controls.

FY 2023-003 Controls over Utility Adjustments and Credit Memos The City will develop internal controls and processes needed to review all utility adjustments and credit memos in a timely manner.

FY 2023-004 Travel Policy The City will develop a written travel policy that is in accordance with Florida statutes and follow these policies.

FY 2023-005 Policy Manual documentation of restrictions The City will update its policy manual to document net asset restrictions are in agreement with Florida Statutes


Courtney Dempsey
City Administrator