

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**CITY OF CENTER HILL, FLORIDA
CENTER HILL, FLORIDA**

SEPTEMBER 30, 2023

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Fund Balances – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances:	
General Fund – Budget and Actual	15
Cemetery Fund – Budget and Actual	16
Transportation Fund – Budget and Actual	17
Statement of Net Position – Proprietary Funds.....	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	19
Statement of Cash Flows – Proprietary Funds.....	20
Notes to Basic Financial Statements	21-38
Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability – FRS.....	39
Schedule of the City's Proportionate Share of the Net Pension Liability – HIS	40-41

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**CITY OF CENTER HILL, FLORIDA
CENTER HILL, FLORIDA**

SEPTEMBER 30, 2023

TABLE OF CONTENTS

Other Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42-44
Management Letter	45-46
Management Letter Comments.....	47
Management's Response	48
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	49

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Council
City of Center Hill
Center Hill, 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, and each major fund of the City of Center Hill, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa
purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

Honorable Mayor and Members of
the City Council
City of Center Hill
Center Hill, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension related disclosures, 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

Honorable Mayor and Members of
the City Council
City of Center Hill
Center Hill, Florida

INDEPENDENT AUDITOR'S REPORT

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

PURVIS GREAY

June 25, 2024
Ocala, Florida

**CITY OF CENTER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

As management of the City of Center Hill, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis as of September 30, 2023.

Financial Highlights

The total assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$3,943,065.

As of the close of the current fiscal year, the City's governmental funds reported ending fund balances of \$651,497, an increase of \$107,459 in comparison with the prior year of \$111,943. The City's ending net position of the Business-Type Activities is \$615,156.

Overview of the Financial Statements

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

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 City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 from other functions that are intended to recover all or a significant portion of their costs through user fee and charges. The governmental activities of the City include general government, public safety, physical environment, transportation, public works, and culture and recreation. The business-type activities of the City include water and sanitation department. The government-wide financial statements can be found on pages 10 through 11 of this report.

**CITY OF CENTER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's *near-term* financing decisions.

The City maintains three individual 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 funds.

The City adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 17.

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 services and sanitation services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provided separate information for the water and sanitation services, of which both are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 18 through 20.

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 statement. The notes to the financial statements can be found on pages 21 through 38.

**CITY OF CENTER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Government-Wide Financial Analysis

The City's net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$3,943,065 at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 90% reflects its investment in capital assets (e.g., land, building, 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 investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive balances for the City as a whole, as well as for its separate governmental and business-type activities. The negative unrestricted is related to the change in net pension liability.

Governmental Activities

General governmental activities increased the City's net position to \$95,372 before transfers. Key elements of this change are as follows:

	Governmental Activities		Business-Type Activities		Total 2023	Total 2022
	2023	2022	2023	2022		
Current and Other Assets	\$ 1,590,768	\$ 1,299,456	\$ 54,509	\$ 53,869	\$ 1,645,277	\$ 1,353,325
Capital Assets, Net	3,110,731	3,240,780	585,359	639,838	3,696,090	3,880,618
Deferred Outflows	30,087	55,843	-	-	30,087	55,843
Total Assets and Deferred Outflows	<u>4,731,586</u>	<u>4,596,079</u>	<u>639,868</u>	<u>693,707</u>	<u>5,371,454</u>	<u>5,289,786</u>
Long-Term Liabilities Outstanding	1,017,577	1,114,293	537	512	1,018,114	1,114,805
Other Liabilities	115,827	78,117	24,175	24,275	140,002	102,392
Deferred Inflows	270,273	83,281	-	-	270,273	83,281
Total Liabilities and Deferred Inflows	<u>1,403,677</u>	<u>1,275,691</u>	<u>24,712</u>	<u>24,787</u>	<u>1,428,389</u>	<u>1,300,478</u>
Net Position:						
Net Investment in Capital Assets	2,955,772	3,044,064	585,359	639,838	3,541,131	3,683,902
Restricted	228,567	224,278	-	-	228,567	224,278
Unrestricted	143,570	52,046	29,797	29,082	173,367	81,128
Total Net Position	<u>\$ 3,327,909</u>	<u>\$ 3,320,388</u>	<u>\$ 615,156</u>	<u>\$ 668,920</u>	<u>\$ 3,943,065</u>	<u>\$ 3,989,308</u>

**CITY OF CENTER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total 2023	Total 2022
	2023	2022	2023	2022		
Revenues						
Program Revenues:						
Charges for Services	\$ 5,649	\$ 18,011	\$ 227,165	\$ 219,528	\$ 232,814	\$ 237,539
Operating Grants and Contributions	6,018	16,405	-	-	6,018	16,405
Capital Grants and Contributions	51,933	25,769	-	-	51,933	25,769
General Revenues:						
Property Taxes	158,488	147,532	-	-	158,488	147,532
Other Taxes	623,971	684,057	-	-	623,971	684,057
Other Revenues	116,028	102,544	-	-	116,028	102,544
Total Revenues	<u>962,087</u>	<u>994,318</u>	<u>227,165</u>	<u>219,528</u>	<u>1,189,252</u>	<u>1,213,846</u>
Expenses						
General Government	264,871	242,048	-	-	264,871	242,048
Public Safety	190,519	169,373	-	-	190,519	169,373
Physical Environment	16,118	12,191	-	-	16,118	12,191
Transportation	419,561	421,304	-	-	419,561	421,304
Culture and Recreation	67,878	75,979	-	-	67,878	75,979
Water and Sanitation Operations	-	-	268,842	257,556	268,842	257,556
Interest Expense	7,706	9,529	-	-	7,706	9,529
Total Expenses	<u>966,653</u>	<u>930,424</u>	<u>268,842</u>	<u>257,556</u>	<u>1,235,495</u>	<u>1,187,980</u>
Increase (Decrease) in Net Position						
Before Transfers	(4,566)	63,894	(41,677)	(38,028)	(46,243)	25,866
Transfers in (out)	12,087	6,391	(12,087)	(6,391)	-	-
Increase (Decrease) in Net Position	<u>7,521</u>	<u>70,285</u>	<u>(53,764)</u>	<u>(44,419)</u>	<u>(46,243)</u>	<u>25,866</u>
Net Position, Beginning	<u>3,320,388</u>	<u>3,250,103</u>	<u>668,920</u>	<u>713,339</u>	<u>3,989,308</u>	<u>3,963,442</u>
Net Position, Ending	<u>\$ 3,327,909</u>	<u>\$ 3,320,388</u>	<u>\$ 615,156</u>	<u>\$ 668,920</u>	<u>\$ 3,943,065</u>	<u>\$ 3,989,308</u>

Business-Type Activities

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

As of the end of the fiscal year 2023, the City's water and sanitation funds reported a decrease in net position of \$53,764 before transfers. The decrease in net position is due to increased expenditures from the prior year.

Financial Analysis of the Governments 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 the City's net resources available for spending at the end of the fiscal year.

**CITY OF CENTER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$651,497 compared to \$544,038 for the period ended September 30, 2022.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the governmental funds was \$651,497 while the total unassigned fund balance reached \$422,930. As a measure of the governmental funds' liquidity, it may be useful to compare the total fund balance of \$651,497 to the total fund expenditures of \$866,715. Total governmental expenditures were 75.2% of fund balance.

The fund balance of the City's General Fund increased by \$389,599 before transfers during the current fiscal year. However, of the increase, the General Fund had to subsidize the transportation fund to the extent of \$287,916 and \$3,125 to subsidize the Cemetery Fund.

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

Unrestricted net position combined with Net Investment in Capital Assets of the water and sanitation funds at the end of the year amounted to \$615,156. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Overall, the General Fund ended the current fiscal year with a deficiency between its final operating revenues budgeted and actual operating revenues in the amount of \$33,733. This was mainly due to less grant revenues earned.

The Transportation Fund exceeded its final operating expenditures budget and actual operating expenditures in the amount of \$8,336. The variance was largely the result of principal debt payment allocation was higher than the amount anticipated in the budget.

Capital Asset and Debt Administration and the Transportation Fund

Capital Assets – The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounted to \$3,541,131. This investment in capital assets includes land, building, improvements, machinery, and equipment.

Capital asset events during the current fiscal year include the following:

The City completed improvements in the amount of \$18,124. The transportation department acquired equipment in the amount of \$8,275. The Proprietary fund had no capital purchases during the fiscal year.

**CITY OF CENTER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Long-Term Debt – The City's total debt decreased by \$41,757 for notes payable. The remaining changes in long-term debt were related to overall decreases in net pension liability and compensated absences.

Economic Factors and Next Year's Budgets and Rates

Economic Factors – the City is reported as being one of the fastest growing cities, next to Bushnell and Wildwood. The City is strategically located close to Interstate 75 and the Florida Turnpike. The City's location provides easy transportation access to both of these metropolitan areas.

Based on current trends and projected growth, it is anticipated that the outer parts of the City will have the most impact on the commercial sector of the City. As such, it will present the City with significant challenges in order to preserve adopted level of service of its current infrastructure while allowing quality development in the area; however, the projected growth will also bring extra revenue that is much needed to provide the improvements in infrastructure that the City is facing in the upcoming year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Clerk, P.O. Box 649, Center Hill, Florida 33514.

BASIC FINANCIAL STATEMENTS

CITY OF CENTER HILL, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,215,885	\$ 24,828	\$ 1,240,713
Investments	166,530	-	166,530
Accounts Receivables (Net of Allowance for Uncollectable Accounts)	25,060	29,681	54,741
Lease Receivable	149,387	-	149,387
Due from Other Governments	33,906	-	33,906
Non-Current Assets:			
Capital Assets:			
Land	506,509	-	506,509
Building and Systems	2,610,531	1,889,940	4,500,471
Improvements Other Than Buildings	1,093,979	-	1,093,979
Equipment	745,006	59,341	804,347
(Accumulated Depreciation)	(1,845,294)	(1,363,922)	(3,209,216)
Total Assets	<u>4,701,499</u>	<u>639,868</u>	<u>5,341,367</u>
Deferred Outflow of Resources			
Deferred Outflow - FRS - PP and HIS	30,087	-	30,087
Total Deferred Outflow of Resources	<u>30,087</u>	<u>-</u>	<u>30,087</u>
Total Assets and Deferred Outflow of Resources	<u>4,731,586</u>	<u>639,868</u>	<u>5,371,454</u>
Liabilities			
Current Liabilities:			
Accounts Payable	72,087	142	72,229
Customer Deposits	-	24,175	24,175
Notes Due Within One Year	43,740	-	43,740
Non-Current Liabilities:			
Unearned Revenues - ARPA Funds	719,223	-	719,223
Net Pension Liability - FRS - PP and HIS	176,282	-	176,282
Compensated Absences	10,853	395	11,248
Notes Due in More Than One Year	111,219	-	111,219
Total Liabilities	<u>1,133,404</u>	<u>24,712</u>	<u>1,158,116</u>
Deferred Inflow of Resources			
Deferred Inflow - Leases	147,961	-	147,961
Deferred Inflow - FRS - PP and HIS	122,312	-	122,312
Total Deferred Inflow of Resources	<u>270,273</u>	<u>-</u>	<u>270,273</u>
Total Liabilities and Deferred Inflow of Resources	<u>1,403,677</u>	<u>24,712</u>	<u>1,428,389</u>
Net Position			
Net Investment in Capital Assets	2,955,772	585,359	3,541,131
Restricted	228,567	-	228,567
Unrestricted	143,570	29,797	173,367
Total Net Position	<u>\$ 3,327,909</u>	<u>\$ 615,156</u>	<u>\$ 3,943,065</u>

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

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

	Major Funds			Total Governmental Funds
	General Fund	Cemetery Fund	Transportation Fund	
Assets				
Cash and Cash Equivalents	\$ 1,157,735	\$ 58,150	\$ -	\$ 1,215,885
Investments		166,530	-	166,530
Accounts Receivables (Net of Allowance for Uncollectible Accounts)	25,060	-	-	25,060
Lease Receivable	149,387	-	-	149,387
Due from Other Governments	26,440	-	7,466	33,906
Total Assets	<u>1,358,622</u>	<u>224,680</u>	<u>7,466</u>	<u>1,590,768</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	68,508	825	2,754	72,087
Unearned Revenues - ARPA Funds	719,223	-	-	719,223
Total Liabilities	<u>787,731</u>	<u>825</u>	<u>2,754</u>	<u>791,310</u>
Deferred Inflows				
Deferred Inflows - Leases	147,961	-	-	147,961
Total Deferred Inflows	<u>147,961</u>	<u>-</u>	<u>-</u>	<u>147,961</u>
Fund Balances				
Restricted	-	223,855	4,712	228,567
Unassigned	422,930	-	-	422,930
Total Fund Balances	<u>422,930</u>	<u>223,855</u>	<u>4,712</u>	<u>651,497</u>
Total Liabilities and Fund Balances	<u>\$ 1,358,622</u>	<u>\$ 224,680</u>	<u>\$ 7,466</u>	<u>\$ 1,590,768</u>

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

**Amounts Reported for Governmental Activities in the Statement of Net Position
are Different Because:**

Total Fund Balances - Governmental Funds	\$ 651,497
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Cost of capital asset is \$4,956,025 less accumulated depreciations of \$1,845,294.	3,110,731
Deferred Inflow of Resources:	
Pension Related	30,087
Deferred Outflow of Resources:	
Pension Related	(122,312)
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental funds.	
Long-Term Liabilities Consist of:	
Compensated Absences	(10,853)
Notes Payable	(154,959)
Net Pension Liability	(176,282)
Net Position	<u>\$ 3,327,909</u>

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

**CITY OF CENTER HILL, 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**

**Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:**

Net Change in Fund Balance - Total Governmental Funds	\$ 107,459
---	------------

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$156,348 exceeds capital outlay of \$26,299.	(130,049)
--	-----------

Repayment of long-term debt is reported as an expenditure in governmental funds, but a deduction of long-term liabilities in the statement of net position.	41,757
---	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Change in Deferred Inflows and Outflows of Resources:

Pension Related	(64,787)
-----------------	----------

Change in Compensated Absences	(1,592)
--------------------------------	---------

Change in Net Pension Liability	54,733
---------------------------------	--------

Change in Net Position of Governmental Activities	<u>\$ 7,521</u>
--	------------------------

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

CITY OF CENTER HILL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - CEMETERY FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Cemetery Lot Fees	\$ 5,000	\$ 4,090	\$ 4,093	\$ 3
Cemetery Donations	45,000	6,015	6,015	-
Interest on Cemetery CD's	15,150	3	-	(3)
Total Revenues	<u>65,150</u>	<u>10,108</u>	<u>10,108</u>	<u>-</u>
Expenditures				
Operating Expenses	10,535	13,656	13,656	-
(Total Expenditures)	<u>(10,535)</u>	<u>(13,656)</u>	<u>(13,656)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>54,615</u>	<u>(3,548)</u>	<u>(3,548)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	3,125	3,125
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,125</u>	<u>3,125</u>
Net Change in Fund Balances	54,615	(3,548)	(423)	3,125
Fund Balances, Beginning of Year	<u>(54,615)</u>	<u>3,548</u>	<u>224,278</u>	<u>(3,125)</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,855</u>	<u>\$ -</u>

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

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

	Business-Type Activities		Total Enterprise Funds
	Water	Sanitation	
Current Assets			
Restricted Cash:			
Customer Deposits	\$ 24,828	\$ -	\$ 24,828
Customer Receivables	19,427	10,254	29,681
Total Current Assets	<u>44,255</u>	<u>10,254</u>	<u>54,509</u>
Non-Current Assets			
Capital Assets:			
Utility System - Water	1,889,940	-	1,889,940
Equipment	59,341	-	59,341
Total Capital Assets Before Depreciation	1,949,281	-	1,949,281
Less: Accumulated Depreciation	(1,363,922)	-	(1,363,922)
Net Capital Assets	585,359	-	585,359
Total Non-Current Assets	<u>585,359</u>	<u>-</u>	<u>585,359</u>
Total Assets	<u>629,614</u>	<u>10,254</u>	<u>639,868</u>
Current Liabilities			
Accounts Payable	142	-	142
Payable from Restricted Assets:			
Customer Deposits	24,175	-	24,175
Compensated Absences	395	-	395
Total Current Liabilities	<u>24,712</u>	<u>-</u>	<u>24,712</u>
Net Position			
Net Investment in Capital Assets	585,359	-	585,359
Unrestricted	19,543	10,254	29,797
Total Net Position	<u>\$ 604,902</u>	<u>\$ 10,254</u>	<u>\$ 615,156</u>

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

CITY OF CENTER HILL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
SEPTEMBER 30, 2023

	<u>Business-Type Activities</u>		<u>Total Enterprise Funds</u>
	<u>Water</u>	<u>Sanitation</u>	
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 122,844	\$ 102,693	\$ 225,537
Cash Payments to Employees for Services	(18,172)	(18,100)	(36,272)
Cash Payments to Suppliers for Goods and Services	(87,453)	(90,713)	(178,166)
Net Cash Provided by (Used in) Operating Activities	<u>17,219</u>	<u>(6,120)</u>	<u>11,099</u>
Cash Flows from Non-Capital Financing Activities			
Transfers in (out)	(18,207)	6,120	(12,087)
Net Increase (Decrease) in Cash	(988)	-	(988)
Cash and Cash Equivalents, Beginning of Year	25,816	-	25,816
Cash and Cash Equivalents, End of Year	<u>\$ 24,828</u>	<u>\$ -</u>	<u>\$ 24,828</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$ (33,528)	\$ (8,149)	\$ (41,677)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Income:			
Depreciation	54,479	-	54,479
(Increase) Decrease in Customer Receivables	(3,657)	2,029	(1,628)
(Decrease) Increase in Accounts Payable	42	-	42
(Decrease) Increase in Compensated Absences	(117)	-	(117)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 17,219</u>	<u>\$ (6,120)</u>	<u>\$ 11,099</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Description of Funds and Summary of Significant Accounting Policies

A. The Reporting Entity

The City of Center Hill, Florida (the City) is a political subdivision of the State of Florida located in Sumter County (the County). The City operates under a council form of government. The legislative branch of the City is composed of a four-member elected Council and an elected Mayor. The Mayor and the City Council are responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Mayor. The City provides services to its residents in many areas, including public safety, highways and streets, water, sanitation, culture and recreation, public improvements, and general administrative services.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental entities. Significant accounting policies are described below:

B. Government-Wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Indirect expenses are allocated automatically, and certain indirect costs are included in program expenses reported for individual function and activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reports as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to generally use restricted resources first and then unrestricted resources as they are needed for their intended purposes; however, this decision is frequently made on a case-by-case basis based upon facts and circumstances. Revenues of the enterprise funds are recognized on the basis of services rendered. Billing cycles of the proprietary funds that overlap September 30 are prorated based upon meter reading dates.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reports as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Florida State Retirement System

Florida State Retirement System

The Florida State Retirement System Pension Plan (FRS) was created in Chapter 121, Florida Statutes. All full-time employees of the City may participate in the Florida State Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multi-employer defined-benefit and public retirement plan available to governmental units within the State of Florida. The System issued a publicly available financial report that includes financial statements and requires supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315, or by calling (850) 488-5706.

All full-time employees of the City are eligible to participate in the System. Special risk employees who retire at or after age 55 with six years of credible services, and all other employees who retire at or after age 55 with six years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to the product of: 1) average monthly compensation in the highest five years of creditable service; 2) creditable service during the appropriate period; and 3) the appropriate benefit percentage. Benefits fully vest on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits, and annual cost-of-living adjustment. Benefits are established by Florida Statute. Beginning in 2011, the state mandated a 3% contribution to the plan by employees. As of September 30, 2023, the City has five employees that participate in the Florida Retirement System.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City, are required to contribute 9.10% from October 1, 2022 to June 30, 2023, and 10.19% from July 1, 2023 to September 30, 2023, for regular members.

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

The deferred outflows of resources related to pensions totaling \$2,435 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Total Inflows/Outflows
2024	\$ (20,188)
2025	(24,279)
2026	(8,909)
2027	(14,978)
2028	(2,954)
Total	\$ (71,308)

Actuarial Assumptions

The total pension liability on July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	6.70%, Net Pension Plan Investment Expense, Including Inflation

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the FRS Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The Health Insurance Subsidy (HIS) Program has a valuation performed biennially that is updated for the Governmental Accounting Standards Board (GASB) reporting in the year a valuation is not performed. Actual future investment return experience for the FRS Pension Plan is not affected by the assumption used in the actuarial valuation. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The actuarial assumptions that determine the total pension liability as of June 30, 2023, were based on the results of an actuarial experience study for the period of July 1, 2013 through June 30, 2018.

Valuation Date	July 1, 2023	July 1, 2022
Measurement Date	June 30, 2023	June 30, 2022
Inflation	2.40%	2.40%
Salary Increases, Including Inflation	3.25%	3.25%

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

	1% Decrease 5.70%	Current Discount Rate – 6.70%	1% Increase 7.70%
City’s Proportionate Share of the Net Pension Liability	\$ 153,035	\$ 89,588	\$ 36,058

FRS Pension Plan Fiduciary Net Position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS Annual Comprehensive Financial Report.

The total pension liability for the FRS was determined by the plan’s actuary and reported in the plan’s valuation dated July 1, 2022. The City’s net position to determine the net pension liability was determined on the same basis used by the plan.

The HIS actuarial valuation was prepared as of July 1, 2022, and the update procedures were to determine liabilities as of June 30, 2022. The City’s net position used by the actuary to determine the net pension liability was determined on the same basis used by the plan.

HIS Defined Benefit Pension Plan

Plan Description—The HIS Pension Plan (HIS Plan) is a defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system in order to assist such retired members in paying the costs of health insurance. Persons are eligible HIS payments who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system, except those individuals who are pension recipients under Sections 121.40, 237.08(18)(a), and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes, or any other special pension or relief act not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminated employment with all employers participating in the FRS and:

- For a member of the FRS Investment Plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes, and meets the definition of retiree in Section 121.4501(2), Florida Statutes.
- For a member of the FRS defined benefit pension plan, or any employee who maintains creditable service under the pension plan and the Investment Plan, the member begins drawing retirement benefits from the pension plan.

The HIS Program uses a pay-as-you-go funding structure, and the current statutory program contribution rate is 1.66% of employer payroll. The most recently conducted full valuation estimated that if actual future experience matches the valuation’s assumptions, including 3.25% annual growth in employer payroll, the current statutory rate will be sufficient to provide complete pay-as-you-go funding of program benefits over the five-year period commencing June 30, 2019. Alternatively, if zero employer payroll growth occurred over that period, the full valuation estimated that a 1.80% of payroll employer contribution rate would be necessary for complete pay-as-you-go program funding in the 2023-2024 plan year.

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

For the year ended September 30, 2023, the City recognized pension expense as listed above. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Experience	\$ 1,268	\$ 203
Change in Assumption	2,279	7,512
Net Difference Between Expected and Actual Earnings on Pension Plan Investments	45	-
Changes in Portion and Differences Between City Contributions and Proportionate Share of Contributions	1,988	22,242
City Contributions Subsequent to Measurement Date	1,025	-
Total	\$ 6,605	\$ 29,957

The deferred outflows of resources related to pensions totaling \$1,025 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Total Inflows/Outflows
2024	\$ (4,743)
2025	(4,384)
2026	(4,850)
2027	(5,915)
2028	(3,818)
Thereafter	(667)
Total	\$ (24,377)

Actuarial Assumptions—The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	3.65%, Net Pension Plan Investment Expense, Including Inflation
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018 details in the valuation report.

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

The City has not determined the effects of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as the number of employees and expected financial impact is very minimal.

F. Receivables

Water and sanitation operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered after the last billing date and up to September 30, 2023, is estimated and accrued at year-end.

G. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life of more than two years.

In the case of the initial capitalization of general infrastructure assets, the City chose to include such items beginning October 1, 2003, the year of implementation of GASB Statement No. 34. As the City constructs or acquires additional capital assets, including infrastructure assets, they are capitalized and reported as historical cost. Donated capital assets are recorded at their estimated fair value on the date donated.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets as follows:

Buildings	25 to 30 Years
Improvements Other Than Buildings	10 to 30 Years
Water and Sewer Systems	10 to 50 Years
Infrastructure	30 Years
Roads and Drainage	20 Years
Equipment	5 to 10 Years

H. Compensated Absences

The City accrues accumulated compensated absences (unpaid vacation, sick, and comp benefits) when incurred in the government-wide and proprietary fund financial statements.

Compensated absence liabilities are generally not reported in the governmental fund financial statements, as these liabilities would not normally be liquidated with expendable available financial resources.

The policy for payment of sick leave is upon voluntary termination of the employee, 50% of the accumulated hours would be paid (85% for long-term employees with ten or more years of full-time services) not to exceed 1,040 hours. The City accrues and records 100% of unpaid vacation pay up to a maximum of 240 hours and 50% or 85%, as applicable, of unpaid sick pay at the employee's current pay rate. The balance of compensated absences at September 30, 2023, was \$11,248. The amount by fund is \$10,583 for the Administration of the General Fund, respectively, \$270 for the Transportation Fund, and \$395 for the Water Fund.

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Assigned Fund Balance—represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the General Fund. The City Clerk has been granted the ability to assign amounts to a specific purpose as part of the annual budget ordinance.

Unassigned Fund Balance—represents the residual classification for the General Fund or deficit balances in other funds.

Amounts are considered to have been spent when expenditure is incurred for purposes for which unrestricted (proprietary funds) and committed, assigned, and unassigned (General Fund and special revenue funds) amounts are available.

Note 2 - Budgets and Budgetary Accounting

The following procedures are used in establishing budgetary data reflected in the financial statements:

1. The City Clerk is responsible for preparing a proposed operating budget for the upcoming year prior to September 30 that includes estimated revenues, proposed expenditures, and other financing sources and uses.
2. Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution.
3. The City Clerk is authorized to transfer budgeted amounts within any department but may not revise total department expenditures without the approval of the City Council. The budgetary data presented is in agreement with the originally adopted budget as amended by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for substantially all funds. Budgets are adopted on a basis consistent with U.S. GAAP. Total budgeted fund expenditures within the governmental type funds may not be exceeded legally. Appropriations lapse at the end of the year. In addition, encumbrance accounting for commitments is not used.

Note 3 - Cash and Cash Equivalents and Investments

Cash Deposits

At September 30, 2023, the carrying amount of the City's cash deposits was \$1,240,713 and the bank balance was \$1,272,593. All cash deposits are held in qualified public depositories and were covered by Federal Depository Insurance or by the *Florida Security of Public Deposits Act* (the Act); and Chapter 280 of the Florida Statutes. The Act established a multiple financial institution collateral pool with the ability to assess member institutions to satisfy the claims of governmental entities if any member financial institution fails. The ability to assess provides protections, which is similar to depository insurance.

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

	<u>9/30/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2023</u>
Business-Type Activities				
Capital Assets Being Depreciated:				
Water System	\$ 1,889,940	\$ -	\$ -	1,889,940
Equipment	59,341	-	-	59,341
Total Capital Assets Being Depreciated	<u>1,949,281</u>	<u>-</u>	<u>-</u>	<u>1,949,281</u>
Less Accumulated Depreciation for:				
Water System	(1,267,119)	(50,004)	-	(1,317,123)
Equipment	(42,324)	(4,475)	-	(46,799)
Total Accumulated Depreciation	<u>(1,309,443)</u>	<u>(54,479)</u>	<u>-</u>	<u>(1,363,922)</u>
Total Assets Being Depreciated	<u>639,838</u>	<u>(54,479)</u>	<u>-</u>	<u>585,359</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 639,838</u>	<u>\$ (54,479)</u>	<u>\$ -</u>	<u>\$ 585,359</u>

Depreciation expense was charged to the following functions/programs in the statement of activities:

Governmental Activities

General Government	\$ 8,697
Legislations	210
Public Works	2,197
Recreation	36,925
Transportation	<u>108,319</u>

Total Depreciation Expense

Governmental Activities	<u>\$ 156,348</u>
--------------------------------	-------------------

Business-Type Activities

Water	<u>\$ 54,479</u>
-------	------------------

Total Depreciation Expense

Business-Type Activities	<u>\$ 54,479</u>
---------------------------------	------------------

Note 5 - Long-Term Debt

General Fund

On February 27, 2007, by resolution No. 2007-02, the City entered into a certificate of obligation with a bank in the amount of \$500,000 to finance road re-pavement and cost coverage for the construction of hurricane shelter. The City has pledged its obligation of payments out of the City's utilities and franchise taxes.

On March 1, 2017, by resolution No. R2017-04, the City approved financing from a bank to pay the remaining loan balance in the amount of \$188,414 to Truist (BB&T and Suntrust combined) Bank, wire funds in the amount of \$191,930 to purchase a street sweeper for the Transportation department, and deposit funds in the amount of \$20,656 in the City's general checking account for operating expenses, or a note payable to Truist in the amount of \$401,000. The City obligation pledge to Truist Bank for the City's utility and franchise income was released by Truist Bank on March 1, 2017. For the fiscal year ended September 30, 2023, Electric Franchise Fees and Utility Tax was \$318,274 with an outstanding principal and interest of \$166,524. The amounts are pledged through 2027 with a total pledge coverage of 13.08%.

CITY OF CENTER HILL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

The City recognized the following revenue associated with these leases during the fiscal year:

<u>Lease Related Revenues</u>	<u>2023 Balance</u>
Tower Space Rental	\$ 36,990

Note 7 - Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage operating rate assessed and adopted by resolution 18.07 by the City for the fiscal year ended 2023 was 4.0114 mills.

The tax levy of the City is established by the City Council prior to October 1 of each year and the County Property Appraiser incorporates the City millages into the total tax levy, which includes County and County School Board tax requirements.

All property is reassessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if it meets all of the appropriate requirements of the Florida Statutes.

Taxes are assessed on November 1 of each year, or as soon thereafter, as the assessment roll is certified and delivered to the County Tax Collector. Unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or any lower rate bid by the buyer. The certificate holder may make application for a tax deed on any unredeemed tax certificates after a period of two years. The County holds unsold certificates.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of property or by the five-year statute of limitations.

Note 8 - 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. The City transfers risk of loss through the purchase of commercial insurance. Insurances against losses are provided for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Real and Personal Property Damage
- Public Officials Liability
- Accidental Death and Disability

REQUIRED SUPPLEMENTARY INFORMATION

The proportionate share of net pension liability and contributions under the following supplementary schedules present trend information regarding retirement plans for the City of Center Hill's Florida Retirement System. This information is necessary for a fair presentation in conformity with government accounting standards.

CITY OF CENTER HILL, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AS OF JUNE 30, ANNUALLY

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.000224832%	0.000433422%	0.000641778%	0.000695152%	0.000667688%	0.000657671%	0.000625404%	0.000647347%	0.000603113%	0.000489973%
City's Proportionate Share of the Net Pension Liability \$	89,588	\$ 161,268	\$ 48,479	\$ 301,289	\$ 229,943	\$ 198,094	\$ 184,990	\$ 163,456	\$ 77,900	\$ 29,896
City's Covered Payroll	38,110	64,990	132,439	140,169	257,299	258,378	249,273	239,207	263,909	233,782
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	235.08%	248.14%	36.60%	214.95%	89.37%	76.67%	74.21%	68.33%	29.52%	12.78%
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%	96.09%

SCHEDULE OF CITY CONTRIBUTIONS - FLORIDA RETIREMENT SYSTEM PENSION PLAN

AS OF SEPTEMBER 30, ANNUALLY

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 4,152	\$ 4,081	\$ 26,224	\$ 21,137	\$ 20,703	\$ 18,743	\$ 16,281	\$ 15,787	\$ 14,704	\$ 10,732
Contributions in Relation to the Contractually Required Contribution	4,152	4,081	26,224	21,137	20,703	18,743	16,281	16,281	1,704	10,732
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	(494)	-	-
City's Covered Payroll	38,937	36,850	155,547	142,992	257,299	258,378	249,273	239,207	263,909	233,782
Contributions as a Percentage of Covered Payroll	10.66%	11.07%	16.86%	14.78%	8.05%	7.25%	6.53%	6.81%	5.57%	4.59%

* FRS: The long-term expected rate of return was unchanged from 6.70%.

* HIS: The municipal rate used to determine total pension liability was increased from 3.54% to 3.65%.

CITY OF CENTER HILL, FLORIDA
FLORIDA HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AS OF JUNE 30, ANNUALLY

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.000545886%	0.000658511%	0.086419005%	0.000792811%	0.000779592%	0.000759690%	0.000763360%	0.000775858%	0.000791064%	0.000669844%
City's Proportionate Share of the Net Pension Liability	\$ 86,694	\$ 69,747	\$ 98,646	\$ 96,800	\$ 86,817	\$ 80,406	\$ 81,622	\$ 90,423	\$ 80,676	\$ 62,849
City's Covered-Employee Payroll	38,110	64,990	132,439	140,169	257,299	258,378	249,273	239,207	263,909	233,782
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	227.48%	107.32%	74.48%	69.06%	33.74%	31.12%	32.74%	37.80%	30.57%	26.88%
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%

SCHEDULE OF CITY CONTRIBUTIONS - FLORIDA HEALTH INSURANCE SUBSIDY PENSION PLAN

AS OF SEPTEMBER 30, ANNUALLY

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 644	\$ 633	\$ 4,811	\$ 3,593	\$ 4,309	\$ 3,977	\$ 4,040	\$ 3,977	\$ 14,704	\$ 10,732
Contributions in Relation to the Contractually Required Contribution	644	633	4,811	3,593	4,309	3,977	4,040	3,977	14,704	10,732
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
City's Covered-Employee Payroll	38,937	36,850	155,547	142,992	257,299	258,378	249,273	239,207	263,909	233,782
Contributions as a Percentage of Covered-Employee Payroll	1.65%	1.72%	3.09%	2.51%	1.67%	1.54%	1.62%	1.66%	5.57%	4.59%

CITY OF CENTER HILL, FLORIDA
FLORIDA HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Notes:

1) Actuarial Methods and Assumptions – Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System (FRS) Actuarial Conference. The FRS Pension Plan has valuation performed annually. The Health Insurance Subsidy (HIS) Program has a valuation performed biennially that is updated for Governmental Accounting Standards Board reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013 through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost sharing defined benefit plan was determined using the individual entry age 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 Pension Plan investments is 6.8%. 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 the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2023:

* FRS: The long-term expected rate of return was unchanged from 6.70%.

* HIS: The municipal rate used to determine total pension liability was increased from 3.54% to 3.65%.

OTHER REPORTS

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

Honorable Mayor and Members of
the City Council
City of Center Hill
City of Center Hill, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Center Hill, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 25, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control 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 were not identified. However, we identified below 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 City’s financial statements will not be prevented, or detected and corrected, on a timely basis.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

Honorable Mayor and Members of
the City Council
City of Center Hill
City of Center Hill, Florida

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

We consider the deficiency listed below to be a material weakness:

2023-1 – Violation of Vacation and Sick Payout Policy

The City has a Personnel Policy that was updated April 2022. For the fiscal year ended September 30, 2023, the policy sets forth the number of vacation and sick time allowed depending on length of service the employee has been with the City. Per the policy, all full-time employees of the City receive 8 hours of sick time a month, or 96 hours a year, and may accrue up to 240 hours of vacation depending on length of service. An employee may sell back accrued vacation hours “provided the resulting accrual hour balance is not reduced to below forty hours.” For sick leave, the policy reads that employees may “buy back sick time with approval provided the resulting accrual hour balance is not reduced to below eighty hours”.

We noted that 3 of the 4 full-time employees were paid out vacation and sick time more than allowed by the policy. It was also noted that 3 of the 4 employees did not utilize any vacation time during the current fiscal year and one employee did not utilize any amount of vacation or sick time during the current year.

We noted that all employees are required to have their buyout of vacation and sick time approved by their supervisor. The City Clerk is required to have the Mayor approve the vacation and sick time payout. We were unable to verify that the approval on file for the City Clerk’s payouts was properly approved by the Mayor. We also noted continued violations of the personnel policy regarding overpayment in the 2024 fiscal year.

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 identified a certain deficiency in internal control that we consider to be a significant deficiency in internal control, as follows:

2020-1—Segregation of Duties

The City operates with a very small finance, accounting, and customer service department and does not have the resources to properly segregate duties among employees so that no one employee has sole control over approving, recording, and accounting for transactions.

Because significant deficiencies in internal control over financial reporting exist when there is not sufficient separation of incompatible accounting duties, we recommend that the City’s finance, accounting, and customer service departments continue to develop and, if necessary, expand its current staff to ensure more effective internal control structure over financial reporting.

Honorable Mayor and Members of
the City Council
City of Center Hill
City of Center Hill, Florida

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters that we reported to management of the City in a separate letter dated June 25, 2024.

City's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Management's Response. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



June 25, 2024
Ocala, Florida

MANAGEMENT LETTER

Honorable Mayor and Members of
the City Council
City of Center Hill
City of Center Hill, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Center Hill, Florida (the City) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 25, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 25, 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 financial audit report. Noted all other prior year management letter comments were resolved.

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2021-22 FY Finding No.	2020-21 FY Finding No.
2020-1	2020-1	2020-1

Official Title and Legal Authority

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

Honorable Mayor and Members of
the City Council
City of Center Hill
City of Center Hill, Florida

MANAGEMENT LETTER

in 1925 by Senate Bill No. 603 under Article VIII, Section 2 of the Constitution of Florida. The City's discretely presented component unit, the City of Center Hill, Florida Community Redevelopment Agency, was created by City Ordinance No. 08-03 as authorized by Part III of Chapter 163, Florida Statutes. This component unit was closed at September 30, 2018.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. Please see management letter comment 2023-2.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



June 25, 2024
Ocala, Florida

MANAGEMENT LETTER COMMENTS

Honorable Mayor and Members of
the City Council
City of Center Hill
City of Center Hill, Florida

Current Year Comment

2023-2—Water and Sanitation Rates

During review of the financial statements, it was noted that the rates charged for services in both the Water and Sanitation funds were not sufficient to cover operating expenses. This resulted in a loss during the current year for both funds.

We recommend that the City review the rates and determine the source of the losses and whether the rates need to be adjusted to ensure they are sufficient to cover the costs and to build operating reserves of the two funds.

We would like to take this opportunity to express our appreciation for the courtesies that have been extended to our staff. If you have any questions or comments about the contents of this letter, please do not hesitate to contact us.



June 25, 2024
Ocala, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

CITY OF CENTER HILL
94 S. VIRGINIA AVE./PO BOX 649
CENTER HILL, FL 33514
(352) 793-4431
FAX (352) 568-2264
cntrhill@embarqmail.com

Date: 06/25/2024

To Mayor and City Council
City of Center Hill

This letter is in response to the following:

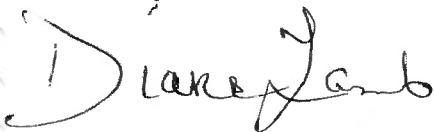
Finding 2020-1 – Segregation of Duties: The City does not have the resources to expand its staff due to lack of funds as well as current workflow, however the City has implemented a process to have two people sign off on the processing of accounting transactions to ensure more effective internal control structure.

Finding 2023-1 – Violation of Vacation & Sick Payout Policy: The City has done this for a long period of time because there was not enough staff to cover the day-to-day operations of the City and also because Supervisor's felt that because the time was accrued a year in advance it was the employee's time and did not enforce making them take any time off. However, we have changed the policy for both sick and vacation pay to allow the employee to buy back a maximum of 120 hours vacation and requiring the employee to take at least 40 vacation and no sick time buy backs unless the employee leaves the City.

Management Letter Findings

Finding 2023-1 – Water & Sanitation Rates: The City recently did a rate review and increased our water rates 25% with a 5% increase every year following for the next 5 years. We also plan to increase our Sanitation rates to accommodate the shortage in that department as well.

Sincerely



Diane Lamb, City Clerk
City of Center Hill

PURVIS GRAY

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Members of
the City Council
City of Center Hill
City of Center Hill, Florida

We have examined the City of Center Hill, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. 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.

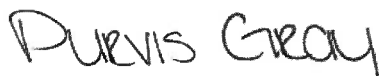
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

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

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



June 25, 2024
Ocala, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants