

CITY OF JASPER, FLORIDA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

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CITY OF JASPER, FLORIDA

CITY OFFICIALS

September 30, 2023

<u>OFFICIALS</u>	<u>ELECTED TERM EXPIRATION</u>
Mayor William S. Mitchell V	March 2026
City Council Carlton G. Selph, Vice Mayor	March 2026
Vanessa Smith, Council Member	March 2024
Jay Daigle III, Chairperson	March 2024
Jhelecia Hawkins, Council Member	March 2024
City Manager Mark Meyers	
Chief Financial Officer	
City Clerk Loretta Taylor	
City Attorney Rhett Bullard	

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CITY OF JASPER, FLORIDA

TABLE OF CONTENTS

September 30, 2023

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19-20
Notes to Financial Statements	21-48
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	49
Notes to Budgetary Comparison Schedule	50
Schedules of Proportionate Share of Net Pension Liability	51
Schedules of Employer Contributions	52

CITY OF JASPER, FLORIDA

TABLE OF CONTENTS

September 30, 2023

	<u>Page No.</u>
Schedule of OPEB Liability and Covered Payroll	53
Schedule of Changes in the OPEB Liability by Source	53
COMPLIANCE SECTION	
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>	54-55
Independent Accountant’s Report	56
Management Letter	57-60
CITY’S AFFIDAVIT OF COMPLIANCE	61
CITY’S RESPONSE TO AUDIT FINDINGS	62

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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Jasper, FL 32052
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Jasper, Florida

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Jasper, 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 Jasper, Florida's basic financial statements as listed in the table of contents.

In my 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 of Jasper, Florida, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the City of Jasper, Florida, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I 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 of Jasper, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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*, I:

- 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 of Jasper, Florida'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Jasper, Florida's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 on pages 4-10, budgetary comparison information on pages 49-50, pension trend information on pages 51-52, and OPEB trend information on page 53 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. I 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 I obtained during our audit of the basic financial statements. I 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*, I have also issued our report dated April 26, 2024, on my consideration of the City of Jasper, Florida'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 of Jasper, Florida'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 of Jasper, Florida's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
April 26, 2024

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**MANAGEMENT'S
DISCUSSION &
ANALYSIS**

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CITY OF JASPER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2023

Our discussion and analysis of the City of Jasper, Florida's financial performance provides an overview of City's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the City's financial statements, which begin in page 11.

FINANCIAL HIGHLIGHTS

The City continued the Florida Division of Emergency Management, Coronavirus State and Local Fiscal Recovery Funds (CSFRF) Grant in the amount of \$2,082,049. Expenditures of \$708,280 were made for equipment and improvements to the City's water and sewer infrastructure.

The following grants were completed: Florida Department of Environmental Protection Grants A1088 and A1095 totaling \$100,000. Expenditures made for local park improvements exceeded the grant awards - approximately \$108,000 was spent on the improvements.

In August 2023, the Hamilton County School District donated the Central Hamilton Elementary building and land to the City. The City recorded the donation at \$2,466,120 which was the fair market value as reported by the Hamilton County Property Appraiser.

On August 30, 2023, the City incurred the wrath of Hurricane Idalia. The storm caused significant damage to the City's warehouse. The structure was not insured due to its age and general condition. Due to the inability to repair the structure, an impairment of \$220,886, was recorded.

The City completed the Central Avenue Resurfacing Project with a grant from the Florida Department of Transportation. The grant of \$565,604, funded the entire project.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Proprietary fund financial statements offer short and long-term financial information about the activities the government operates like businesses, such as the water/sewer, gas, and solid waste departments.

Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 6. The Statement of Net Position and the Statement of Activities on pages 11-12 report information about the City as a whole and its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements also report the City's net position and changes in them. The City's net position, the difference between assets and liabilities, is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. Additional other nonfinancial factors such as changes in the area's economic conditions and the condition of the City's capital assets should be considered in assessing the City's overall health.

In the Statement of Net Position and the Statement of Activities, the City's activities are divided into two categories: 1.) governmental activities: the City's basic services are included here, financial and administrative, police, fire, transportation, and recreation and 2.) business-type: the City charges fees to customers to help it cover the cost of certain utility services it provides. The City's water and sewer, natural gas, and sanitation services are included in the business-type activities.

Reporting the City's Funds

Our analysis of the City's funds (four major) begins on page 6. The fund financial statements begin on page 13 and provide detailed information about the City's most significant governmental funds – not the City as a whole. A description of the City's Funds follows:

Governmental funds – Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year – end that are available for spending. These funds are reported using the modified accounting method, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds is described in the reconciliations accompanying the fund financial statements.

Proprietary funds – Services for which the City charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both

long-and short-term financial information. The City’s Enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The City as a Whole

As indicated below, the City’s total net position increased \$3.8 million. In general, increases to utility rates, grant driven projects, building/land donation, and expenditure/expense reductions largely contributed to the increase.

The analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) for both the City’s governmental and business type activities. Detailed comments follow the tables and explain the significant changes between the current and prior year.

Table 1
NET POSITION
(In Thousands)

	Governmental Activities		Business type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,433	\$ 1,174	\$ 5,538	\$ 5,053	\$ 6,971	\$ 6,227
Capital assets	<u>4,688</u>	<u>1,686</u>	<u>7,793</u>	<u>8,189</u>	<u>12,481</u>	<u>9,875</u>
Total assets	6,121	2,860	13,331	13,242	19,452	16,102
Deferred outflows of resources	<u>325</u>	<u>338</u>	<u>117</u>	<u>125</u>	<u>442</u>	<u>463</u>
Total assets and deferred outflows of resources	<u>\$ 6,446</u>	<u>\$ 3,198</u>	<u>\$ 13,448</u>	<u>\$ 13,367</u>	<u>\$ 19,894</u>	<u>\$ 16,565</u>
Other liabilities	\$ 87	\$ 61	\$ 1,579	\$ 2,202	\$ 1,666	\$ 2,263
Long term liabilities	<u>1,602</u>	<u>1,438</u>	<u>468</u>	<u>384</u>	<u>2,070</u>	<u>1,822</u>
Total liabilities	<u>1,689</u>	<u>1,499</u>	<u>2,047</u>	<u>2,586</u>	<u>3,736</u>	<u>4,085</u>
Deferred inflows of resources	<u>464</u>	<u>554</u>	<u>121</u>	<u>172</u>	<u>585</u>	<u>726</u>
Net position						
Invested in Cap Assets	4,688	1,686	7,793	8,185	12,481	9,871
Restricted	-	-	18	17	18	17
Unrestricted	<u>(395)</u>	<u>(541)</u>	<u>3,469</u>	<u>2,407</u>	<u>3,074</u>	<u>1,866</u>
Total net position	<u>4,293</u>	<u>1,145</u>	<u>11,280</u>	<u>10,609</u>	<u>15,573</u>	<u>11,754</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,446</u>	<u>\$ 3,198</u>	<u>\$ 13,448</u>	<u>\$ 13,367</u>	<u>\$ 19,894</u>	<u>\$ 16,565</u>

Explanation of Significant Changes Table 1

Governmental activities

The increase in capital assets/invested in capital assets was due to the donation of the building and land as indicated in the financial highlights section.

Business-type activities

Current and other assets gained due to increases in utility rates – revenues increased \$201,000.

Other liabilities (unearned revenue) decreased due to the expending of the Coronavirus State and Local Fiscal Recovery Funds (CSFRF Grant). See the financial highlights section above.

Unrestricted net assets increased due to annual increases in utility billings (automatic two percent increase for water and sewer).

Table 2
CHANGES IN NET POSITION
(In Thousands)

Statement of Activities	Governmental Activities		Business-type Activities		Total Primary Government	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Program revenues						
General government	\$ 316	\$ 197	\$ -	\$ -	\$ 316	\$ 197
Public safety	126	160	-	-	126	160
Physical environment	4	9	-	-	4	9
Transportation	575	41	-	-	575	41
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/recreation	78	30	-	-	78	30
Water/sewer utility	-	-	2,012	1,523	2,012	1,523
Natural gas utility	-	-	908	829	908	829
Sanitation	-	-	568	517	568	517
General revenues						
Taxes						
Property taxes	614	406	-	-	614	406
Local option fuel tax	369	413	-	-	369	413
Discretionary sales	253	167	-	-	253	167
Commx services	75	62	-	-	75	62
Franchise fees	131	121	-	-	131	121
Utility service tax	98	94	-	-	98	94
Interest	31	4	33	3	64	7
Gain on asset disposal	10	-	-	-	10	-
Miscellaneous	34	23	7	15	41	38
Total revenues	<u>2,714</u>	<u>1,727</u>	<u>3,528</u>	<u>2,887</u>	<u>6,242</u>	<u>4,614</u>
Program expenses						
General government	560	545	-	-	560	545
Public safety	1,125	696	-	-	1,125	696
Physical environment	3	6	-	-	3	6
Transportation	414	380	-	-	414	380
Economic environment	1	-	-	-	1	-
Human services	-	-	-	-	-	-
Culture/recreation	26	13	-	-	26	13
Interest on long term debt	-	-	-	-	-	-
Water/sewer utility	-	-	1,728	1,199	1,728	1,199
Natural gas utility	-	-	550	552	550	552
Sanitation	-	-	413	374	413	374
Total expenses	<u>2,129</u>	<u>1,640</u>	<u>2,691</u>	<u>2,125</u>	<u>4,820</u>	<u>3,765</u>
Excess (deficiency) before transfers	585	87	837	762	1,422	849
Extraordinary items and transfers						
Extraordinary items	2,618	-	(221)	-	2,397	-
Transfers	(55)	-	55	-	-	-
Total transfers and special item	<u>2,563</u>	<u>-</u>	<u>(166)</u>	<u>-</u>	<u>2,397</u>	<u>-</u>
Change in net position	3,148	87	671	762	3,819	849
Beginning net position	<u>1,145</u>	<u>1,058</u>	<u>10,609</u>	<u>9,847</u>	<u>11,754</u>	<u>10,905</u>
Ending net position	<u>\$ 4,293</u>	<u>\$ 1,145</u>	<u>\$ 11,280</u>	<u>\$ 10,609</u>	<u>\$ 15,573</u>	<u>\$ 11,754</u>

Explanation of Significant Changes Table 2

Government Activities

Governmental revenues increased/decreased as follows:

General government program revenues: State Revenue Sharing and the half-cent sales tax increased approximately \$76,800 and \$41,900, respectively. Transportation revenues increased due to the Florida Department of Transportation Grant for \$526,905 for the Central Avenue Project. Culture /recreation revenues increased due to the park projects indicated in the financial highlights. Due to changes in valuation, property taxes increased approximately \$200,000. Excess funds were placed in certificates of deposit and interest increased over \$25,000.

Governmental expenses increased/decreased as follows:

Public safety expenses increased due to the Central Avenue Project indicated on the financial highlights above.

Business-type activities

Business-type revenues gained due to annual increases in utility rates. See above.

Expenses increased due to the repairs made to the water and sewer system via the CSFRF Grant in the amount of \$277,546.

The City's Funds

At year-end, the City's governmental funds had a total fund balance of approximately \$1.36 million. The increase of \$244,000 is primarily due to revenue increases as indicated above.

TABLE 3
CHANGES IN GOVERNMENTAL AND MAJOR FUNDS' TOTAL AND UNRESERVED FUND BALANCES AND NET POSITION
(in Thousands)

<u>Major Funds</u>	Unreserved Fund Balance			
	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>Percent Change</u>
General	\$ 1,338	\$ 1,094	\$ 244	22.3%
	Enterprise Fund			
	Change in Net Position:			
	Invested in Capital Assets			
	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 7,793	\$ 8,168	\$ (375)	-4.6%
	Restricted			
	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 18	\$ 17	\$ 1	5.9%
	Unrestricted			
	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 3,469	\$ 2,407	\$ 1,062	44.1%

The enterprise funds' net position increased by approximately \$670,000. The improved net position can be attributed to the CSFRF Grant funding improvements and repairs to the water and sewer system and the annual increases in utility rates.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend its 2023 budget. Actual expenditures were greater than budgeted by approximately \$90,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2023, the City had approximately \$22 million invested in capital assets, including police and fire equipment, buildings, park facilities, roads, and water/sewer lines. (See Table 4 below.) The increase in capital assets is due to vehicle, equipment, sewer pump purchases, and the donation of building and property by the Hamilton County School District (see financial highlights).

Table 4
CAPITAL ASSETS (in Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 280	\$ 241	\$ 667	\$ 667	\$ 947	\$ 908
Buildings	2,830	403	9	288	2,839	691
Infrastructure/improvements	2,138	1,377	13,526	13,526	15,664	14,903
Equipment and furniture	322	322	1,145	800	1,467	1,122
Vehicles	986	1,020	448	363	1,434	1,383
Leased assets	-	-	5	5	5	5
Total capital assets, gross	<u>\$ 6,556</u>	<u>\$ 3,363</u>	<u>\$ 15,800</u>	<u>\$ 15,649</u>	<u>\$ 22,356</u>	<u>\$ 19,012</u>

Debt

At year-end, the City had \$2.1 million in outstanding liabilities. This was an increase of approximately \$249,000. The FRS pension liability was the primary reason.

Table 5
OUTSTANDING DEBT AT YEAR-END
(in Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Compensated absences	\$ 52	\$ 70	\$ 22	\$ 28	\$ 74	\$ 98
Lease liability	-	-	2	3	2	3
OPEB liability	58	72	34	296	92	368
Pension liability	<u>1,492</u>	<u>1,295</u>	<u>410</u>	<u>57</u>	<u>1,902</u>	<u>1,352</u>
Totals	<u>\$ 1,602</u>	<u>\$ 1,437</u>	<u>\$ 468</u>	<u>\$ 384</u>	<u>\$ 2,070</u>	<u>\$ 1,821</u>

CURRENTLY KNOWN FACTS

The City's budget for the fiscal year 2023-24 totals \$5.6 million. Included in the budget is \$889,063, in capital outlay and \$98,200 in contingency.

CONTACTING THE CITY 'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, customers, and creditors, with a general overview of the City's finances and to show the City's accountability for the funds that it receives.

If you have questions about this report or need additional financial information, contact the City at 208 W Hatley Street, Jasper, FL 32052.

A handwritten signature in black ink, appearing to read "William S. Mitchell V". The signature is written in a cursive, flowing style.

William S. Mitchell V
Mayor

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**BASIC
FINANCIAL
STATEMENTS**

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CITY OF JASPER, FLORIDA
STATEMENT OF NET POSITION

September 30, 2023

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 1,360,105	\$ 3,673,243	\$ 5,033,348
Accounts receivable, net	6,693	351,299	357,992
Franchise fees receivable	12,048	-	12,048
Utility service tax receivable	7,645	-	7,645
Due from other governments	46,575	-	46,575
Inventory	-	38,666	38,666
Restricted assets	-	1,475,275	1,475,275
Capital assets			
Land	280,142	667,039	947,181
Other capital assets, net of depreciation/amortization	<u>4,407,747</u>	<u>7,125,942</u>	<u>11,533,689</u>
Total capital assets	<u>4,687,889</u>	<u>7,792,981</u>	<u>12,480,870</u>
Total assets	<u>6,120,955</u>	<u>13,331,464</u>	<u>19,452,419</u>
Deferred outflows of resources			
Pensions	289,135	99,184	388,319
OPEB	<u>35,652</u>	<u>18,106</u>	<u>53,758</u>
Total deferred outflows of resources	<u>324,787</u>	<u>117,290</u>	<u>442,077</u>
Total assets and deferred outflows of resources	<u>\$ 6,445,742</u>	<u>\$ 13,448,754</u>	<u>\$ 19,894,496</u>
Liabilities			
Accounts payable	\$ 39,543	\$ 228,181	\$ 267,724
Retirement/insurance payable	45,638	-	45,638
Taxes payable	-	1,106	1,106
Deposits	1,760	217,840	219,600
Unearned revenue	-	1,132,082	1,132,082
Long-term liabilities			
Due within one year			
Compensated absences	5,601	21,902	27,503
Lease liability	-	1,421	1,421
OPEB	5,151	3,005	8,156
Due in more than one year			
Compensated absences	46,733	-	46,733
Lease liability	-	725	725
Pension	1,491,615	410,273	1,901,888
OPEB	<u>52,728</u>	<u>30,757</u>	<u>83,485</u>
Total liabilities	<u>1,688,769</u>	<u>2,047,292</u>	<u>3,736,061</u>
Deferred inflows of resources			
Business license fees	2,308	-	2,308
Pensions	381,459	75,753	457,212
OPEB	<u>80,124</u>	<u>45,507</u>	<u>125,631</u>
Total deferred inflows of resources	<u>463,891</u>	<u>121,260</u>	<u>585,151</u>
Net position			
Net investment in capital assets	4,687,889	7,792,981	12,480,870
Restricted			
Capital facilities	-	17,882	17,882
Unrestricted (deficit)	<u>(394,807)</u>	<u>3,469,339</u>	<u>3,074,532</u>
Total net position	<u>4,293,082</u>	<u>11,280,202</u>	<u>15,573,284</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,445,742</u>	<u>\$ 13,448,754</u>	<u>\$ 19,894,496</u>

See notes to financial statements.

CITY OF JASPER, FLORIDA
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Governmental activities						
General government services	\$ 559,633	\$ 12,212	\$ 304,068	\$ -	\$ (243,353)	\$ (243,353)
Public safety	1,125,436	105,431	20,413	-	(999,592)	(999,592)
Physical environment	3,155	3,600	-	-	445	445
Transportation	413,837	48,696	-	526,905	161,764	161,764
Economic environment	905	-	-	-	(905)	(905)
Human services	450	-	-	-	(450)	(450)
Culture/recreation	25,547	7,250	-	70,664	52,367	52,367
Total governmental activities (see Note 5.)	<u>2,128,963</u>	<u>177,189</u>	<u>324,481</u>	<u>597,569</u>	<u>(1,029,724)</u>	<u>(1,029,724)</u>
Business type activities						
Water/sewer utility	1,728,002	1,303,522	-	708,280		283,800
Natural gas utility	550,109	907,916	-	-		357,807
Sanitation	413,239	567,652	-	-		154,413
Total business-type activities	<u>2,691,350</u>	<u>2,779,090</u>	<u>-</u>	<u>708,280</u>		<u>796,020</u>
Totals	<u>\$ 4,820,313</u>	<u>\$ 2,956,279</u>	<u>\$ 324,481</u>	<u>\$ 1,305,849</u>		
General revenues						
Property taxes					613,914	-
Local option fuel tax					368,790	-
Discretionary sales surtax					253,621	-
Communications service tax					74,862	-
Franchise fees					130,630	-
Utility service tax					98,045	-
Interest					31,148	33,161
Gain on asset disposal					10,233	-
Miscellaneous					34,073	6,706
Extraordinary items						
Donation of building and land					2,617,795	-
Loss on building impairment					-	(220,886)
Transfers					(55,490)	55,490
Total general revenues, extraordinary items and transfers					<u>4,177,621</u>	<u>(125,529)</u>
Change in net position					3,147,897	670,491
Net position - beginning					1,145,185	10,609,711
Net position - ending					<u>\$ 4,293,082</u>	<u>\$ 11,280,202</u>
						<u>\$15,573,284</u>

**CITY OF JASPER, FLORIDA
BALANCE SHEET**

GOVERNMENTAL FUNDS

September 30, 2023

	General <u>Fund</u>
Assets	
Cash	\$ 1,360,105
Accounts receivable	6,693
Franchise fees receivable	12,048
Utility service tax receivable	7,645
Due from other governments	<u>46,574</u>
Total assets	<u>\$ 1,433,065</u>
Liabilities, deferred inflows of resources and fund balances	
Liabilities	
Accounts payable	\$ 39,544
Compensated absences	5,601
Retirement and withholding payable	45,637
Deposits	<u>1,760</u>
Total liabilities	<u>92,542</u>
Deferred inflows of resources	
Business license fees	<u>2,308</u>
Fund balances	
Unassigned	<u>1,338,215</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,433,065</u>

CITY OF JASPER, FLORIDA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

September 30, 2023

Total fund balances for governmental funds	\$	1,338,215
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Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of the following:

Land		280,142
Buildings		2,829,865
Infrastructure		2,138,466
Vehicles		985,868
Equipment		322,313
Accumulated depreciation		<u>(1,868,765)</u>
Total capital assets		<u>4,687,889</u>

The deferred outflows of resources and deferred inflows of resources related to OPEB benefits and pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows related to pensions		289,135
Deferred outflows related to OPEB benefits		35,652
Deferred inflows related to pensions		(381,459)
Deferred inflows related to OPEB benefits		(80,124)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

The City's pension liability is not accrued in governmental funds, but rather is recognized as an expenditure when due. Compensated absences are recorded when paid. Capital leases are recorded as liabilities.

All liabilities - both current and long term - are reported in the Statement of Net Assets. Long-term liability balances and other adjustments are as follows:

Compensated absences		(46,732)
OPEB liability		(57,879)
Net pension liability		<u>(1,491,615)</u>
Total long-term liabilities and other adjustments		<u>(1,596,226)</u>

Total net position of governmental activities	\$	<u>4,293,082</u>
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CITY OF JASPER, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2023

		<u>General Fund</u>
Revenues		
Taxes	\$	1,419,656
Licenses and permits		130,630
Intergovernmental		922,050
Charges for services		115,771
Fines and forfeits		40,144
Interest		31,148
Miscellaneous		70,194
Total revenues		<u>2,729,593</u>
Expenditures		
Current		
General government services		514,902
Public safety		921,303
Physical environment		3,155
Transportation		370,658
Economic environment		905
Human services		450
Culture/recreation		9,461
Capital outlay		609,303
Total expenditures		<u>2,430,137</u>
Excess (deficiency) of revenues over expenditures		299,456
Other financing sources (uses)		
Interfund transfers in (out)		<u>(55,490)</u>
Net change in fund balances		243,966
Fund balances - beginning		<u>1,094,249</u>
Fund balances - ending	\$	<u><u>1,338,215</u></u>

CITY OF JASPER, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES, 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	\$ 243,966
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The change in net assets reported for governmental activities in the statement of activities are different because:

Governmental funds do not record transactions that do not result in an increase or decrease in cash. Due to the aforementioned, the donation of a building and property is not recorded in the fund financial statements but in the government-wide statements.	2,617,795
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Governmental funds do not compute gain or loss on capital assets, only the cash proceeds. At the government-wide level, gain or loss is recognized. The adjustment to correctly recognize the gain/loss on the disposal is:	(15,038)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

	Capital outlay	609,303	
	Depreciation	<u>(209,952)</u>	
	Net adjustment		399,351

Pension costs are recorded in the statement of activities under the accrual basis of accounting; however, the expenditure is not recorded in the governmental funds until paid. The change in the contributions verses expense is:

FRS Pension/HIS Expense	(98,046)
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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.

Paid time off, due to its classification as a long-term liability is not recorded under the modified basis of accounting. Also, employment benefits that will likely be paid in the future are not recorded under the modified basis of accounting.

However, all expenses are recorded in the Statement of Activities.

The adjustments described above are as follows:

	OPEB benefits	10,521	
	Compensated balance adjustment	<u>(10,652)</u>	
Change of net position of governmental activities			<u>\$ 3,147,897</u>

CITY OF JASPER, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2023

	<u>Water & Sewer Utility Fund</u>	<u>Natural Gas Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 976,291	\$ 839,011	\$ 276,675	\$ 2,091,977
Cash - certificate of deposit	567,100	608,500	405,666	1,581,266
Accounts receivable	253,232	114,225	69,974	437,431
Allowance for doubtful accounts	(53,356)	(19,459)	(13,317)	(86,132)
Inventory	<u>31,327</u>	<u>7,339</u>	<u>-</u>	<u>38,666</u>
Total current assets	<u>1,774,594</u>	<u>1,549,616</u>	<u>738,998</u>	<u>4,063,208</u>
Noncurrent assets				
Restricted assets				
Cash - certificates of deposit	17,882	-	-	17,882
Cash	<u>1,430,704</u>	<u>26,689</u>	<u>-</u>	<u>1,457,393</u>
Total restricted assets	<u>1,448,586</u>	<u>26,689</u>	<u>-</u>	<u>1,475,275</u>
Capital assets				
Land	667,039	-	-	667,039
Buildings, net	3,553	-	-	3,553
Infrastructure, net	5,775,485	518,446	-	6,293,931
Equipment, net	669,509	49,355	4,411	723,275
Vehicles, net	82,733	20,261	-	102,994
Intangible right-to-use asset, net	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>2,189</u>
Total capital/right-to-use assets, net	<u>7,200,508</u>	<u>588,062</u>	<u>4,411</u>	<u>7,792,981</u>
Total noncurrent assets	<u>8,649,094</u>	<u>614,751</u>	<u>4,411</u>	<u>9,268,256</u>
Total assets	<u>10,423,688</u>	<u>2,164,367</u>	<u>743,409</u>	<u>13,331,464</u>
Deferred outflows of resources				
Pensions	99,184	-	-	99,184
OPEB	<u>18,106</u>	<u>-</u>	<u>-</u>	<u>18,106</u>
Total deferred outflows of resources	<u>117,290</u>	<u>-</u>	<u>-</u>	<u>117,290</u>
Total assets and deferred outflows of resources	<u>\$ 10,540,978</u>	<u>\$ 2,164,367</u>	<u>\$ 743,409</u>	<u>\$ 13,448,754</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 148,101	\$ 29,056	\$ 51,024	\$ 228,181
Interfund payables	-	-	-	-
Accrued leave	15,862	6,040	-	21,902
Taxes payable	-	1,106	-	1,106
Customer deposits	192,610	25,230	-	217,840
Unearned revenue - grants	1,132,082	-	-	1,132,082
Lease liability, current portion	1,421	-	-	1,421
OPEB liability, current portion	<u>3,005</u>	<u>-</u>	<u>-</u>	<u>3,005</u>
Total current liabilities	<u>1,493,081</u>	<u>61,432</u>	<u>51,024</u>	<u>1,605,537</u>
Noncurrent liabilities				
Lease liability	725	-	-	725
Pension	410,273	-	-	410,273
OPEB	<u>30,757</u>	<u>-</u>	<u>-</u>	<u>30,757</u>
Total noncurrent liabilities	<u>441,755</u>	<u>-</u>	<u>-</u>	<u>441,755</u>
Total liabilities	<u>1,934,836</u>	<u>61,432</u>	<u>51,024</u>	<u>2,047,292</u>
Deferred inflows of resources				
Pensions	75,753	-	-	75,753
OPEB	<u>45,507</u>	<u>-</u>	<u>-</u>	<u>45,507</u>
Total deferred inflows of resources	<u>121,260</u>	<u>-</u>	<u>-</u>	<u>121,260</u>
Net position				
Net investment in capital assets	7,200,508	588,062	4,411	7,792,981
Restricted for capital facilities - expendable	17,882	-	-	17,882
Unrestricted	<u>1,266,492</u>	<u>1,514,873</u>	<u>687,974</u>	<u>3,469,339</u>
Total net position	<u>8,484,882</u>	<u>2,102,935</u>	<u>692,385</u>	<u>11,280,202</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 10,540,978</u>	<u>\$ 2,164,367</u>	<u>\$ 743,409</u>	<u>\$ 13,448,754</u>

See notes to financial statements.

CITY OF JASPER, FLORIDA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the Year Ended September 30, 2023

	<u>Water & Sewer Utility Fund</u>	<u>Natural Gas Utility Fund</u>	<u>Sanitation Fund</u>	<u>Totals</u>
Operating revenues				
Charges for services	<u>\$ 1,303,522</u>	<u>\$ 907,916</u>	<u>\$ 567,652</u>	<u>\$ 2,779,090</u>
Operating expenses				
Water-sewer combination services				
Personnel services	341,803	-	-	341,803
Operating expenses	1,386,119	-	-	1,386,119
Gas utility services				
Personnel services	-	91,564	-	91,564
Operating expenses	-	458,545	-	458,545
Gas utility services				
Operating expenses	<u>-</u>	<u>-</u>	<u>413,239</u>	<u>413,239</u>
Total operating expenses	<u>1,727,922</u>	<u>550,109</u>	<u>413,239</u>	<u>2,691,270</u>
Operating income (loss)	<u>(424,400)</u>	<u>357,807</u>	<u>154,413</u>	<u>87,820</u>
Nonoperating revenues (expenses)				
Interest earnings	14,584	12,911	5,666	33,161
Federal grants	708,280	-	-	708,280
Settlements	745	-	-	745
Miscellaneous	5,961	-	-	5,961
Interest expense	<u>(80)</u>	<u>-</u>	<u>-</u>	<u>(80)</u>
Total nonoperating revenues (expense)	<u>729,490</u>	<u>12,911</u>	<u>5,666</u>	<u>748,067</u>
Income before transfers and extraordinary item	305,090	370,718	160,079	835,887
Extraordinary item and transfers				
Extraordinary item				
Impairment loss - warehouse	(220,886)	-	-	(220,886)
Transfers				
Interfund transfers in (out)	146,221	-	28,375	174,596
Interfund transfers in (out)	<u>(28,375)</u>	<u>(90,731)</u>	<u>-</u>	<u>(119,106)</u>
Increase (decrease) in net position	202,050	279,987	188,454	670,491
Total net position - beginning	<u>8,282,832</u>	<u>1,822,948</u>	<u>503,931</u>	<u>10,609,711</u>
Total net position - ending	<u>\$ 8,484,882</u>	<u>\$ 2,102,935</u>	<u>\$ 692,385</u>	<u>\$ 11,280,202</u>

CITY OF JASPER, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended September 30, 2023

	<u>Water & Sewer Utility Fund</u>	<u>Natural Gas Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers and users	\$ 1,202,152	\$ 954,004	\$ 554,948	\$ 2,711,104
Cash payments for employees and benefits	(303,883)	(86,843)	-	(390,726)
Cash payments for goods and services	<u>(724,672)</u>	<u>(460,914)</u>	<u>(391,105)</u>	<u>(1,576,691)</u>
Net cash provided by (used for) operating activities	<u>173,597</u>	<u>406,247</u>	<u>163,843</u>	<u>743,687</u>
 Cash flows from noncapital financing activities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Cash flows from capital and related financing activities				
Federal, state, and local grants	21,250	-	-	21,250
Interest and principal	(1,464)	-	-	(1,464)
Purchases of capital assets	(430,733)	-	-	(430,733)
Miscellaneous receipts	<u>6,706</u>	<u>-</u>	<u>-</u>	<u>6,706</u>
Net cash provided by (used for) capital and related financing activities	<u>(404,241)</u>	<u>-</u>	<u>-</u>	<u>(404,241)</u>
 Cash flows from investing activities				
Interest revenue	14,584	12,911	5,666	33,161
(Purchase) sale of certificates of deposit	<u>(309,444)</u>	<u>(608,500)</u>	<u>(405,666)</u>	<u>(1,323,610)</u>
Net cash provided by (used for) investing activities	<u>(294,860)</u>	<u>(595,589)</u>	<u>(400,000)</u>	<u>(1,290,449)</u>
Net increase (decrease) in cash	(525,504)	(189,342)	(236,157)	(951,003)
Cash and cash equivalents - beginning	<u>2,932,499</u>	<u>1,055,042</u>	<u>512,832</u>	<u>4,500,373</u>
Cash and cash equivalents - ending	<u>\$ 2,406,995</u>	<u>\$ 865,700</u>	<u>\$ 276,675</u>	<u>\$ 3,549,370</u>
 Reconciliation of operating loss to net cash provided by operating activities				
Operating income (loss)	<u>\$ (424,400)</u>	<u>\$ 357,807</u>	<u>\$ 154,413</u>	<u>\$ 87,820</u>
 Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation/amortization	565,116	38,771	2,072	605,959

(Continued)

See notes to financial statements.

CITY OF JASPER, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended September 30, 2023

	Water & Sewer <u>Utility Fund</u>	Natural Gas <u>Utility Fund</u>	Sanitation <u>Fund</u>	<u>Total</u>
Reconciliation (continued)				
Changes in assets and liabilities				
Decrease (increase) in				
Accounts receivable, net	\$ (110,220)	\$ 44,683	\$ (12,704)	\$ (78,241)
Deferred outflows	7,708	-	-	7,708
Increase (decrease) in				
Accounts payable	96,331	(41,315)	20,062	75,078
Deposits	8,850	1,405	-	10,255
Compensated absences	(11,045)	4,721	-	(6,324)
Taxes payable	-	175	-	175
OPEB liability	(22,912)	-	-	(22,912)
Pension liability	114,479	-	-	114,479
Deferred inflows - pensions	(61,137)	-	-	(61,137)
Deferred inflows - OPEB	<u>10,827</u>	<u>-</u>	<u>-</u>	<u>10,827</u>
Total adjustments	<u>597,997</u>	<u>48,440</u>	<u>9,430</u>	<u>655,867</u>
Net cash provided by (used for) operating activities	<u>\$ 173,597</u>	<u>\$ 406,247</u>	<u>\$ 163,843</u>	<u>\$ 743,687</u>
	-			
Noncash transactions				
Elimination of interfund balances	\$ 146,221	\$ 90,371	\$ 28,375	\$ 264,967
Elimination of interfund balances	(28,375)	-	-	(28,375)
Building impairment, removal of building	(279,106)	-	-	(279,106)
Building impairment, removal of accumulated depreciation	58,220	-	-	58,220
Reconciliation of cash reported on statement of net position to cash reported on the statement of cash flows:				
	Water & Sewer	Natural Gas	Sanitation	
Per the statement of net position	<u>Utility Fund</u>	<u>Utility Fund</u>	<u>Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 976,291	\$ 839,011	\$ 276,675	\$ 2,091,977
Cash - certificate of deposit	567,100	608,500	405,666	1,581,266
Restricted assets				
Cash - certificate of deposit	17,882	-	-	17,882
Cash	<u>1,430,704</u>	<u>26,689</u>	<u>-</u>	<u>1,457,393</u>
Total cash	2,991,977	1,474,200	682,341	5,148,518
Less certificates of deposit				
Cash - certificate of deposit	(567,100)	(608,500)	(405,666)	(1,581,266)
Impact fees	<u>(17,882)</u>	<u>-</u>	<u>-</u>	<u>(17,882)</u>
Cash reported on the statement of cash flows	<u>\$ 2,406,995</u>	<u>\$ 865,700</u>	<u>\$ 276,675</u>	<u>\$ 3,549,370</u>

CITY OF JASPER, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

NOTE 1. – Summary of Significant Accounting Policies

The City of Jasper is a political subdivision of the State of Florida, originally chartered in 1907, under the Laws of the State of Florida, Number 5811 and, accordingly, is subject to restrictions imposed by the Florida Constitution and Statutes as well by its own ordinances. An elected Council governs the City. All other City officials are appointed by the City Council.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the City are discussed below.

A. Reporting Entity

These financial statements present only the City of Jasper, Florida (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are to be included in the City’s reporting entity because of the significance of the operating or financial relationships with the City. The reporting entity consists of those functions and activities administered directly by the City Council and would include the following component units: The Jasper Planning and Zoning Board and the Jasper Planning and Zoning Board of Appeals.

As of and for the year ended September 30, 2023, the Jasper Planning and Zoning Board and the Jasper Planning and Zoning Board of Appeals had no assets or liabilities or financial activity, therefore, no amounts are included in the City’s financial statements.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary funds and component units that are fiduciary in nature, if applicable. Eliminations have been made to minimize the double counting of internal activities by the elimination of interfund activity.

These statements distinguish between the *governmental* and *business-type activities* of the City.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The City’s governmental activities include all services except

the City's utilities, which are considered business-type activities. Business-type activities are financed in whole or, largely, by fees charged to external parties.

In the government-wide statement of net assets, both the government and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities presents a comparison, reporting the gross and net costs, between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. There are no indirect expense allocations and, therefore, none have been reversed for the statement of activities.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds and focus on the determination of financial position and changes in financial position rather than upon net income. Separate statements for each fund category—*governmental and proprietary* are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds, if any, are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary fund operating revenues consist only of those resulting directly from the provision of the service provided. Nonoperating revenues represent all other receipts.

The City reports the following major governmental fund:

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

The City reports the following major enterprise funds:

Water and Sewer Utility Fund - this fund accounts for the operation, maintenance, and development of the City's water and sewer services.

Natural Gas Utility Fund - this fund accounts for the operation, maintenance, and development of the City's natural gas services.

Sanitation Utility Fund - this fund accounts for the operation, maintenance, and development of the City's sanitation services.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus or accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenues, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under finance leases are reported as other financing sources.

C. Assets, Liabilities Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits

The City pools its operating accounts. The City's General, Water/Sewer, Gas, and Sanitation Funds all are part of the pool. Interest earnings on the operating account are budgeted in and credited into the City's General Fund. All other deposit accounts are unique to the intended

purpose (customer deposits, petty cash, debt reserve), and the interest earnings are attributed to the custodial fund.

Cash and Cash Equivalents

For purposes of the Enterprise Funds' Statement of Cash Flows, the City has defined cash and cash equivalents to include cash on hand, demand deposits, and certain certificates of deposit with original maturities of three months or less.

Inventories

Inventories of the enterprise funds are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The enterprise funds use the consumption method for accounting for the inventory. The costs of governmental fund-type inventories are recorded as expenditures at the time of purchase. Actual inventories in the governmental funds on hand at year-end would not be material to the financial statements.

Capital Assets

Capital assets purchased are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over their estimated useful lives. Estimated useful lives and the asset category's capitalization threshold are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings	20-75 years	\$5,000
Infrastructure/improvements	10-50 years	10,000
Equipment	5-10 years	5,000
Vehicles	5-10 years	5,000
Property under capital lease	5-10 years	5,000

GASBS No. 34 required the City to report and depreciate new infrastructure assets effective with the 2004 fiscal year. Infrastructure assets include roads, bridges, underground pipe, traffic signals, sidewalks, etc. In the future, these infrastructure assets are likely to be the City's largest asset class.

As a Phase 3 entity under GASB 34, the City elected not to retroactively report general, governmental, and infrastructure capital assets constructed or purchased prior to the 2004 fiscal year.

Pensions

In the government-wide statement of net position, liabilities are recognized for the City's proportionate share of each pension plan's net pension liability. 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) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The City's retirement plans and related amounts are described in a subsequent note.

Other post-employment benefits (OPEB)

Florida Statutes 112.0801 requires that "any state agency, county, municipality, special district, community college, or district school board that provides life, health, accident, hospitalization, or annuity insurance, or all of any kinds of such insurance, for its officers and employees and their dependents upon a group insurance plan or self-insurance plan shall allow all former personnel who retired before October 1, 1987, as well as those who retire on or after such date, and their eligible dependents, the option of continuing to participate in the group insurance plan or self-insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. For retired employees and their eligible dependents, the cost of continued participation may be paid by the employer or by the retired employees."

As a result of the above, the City incurs an implicit cost in the provision of its health care to employees. This cost is recognized as an OPEB liability/expense.

The City's OPEB amounts are reported in a subsequent note.

Long-term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

Changes in long-term liabilities for the current year are reported in a subsequent note.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as paid time off. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the City and its employees are accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the City and its employees are accounted for in the period in which such services are rendered or such events take place. The calculation for the accrued paid time off is based upon the hourly balances and the employee's rate of pay at year-end based on individual employee records. The current portion of the compensated balances liability as indicated at Note 8 is based on the prior year's usage of leave.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two item(s) that qualifies for reporting in this category. The deferred outflows of resources related to pensions and OPEB are discussed in a subsequent note.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has three types of this item: unearned revenues and relating to Pensions/OPEB amounts. Unearned revenues consist of business license fees and grant proceeds. Unearned revenues are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes.

Net Position Flow Assumption

The City periodically funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. 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. Consequently, it is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources (unassigned fund balance). To compute the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow

assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers.

Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. At the government-wide statement of activities, transfers between governmental and business type activities are netted.

Governmental Funds - Fund Balances

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

The City does not have a policy regarding the commitment or assignment of fund balances. As a result, the City does not report any committed fund balance. In accordance with GASB 54, the City reports the amount of the fund balance needed to eliminate expected expenditures over expected revenues in the subsequent year budget as assigned fund balance of the general fund, if applicable.

When restricted, assigned, and unassigned funds are available for use, the City's procedures are to use the restricted funds first, followed by the assigned funds, and then the unassigned funds.

Property Tax Calendar

Article VII of the Florida Constitution provides that Cities are authorized to impose ad valorem taxes on real and tangible personal property. The City's property taxes, levied by November 1, on assessed valuations as of January 1, are due and payable November 1. Taxes not paid by the following April 1, are considered delinquent and subject to collection through the issuance of tax warrants (personal property taxes) and the sale of tax certificates (real property taxes). All taxes imposed pursuant to the constitution and the laws of the State of Florida constitute a first lien as of January 1, superior to all other liens, continuing in force until discharged by payment or until barred by the provisions of Chapter 95, *Florida Statutes*. Elected officials of Hamilton County, Florida, perform the property assessment and tax collection functions.

Restricted Assets

The Water and Sewer Utility Fund's deposits placed by utility customers require that cash be restricted. All impact fee collections are restricted for future capital facility expansion. The advance received on the Coronavirus State and Local Fiscal Recovery Funds is restricted as to the use of the funds. The restricted amounts at year-end are as follows:

	<u>Amount</u>
Customer deposits	\$ 225,346
Grant advance	1,232,047
Capital facilities	<u>17,882</u>
Total	<u>\$ 1,475,275</u>

In accordance with *Florida Statutes* 163.31801, the City has restricted the amounts collected under the Statute, as well as the related net position, for future infrastructure improvements.

The government-wide statement of net position reports restricted net position of \$17,882, none of which is restricted by enabling legislation.

Extraordinary items

The City had the following extraordinary items occur in the 2022-23 fiscal year:

Donation of building and land

In August 2023, the Hamilton County School District donated the site known as Central Hamilton Elementary to the City. The City recorded the donation at fair market value as determined by the Hamilton County Property Appraiser: Building \$2,427,420; Land \$38,700

Damage to City Warehouse

On August 30, 2023, Hurricane Idalia damaged the City's warehouse beyond repair. The City recorded an impairment loss equal to the warehouse's book value: \$220,886.

NOTE 2. Deposits

Pursuant to Section 218.415(17), *Florida Statutes*, the City is authorized to invest surplus public funds in:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act of 1969, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.

(d) Direct obligations of the U.S. Treasury.

At September 30, 2023, the City's deposits held in Qualified Public Depositories totaled \$6,537,803. Of this balance, \$500,000 was covered by federal depository insurance. The remainder of \$6,037,803 is insured through the Bureau of Collateral Management, Division of Treasury, Department of Financial Services under *Florida Statutes* Chapter 280.

GASBS No. 9 provides that generally only investments with an original maturity of less than three months or less are cash equivalents. Therefore, on the Proprietary Funds' Statement of Cash Flows, the certificates of deposit with maturities of twelve months are deemed investments.

However, per GASBS No. 3, for disclosure purposes, the amounts are considered deposits (cash) and are included in the amounts above.

The City had no investments other than Certificates of Deposit (CDs) at September 30, 2023.

The City's CDs at September 30, 2023, were as follows:

Qualified Public Depository	<u>Balance/Fair Value</u>	<u>Rate</u>	<u>Term</u>
First Federal Bank of Florida	\$ 262,850	2.32%	12 months
First Federal Bank of Florida	2,028,332	1.44%	12 months
First Federal Bank of Florida	17,882	2.44%	12 months
First Federal Bank of Florida	<u>3,373</u>	1.01%	6 months
Total certificates of deposit	<u>\$ 2,312,437</u>		

NOTE 3. Receivables

At September 30, 2023, the City was owed \$357,992, largely for billed services provided. The amounts and established allowances for uncollectible accounts are indicated below:

	<u>General</u>	<u>Water and Sewer</u>	<u>Gas</u>	<u>Sanitation</u>	<u>Totals</u>
Billed amounts	\$ 6,693	\$ 253,232	\$ 114,225	\$ 69,974	\$ 444,124
Allowance for doubtful accounts	<u>-</u>	<u>(53,356)</u>	<u>(19,459)</u>	<u>(13,317)</u>	<u>(86,132)</u>
Totals	<u>\$ 6,693</u>	<u>\$ 199,876</u>	<u>\$ 94,766</u>	<u>\$ 56,657</u>	<u>\$ 357,992</u>

NOTE 4. Due from Other Governments

Due from other governmental units consists of the following amounts at September 30, 2023:

<u>Description</u>	<u>Amount</u>
State of Florida - Intergovernmental revenues	\$ 42,838
Hamilton County	<u>3,737</u>
Total	<u>\$ 46,575</u>

NOTE 5. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 241,442	\$ 38,700	\$ -	\$ 280,142
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>241,442</u>	<u>38,700</u>	<u>-</u>	<u>280,142</u>
Capital assets being depreciated				
Buildings	402,445	2,427,420	-	2,829,865
Infrastructure/improvements	1,377,488	760,978	-	2,138,466
Equipment and furniture	322,313	-	-	322,313
Vehicles	1,020,026	-	34,158	985,868
Property under capital leases	-	-	-	-
Total capital assets being depreciated	<u>3,122,272</u>	<u>3,188,398</u>	<u>34,158</u>	<u>6,276,512</u>
Less accumulated depreciation for				
Buildings	\$ (212,163)	\$ (15,743)	\$ -	\$ (227,906)
Infrastructure/improvements	(683,629)	(60,594)	-	(744,223)
Equipment and furniture	(191,572)	(15,780)	-	(207,352)
Vehicles	(590,568)	(117,835)	19,119	(689,284)
Total accumulated depreciation	<u>(1,677,932)</u>	<u>(209,952)</u>	<u>19,119</u>	<u>(1,868,765)</u>
Total capital assets being depreciated, net	<u>1,444,340</u>	<u>2,978,446</u>	<u>53,277</u>	<u>4,407,747</u>
Governmental activities capital assets, net	<u>\$ 1,685,782</u>	<u>\$ 3,017,146</u>	<u>\$ 53,277</u>	<u>\$ 4,687,889</u>
Business-type activities				
Water and Sewer				
Capital assets not being depreciated				
Land	\$ 667,039	\$ -	\$ -	\$ 667,039
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>667,039</u>	<u>-</u>	<u>-</u>	<u>667,039</u>
Capital assets being depreciated				
Buildings	288,160	-	279,106	9,054
Infrastructure/improvements	12,534,939	-	-	12,534,939
Equipment and furniture	699,587	344,840	-	1,044,427
Vehicles	304,163	85,894	-	390,057
Right-to-Use leased equipment *	5,531	-	-	5,531
Total capital assets being depreciated	<u>13,832,380</u>	<u>430,734</u>	<u>279,106</u>	<u>13,984,008</u>
Less accumulated depreciation for				
Buildings	\$ (57,547)	\$ (6,175)	\$ 58,222	\$ (5,500)
Infrastructure/improvements	(6,283,354)	(476,101)	-	(6,759,455)
Equipment and furniture	(317,707)	(57,210)	-	(374,917)
Vehicles	(283,077)	(24,247)	-	(307,324)
Right-to-Use leased equipment *	(1,959)	(1,383)	-	(3,342)
Total accumulated depreciation	<u>(6,943,644)</u>	<u>(565,116)</u>	<u>58,222</u>	<u>(7,450,538)</u>
Total capital assets being depreciated, net	<u>6,888,736</u>	<u>(134,382)</u>	<u>337,328</u>	<u>6,533,470</u>
Water and Sewer capital assets, net	<u>\$ 7,555,775</u>	<u>\$ (134,382)</u>	<u>\$ 337,328</u>	<u>\$ 7,200,509</u>
Gas Utility				
Capital assets being depreciated				
Infrastructure/improvements	\$ 990,568	\$ -	\$ -	\$ 990,568
Equipment and furniture	83,364	-	-	83,364
Vehicles	58,357	-	-	58,357
Total capital assets being depreciated	<u>1,132,289</u>	<u>-</u>	<u>-</u>	<u>1,132,289</u>
Less accumulated depreciation for				
Infrastructure/improvements	(443,650)	(28,474)	-	(472,124)
Equipment and furniture	(29,946)	(4,061)	-	(34,007)
Vehicles	(31,860)	(6,236)	-	(38,096)
Total accumulated depreciation	<u>(505,456)</u>	<u>(38,771)</u>	<u>-</u>	<u>(544,227)</u>
Gas utility capital assets, net	<u>\$ 626,833</u>	<u>\$ (38,771)</u>	<u>\$ -</u>	<u>\$ 588,062</u>
Sanitation				
Capital assets being depreciated				
Equipment and furniture	\$ 17,534	\$ -	\$ -	\$ 17,534
Vehicles	-	-	-	-
Total capital assets being depreciated	<u>17,534</u>	<u>-</u>	<u>-</u>	<u>17,534</u>
Less accumulated depreciation for				
Equipment and furniture	(11,052)	(2,072)	-	(13,124)
Vehicles	-	-	-	-
Total accumulated depreciation	<u>(11,052)</u>	<u>(2,072)</u>	<u>-</u>	<u>(13,124)</u>
Sanitation capital assets, net	<u>\$ 6,482</u>	<u>\$ (2,072)</u>	<u>\$ -</u>	<u>\$ 4,410</u>

Depreciation expense was charged to the various functions as follows:

Governmental activities	
General government	\$ 39,437
Public safety	110,482
Transportation	43,947
Culture/recreation	<u>16,086</u>
Total governmental activities depreciation expense	<u>\$ 209,952</u>
Business type activities	
Water/sewer	\$ 565,116
Gas	38,771
Sanitation	<u>2,072</u>
Total business-type activities depreciation expense	<u>\$ 605,959</u>

NOTE 6. Interfund Balances and Activity

Interfund balances at September 30, 2023, were as follows:

Major funds	<u>Transfer out</u>	<u>Transfer in</u>
General	\$ 55,490	\$ -
Water and Sewer	28,375	146,221
Gas	90,731	-
Garbage	<u>-</u>	<u>28,375</u>
Total major funds	<u>\$ 174,596</u>	<u>\$ 174,596</u>

The above transfers clear out all prior year interfund loans.

NOTE 7. Leases

The City leases a copier from Xerox. The lease expires in September 2025. In accordance with GASB Statement No. 87, the City records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the City's incremental borrowing rate of 2.75 percent which is the weighted average discount rate for the lease. See Note 5. Capital Assets, for information on right-to-use assets and associated accumulated amortization/depreciation. See Note 8. Long-term Obligations, for the future payments schedule.

NOTE 8. Long-term Obligations

Changes in long-term obligations for the year ended September 30, 2023, are as follows:

Governmental Activities	<u>10/1/2022</u>	<u>Adds</u>	<u>Deletes</u>	<u>9/30/2023</u>	Amounts
					Due Within One Year
Compensated absences	\$ 70,133	\$ 53,980	\$ 71,779	\$ 52,334	\$ 5,601
OPEB liability	72,397	-	14,518	57,879	5,151
Net pension liability	<u>1,295,367</u>	<u>414,175</u>	<u>217,927</u>	<u>1,491,615</u>	<u>-</u>
Totals	<u>\$ 1,437,897</u>	<u>\$ 468,155</u>	<u>\$ 304,224</u>	<u>\$ 1,601,828</u>	<u>\$ 10,752</u>

Business-type Activities	<u>10/1/2022</u>	<u>Adds</u>	<u>Deletes</u>	<u>9/30/2023</u>	Amounts
					Due Within One Year
Compensated absences	\$ 28,225	\$ 23,887	\$ 30,210	\$ 21,902	\$ 21,902
OPEB liability	56,674	-	22,912	33,762	3,005
Right-to-use lease payable	3,528	-	1,382	2,146	1,421
Net pension liability	<u>295,794</u>	<u>148,454</u>	<u>33,975</u>	<u>410,273</u>	<u>-</u>
Totals	<u>\$ 384,221</u>	<u>\$ 172,341</u>	<u>\$ 88,479</u>	<u>\$ 468,083</u>	<u>\$ 26,328</u>

Right-to-Use lease payable – future minimum payments under the right-to-use lease agreement and the present value of the minimum payments as of September 30, 2023, are as follows:

Fiscal year ending September 30		<u>Total</u>		<u>Principal</u>		<u>Interest</u>	
2024	\$	1,462	\$	1,421	\$	41	
2025		<u>731</u>		<u>725</u>		<u>6</u>	
Total	<u>\$</u>	<u>2,193</u>	<u>\$</u>	<u>2,146</u>	<u>\$</u>	<u>47</u>	

NOTE 9. Fund Balance Reporting

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) provides a more structured classification of fund balance and improves the usefulness of fund balance reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on their uses. It provides for two major types of fund balances for governmental funds, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and the principal of permanent or endowment funds. These items are not applicable to the City's governmental funds.

A hierarchy of spendable fund balances is as follows:

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – Fund balances that contain self-imposed constraints of the government from the City Council, its highest level of decision-making authority via action during a public meeting.

Assigned – Fund balances that contain self-imposed constraints of the City Council to be used for a particular purpose. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or

committed. No policy has been established to authorize any individual or political body the right to assign resources.

Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

The City has classified its fund balances with the following hierarchy:

Spendable

The City has classified the spendable fund balance as unassigned. At September 30, 2023, the unassigned general fund balance was \$1,338,215 or fifty-five percent of the General Fund's total expenditures.

NOTE 10. 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; injuries to employees; and natural disasters. The City purchases commercial insurance via the Preferred Governmental Insurance Trust. Under this insurance pool, the City pays annual premiums to the pool for its insurance coverage. The agreement for formation of the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specific amounts. In addition, the City carries commercial insurance for dishonesty bonding.

Claims resulting from the above risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreements of the Preferred Governmental Insurance Trust allows for the pool to make additional assessments to make the pools self-sustaining. It is not possible to estimate the amount of such additional assessments, which might have to be paid by the City.

NOTE 11. Florida Retirement System (FRS) - Defined Benefit Pension Plan

General Information

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, *Florida Statutes*, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the City are eligible to enroll as members of the State-administered FRS (membership is compulsory for employees filling a regularly established position). 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. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans and approximately 1,000 participating employers. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

The City's pension expense, FRS \$35,565; HIS \$119,675; totaled \$155,240 for the fiscal year ended September 30, 2023.

FRS Pension Plan:

Plan Description: The FRS Pension Plan (Plan) is qualified retirement plan under section 401(a) Internal Revenue Code, created to provide a defined benefit pension plan for participating public employees, a Deferred Retirement Option Program (DROP) was added in 1998 for eligible employees. The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Elected County Officers Class – Members who hold specified elective offices in local government.

Senior Management Service Class (SMSC) – Members in senior management level positions.

Special Risk Class – Members who are employed as law enforcement officers and select other public safety positions meet the criteria to qualify for this class

Special Risk Administrative Support Class – Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 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 except for members classified as special risk that are eligible for normal retirement benefits at age 55 or at any age after 25 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 except for members classified as special risk that are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 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 to eligible participants.

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 participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided: 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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 class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.33
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, *Florida Statutes*, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 fiscal year were as follows:

Class	Percent of Gross Salary		Total Contribution Rate
	Employee	Employer (1)	
FRS, Regular	3.00%	10.19%	13.19%
FRS, Elected County Officers	3.00%	55.28%	58.28%
FRS, Senior Management Service	3.00%	29.85%	32.85%
FRS, Special Risk Regular	3.00%	26.11%	29.11%
FRS, Special Risk Administrative	3.00%	36.93%	39.93%
DROP - Applicable to member from all of the above classes	N/A	16.94%	16.94%

Notes

1. Rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.06 percent for administration of the FRS Investment Plan and retirement and financial planning for members of both plans.

The City's contributions to the Plan totaled \$173,691 (including employee contributions - \$195,130) for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2023, the City reported a liability of \$1,474,761 for its proportionate share of the Plan's net pension liability. 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 June 30, 2023. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .003701075 percent, which was an increase of .0002141250 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$35,565. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 138,467	\$ -
Changes in assumptions	96,137	-
Net difference between projected and actual earnings on FRS pension plan investments	61,590	-
Changes in proportion and differences between City's FRS contributions and proportionate share of contributions	57,718	304,647
Total	<u>\$ 353,912</u>	<u>\$ 304,647</u>

The deferred outflows of resources related to pensions, totaling \$52,490, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal 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:

Fiscal year ending September 30		<u>Amount</u>
2024	\$	11,475
2025		11,475
2026		11,475
2027		11,475
2028		3,442
Thereafter		-

Actuarial Assumptions: The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions that determined the total pension liability as of June 30, 2022, were based on the results of an actuarial experience study July 1, 2013 – June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The table below contains a summary of the actuary'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.

Asset Class	Target <u>Allocation (1)</u>	Annual Arithmetic <u>Return</u>	Compound Annual (Geometric) <u>Return</u>	Standard <u>Deviation</u>
Cash	1.00%	2.90%	2.90%	1.10%
Fixed income	19.80%	4.50%	4.40%	3.40%
Global equity	54.00%	8.70%	7.10%	18.10%
Real estate	10.30%	7.60%	6.60%	14.80%
Private equity	11.10%	11.90%	8.80%	26.30%
Strategic investments	3.80%	6.30%	6.10%	7.70%
Assumed inflation - mean			2.40%	1.40%

1. As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at www.sbafla.com.

Discount Rate: The discount rate used to measure the total pension liability was 6.70 percent. 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.

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.70 percent) or 1 percentage-point higher (7.70 percent) than the current rate:

	1% Decrease <u>5.70%</u>	Current Discount <u>6.70%</u>	1% Increase <u>7.70%</u>
City's proportionate share of the net pension liability	\$ <u>2,519,192</u>	\$ <u>1,474,761</u>	\$ <u>600,969</u>

Pension Plan Fiduciary Net Position: Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan: At September 30, 2023, the City reported a payable of \$25,607 (FRS \$17,470, HIS \$2,009, INV \$6,128) for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2023.

HIS Pension Plan

Plan Description: The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS program. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided: For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, *Florida Statutes*. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for specified employees. For the fiscal year ended June 30, 2023, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, *Florida Statutes*. The City contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled \$20,217 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2023, the City reported a net pension liability of \$427,127 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and based on an actuarial valuation performed June 30, 2023, projected to the measurement date. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the July 1, 2022, fiscal year contributions of all participating members.

At June 30, 2023, the City's proportionate share was .002689490 percent, which was a decrease of .0000837950 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$119,675. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 6,253	\$ 1,003
Changes in assumptions	11,229	37,012
Net difference between projected and actual earnings on FRS pension plan investments	220	-
Changes in proportion and differences between City's FRS contributions and proportionate share of contributions	<u>16,705</u>	<u>114,550</u>
Total	<u>\$ 34,407</u>	<u>\$ 152,565</u>

The deferred outflows of resources, totaling \$5,589 was related to pensions resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal 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:

<u>Fiscal year ending September 30</u>	<u>Amount</u>
2024 \$	(1,507)
2025	(1,507)
2026	(1,507)
2027	(1,507)
2028	(1,507)
Thereafter	(452)

Actuarial Assumptions The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date.

Inflation	2.40 percent
Salary increases	3.25 percent
Municipal bond rate/discount rate	3.65 percent

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

The actuarial assumptions that determined the total pension liability as of June 30, 2022, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 – June 30, 2018. HIS plan valuations occur on a biennial basis.

Discount Rate The discount rate used to measure the total pension liability was 3.65 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the HIS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate may vary due to changes in the applicable municipal bond index.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 3.65 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.65 percent) or 1 percentage-point higher (4.65 percent) than the current rate:

	1% Decrease <u>2.65%</u>	Current Discount <u>3.65%</u>	1% Increase <u>4.65%</u>
City's proportionate share of the net pension liability	\$ <u>487,285</u>	\$ <u>427,127</u>	\$ <u>377,260</u>

Pension Plan Fiduciary Net Position Detailed information about the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan at September 30, 2023, the City reported a payable of \$2,009 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

Allocations to the investment member’s accounts during the 2022-23 fiscal year were as follows:

Class	Contributions		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
FRS, Regular	3.00%	8.30%	11.30%
FRS, Elected County/Local Officers	3.00%	13.34%	16.34%
FRS, Special Risk	3.00%	16.00%	19.00%
FRS, Senior Management Service	3.00%	9.67%	12.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. At September 30, 2023, the City does not know the amount of forfeited funds, if any, but estimates that the amount would be immaterial.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these

options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$67,011, for the fiscal year ended September 30, 2023.

Note 12. Postemployment Benefits Other Than Pensions (OPEB)

General Information

Plan description

The City of Jasper, Florida, sponsors and administers the single-employer OPEB unfunded plan. The plan covers fourteen active employees with no inactive employees and beneficiaries currently receiving benefits and no inactive employees entitled to and not yet receiving benefits. The City's retirees' contribution requirement is an amount determined periodically by the City equal to one hundred percent of the applicable health insurance premium charged by the insurance carrier. There are no minimum required employer contributions. No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4 to pay for related benefits.

Benefits provided

Benefits are provided to regular, full-time employees of the City. Benefits provided are post-retirement medical benefits. The plan provides for post-retirement medical coverage to eligible employees under the same fully-insured plan that covers active employees. No explicit subsidy is provided to retirees. *Florida Statutes* 112.0801 requires the City to offer retirees health insurance on the same basis as employees provided that the retiree pays the full premium for the relevant coverage. There were no changes in benefit terms from the prior measurement date.

Total OPEB Liability

The City's total OPEB liability of \$91,641, was measured as of September 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability in the September 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.91% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increases	3.00% per annum
Cost of living increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 7.50% for the 2022-23 fiscal year graded down by 0.50% per year to 5.00% for the 2027/28 and later fiscal years.
Age related morbidity	Insurance premiums are assumed to increase with each year of age in accordance with the rates set forth in the Society of Actuaries report "Health Care Costs - From Birth to Death" prepared by Dale H. Yamamoto (June 2013). Rates set forth in Chart 2 (Group Costs by Age for 2009-10) were used to develop the morbidity rates prior to age 65 and the rates set forth in Table 4 (Development of Plan Specific Medicare Age Curve) were used to develop the morbidity rates after age 65.
Implied subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy has been assumed for the 2020/21 fiscal year based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The implied subsidy is assumed to disappear at age 65.
Mortality basis	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2020
Retirement	For general employees, retirement is assumed to occur at age 62. For firefighters and police officers, retirement is assumed to occur at age 55.
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers).
Covered election	50% of eligible employees are assumed to elect medical coverage upon retirement or disability, with one-third of electing retirees also covering their spouse.
Spouses and dependents	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes	Since the prior measurement date, the discount rate was increased from 4.77% per annum to 4.91% per annum.

Net OPEB liability at September 30, 2023:

Total OPEB liability *	\$	91,641
Less fiduciary net position		<u>-</u>
Net OPEB liability **	\$	<u>91,641</u>

* rolled forward from October 1, 2022

** recognized as follows:

Long-term obligations	\$	57,879
Water/sewer Fund		<u>33,762</u>
Net OPEB liability	\$	<u>91,641</u>

OPEB expense for Year Ending September 30, 2023:

Service cost	\$	12,093
Other recognized changes in net pension		
Expected interest growth		6,768
Investment gain/loss		-
Demographic gain/loss		(10,994)
Employee contributions		-
Benefit payments & refunds		(6,733)
Administrative expenses		-
Changes in benefit terms		-
Assumption changes		<u>1,289</u>
OPEB expense *	\$	<u><u>2,423</u></u>

* expense recognized as follows:

Statement of Activities - governmental	\$	1,530
Water/sewer Fund		<u>893</u>
Total OPEB expense recognized	\$	<u><u>2,423</u></u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2022	\$ <u>64,223</u>	\$ <u>96,243</u>
Change due to:		
Amortization payments	(10,465)	(20,170)
Investment gain/loss	-	-
Demographic gain/loss	-	48,366
Assumption changes	<u>-</u>	<u>1,192</u>
Total change	<u>(10,465)</u>	<u>29,388</u>
Balance as of September 30, 2023 *	\$ <u><u>53,758</u></u>	\$ <u><u>125,631</u></u>

* recognized as follows:

Long-term obligations	\$	35,652	\$	80,124
Water/sewer Fund		<u>18,106</u>		<u>45,507</u>
Deferred outflows/inflows of resources	\$	<u><u>53,758</u></u>	\$	<u><u>125,631</u></u>

Balance Equation

Net OPEB liability as of September 30, 2022	\$	129,071
Plus OPEB expense for the year ending September 30, 2023		2,423
Minus employer contribution for the year ending September 30, 2023		-
Plus change in balance of deferred outflows of resources		(10,465)
Minus change in balance of deferred inflows of resources		<u>(29,388)</u>
Net OPEB liability as of September 30, 2023	\$	<u>91,641</u>

Amortization schedule for deferred outflows and inflows of resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2023	\$ 53,758	\$ 125,631
Amount recognized in the 2023/24 OPEB expense:		
Investment gain/loss	-	-
Demographic gain/loss	2,219	13,213
Assumption changes	<u>8,246</u>	<u>6,957</u>
Total	<u>10,465</u>	<u>20,170</u>
Balance as of September 30, 2024	<u>43,293</u>	<u>105,461</u>
Amount recognized in the 2024/25 OPEB expense:		
Investment gain/loss	-	-
Demographic gain/loss	2,219	13,213
Assumption changes	<u>8,246</u>	<u>6,957</u>
Total	<u>10,465</u>	<u>20,170</u>
Balance as of September 30, 2025	<u>32,828</u>	<u>85,291</u>
Amount recognized in the 2025/26 OPEB expense:		
Investment gain/loss	-	-
Demographic gain/loss	2,219	13,213
Assumption changes	<u>8,246</u>	<u>6,957</u>
Total	<u>10,465</u>	<u>20,170</u>
Balance as of September 30, 2026	<u>22,363</u>	<u>65,121</u>
Amount recognized in the 2026/27 OPEB expense:		
Investment gain/loss	-	-
Demographic gain/loss	2,219	13,188
Assumption changes	<u>8,246</u>	<u>6,563</u>
Total	<u>10,465</u>	<u>19,751</u>
Balance as of September 30, 2027	<u>11,898</u>	<u>45,370</u>
Amount recognized in the 2027/28 OPEB expense:		
Investment gain/loss	-	-
Demographic gain/loss	2,219	11,592
Assumption changes	<u>5,004</u>	<u>2,597</u>
Total	<u>7,223</u>	<u>14,189</u>
Balance as of September 30, 2028	<u>\$ 4,675</u>	<u>\$ 31,181</u>

Changes in the net OPEB liability	Total OPEB <u>Liability</u>	Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balance as of September 30, 2022	\$ 129,071	\$ -	\$ 129,071
Change due to:			
Service cost	12,093	-	12,093
Expected interest growth	6,768	-	6,768
Unexpected investment income	-	-	-
Demographic experience	(48,366)	-	(48,366)
Employer contributions	-	-	-
Employee contributions	-	-	-
Benefit payments & refunds	(6,733)	-	(6,733)
Administrative expenses	-	-	-
Changes in benefit terms	-	-	-
Assumption changes	(1,192)	-	(1,192)
Balance as of September 30, 2023	<u>\$ 91,641</u>	<u>\$ -</u>	<u>\$ 91,641</u>

Comparison of net OPEB liability using alternative discount rates

	<u>Discount Rate minus 1.00%</u>	<u>4.91% Discount Rate</u>	<u>Discount Rate plus 1.00%</u>
Total OPEB liability	\$ 100,593	\$ 91,641	\$ 83,679
Less fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 100,593</u>	<u>\$ 91,641</u>	<u>\$ 83,679</u>

Comparison of net OPEB liability using alternative healthcare cost trend rates

	<u>Trend rates minus 1.00%</u>	7.50% graded down <u>to 5.00%</u>	<u>Trend rates plus 1.00%</u>
Total OPEB liability	\$ 80,444	\$ 91,641	\$ 105,059
Less fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 80,444</u>	<u>\$ 91,641</u>	<u>\$ 105,059</u>

Note 13. Economic Dependency

The City receives a significant portion of its utility revenues from the Florida Department of Corrections – approximately forty percent. If this customer ceased operations, the financial condition of City could be adversely affected.

Note 14. Commitments

Refuse Collection

On December 1, 2015, the City “amended in its entirety and replaced” its contract with Waste Pro of Florida, Inc., for the collection of residential, commercial, and front-end load collection of household refuse and yard waste.

The solid waste agreement is for the period December 1, 2015, to December 1, 2020. The agreement automatically is extended for successive five (5) year terms unless either party give the other party three hundred and sixty (360) days’ notice in writing prior to the then current expiration date of its intention not to renew the Contract.

Per the agreement, residential rates are fixed for the period and commercial rates increase five (5) percent annually.

Yard Waste

On June 19, 2023, the City contracted with Pops Sanitation for the removal of yard waste. The agreement calls for the pickup and removal of all yard waste and delivery of the waste to the City’s permitted green site.

The contract is for a two-year period beginning on June 19, 2023, and ending on June 19, 2025.

The annual fee is \$35,000 to be paid in monthly installments. The contract can be cancelled at any time with a thirty-day written notice.

Regulatory Compliance Agreement

The City has an agreement with City Services, Inc., for “proper and necessary regulatory compliance services.”

The agreement is for a three-year period ending in May 2024. It automatically renews for successive three-year terms unless prior written notice is provided.

The fee for the services is as follows: 1.) Monthly maintenance charge of \$650 2.) \$60 per hour for on-site programs and procedures 3.) Mileage of .85 per actual mile traveled 4.) Per diem expense of \$165 per night of overnight stay.

NOTE 15. Current/Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) effective dates of upcoming pronouncements are as follows:

Statement No. 100 Accounting Changes and Error Corrections – effective for fiscal years beginning after June 15, 2023: FY 2023-24

Statement No. 101 Compensated Absences – effective for fiscal years beginning after December 15, 2023: FY 2024-25

Statement No. 102, *Certain Risk Disclosures* (December 2023, effective for fiscal years beginning after June 15, 2024, and reporting periods thereafter. Earlier application is encouraged.) Paragraphs 7 through 9: FY 2024-25

Implementation Guide No. 2023-1: *Implementation Guidance Update-2023*. (June 2023, Questions 4.1-4.9 and 5.1 are effective for fiscal years beginning after June 15, 2023, and reporting periods thereafter. Earlier application is encouraged if the related pronouncement is implemented. Question 4.10 is effective simultaneously with the requirements of GASB No. 100. If GASB No. 100 has been previously implemented, the Question is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter, with earlier application encouraged.) Paragraphs 6 and 7: FY2023-24

The City is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2024, and beyond.

Note 16. Subsequent Events

The City's Management has evaluated subsequent events through the date of the audit report – April 26, 2024, the date which the financial statements were available for issuance.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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CITY OF JASPER, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Fund balance - beginning	\$ -	\$ -	\$ 1,094,249	\$ 1,094,249
Estimated receipts				
Taxes	1,394,004	1,394,004	1,419,656	25,652
Licenses and permits	106,050	106,050	130,630	24,580
Intergovernmental revenue	383,140	383,140	922,050	538,910
Charges for services	44,834	44,834	115,771	70,937
Fines and forfeits	30,450	30,450	40,144	9,694
Miscellaneous	26,012	26,012	101,342	75,330
Other sources	<u>410,518</u>	<u>410,518</u>	-	<u>(410,518)</u>
Total estimated receipts and balances	<u>2,395,008</u>	<u>2,395,008</u>	<u>3,823,842</u>	<u>1,428,834</u>
Appropriations				
General government	645,966	645,966	514,903	131,063
Public safety	1,076,201	1,076,201	921,303	154,898
Physical environment	12,400	12,400	3,155	9,245
Transportation	461,607	461,607	897,563	(435,956)
Economic environment	3,000	3,000	905	2,095
Human services	2,000	2,000	450	1,550
Culture/recreation	193,834	193,834	91,858	101,976
Other uses	<u>-</u>	<u>-</u>	<u>55,490</u>	<u>(55,490)</u>
Total appropriations	<u>2,395,008</u>	<u>2,395,008</u>	<u>2,485,627</u>	<u>(90,619)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,338,215</u>	<u>\$ 1,338,215</u>

CITY OF JASPER, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

For the Year Ending September 30, 2023

NOTE 1. BUDGET

An annual budget, as required by state statutes and Article V of the Charter of the City of Jasper, Florida, is adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end. The budget process is as follows:

On or before September 1, all department heads submit requests for appropriations to the City Manager who compiles the requests and submits a comprehensive budget request to the City Council. The City Council conducts public hearings on the proposed budget after September 1, but prior to September 30. On or before September 30, the budget is adopted by the City Council.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control is the fund level. Any budget amendments affecting expenditures at the fund level must be approved by the City Council.

The City made no supplementary budget amendment for the fiscal year ending September 30, 2023.

NOTE 2. BUDGET OVEREXPENDITURE

Contrary to Florida Statutes 166.241(2), the City over expended its General Fund's budget in the amount of \$90,619.

NOTE 3. EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General Fund
Sources/inflows of resources	
Financial statement major funds	
Actual amount (budgetary basis) of the estimated receipts and balances from the budgetary comparison schedules	\$ 3,823,842
Adjustments	
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	<u>(1,094,249)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,729,593</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "Total appropriations" from the budgetary comparison schedules	\$ 2,485,627
Transfers are reductions in fund balance that are not included in expenditures for GAAP reporting	<u>(55,490)</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balance	<u>\$ 2,430,137</u>

CITY OF JASPER, FLORIDA
SCHEDULES OF PROPORINATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS

Florida Retirement System										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Jasper, Florida's proportion of the net pension liability (asset)	0.003701%	0.003487%	0.004105%	0.004759%	0.005342%	0.006523%	0.005772%	0.005276%	0.005037%	0.004800%
City of Jasper, Florida's proportionate share of the net pension liability (asset)	\$ 1,474,761	\$ 1,297,426	\$ 310,108	\$ 2,062,575	\$ 1,839,616	\$ 1,964,847	\$ 1,707,765	\$ 1,457,315	\$ 745,470	\$ 292,858
City of Jasper, Florida's covered-employee payroll	\$ 1,159,491	\$ 1,015,191	\$ 1,069,316	\$ 1,176,810	\$ 1,272,154	\$ 1,468,047	\$ 1,377,037	\$ 1,277,609	\$ 1,254,727	\$ 1,245,908
City of Jasper, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	127.19%	127.80%	29.00%	175.27%	144.61%	133.84%	124.02%	114.07%	59.41%	23.51%
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										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Jasper, Florida's proportion of the net pension liability (asset)	0.002699%	0.002773%	0.003046%	0.003522%	0.004000%	0.005086%	0.004108%	0.004040%	0.004156%	0.038232%
City of Jasper, Florida's proportionate share of the net pension liability (asset)	\$ 427,127	\$ 293,735	\$ 373,654	\$ 429,971	\$ 447,570	\$ 538,324	\$ 439,218	\$ 470,815	\$ 423,842	\$ 3,574,813
City of Jasper, Florida's covered-employee payroll	1,159,491	1,015,191	1,069,316	1,176,810	1,272,154	1,468,047	1,377,037	1,277,609	1,254,727	1,245,908
City of Jasper, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.84%	28.93%	34.94%	36.54%	35.18%	36.67%	31.90%	36.85%	33.78%	286.92%
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%

Notes to Schedules

Note 1. Measurement Date

The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

Note 2. Covered Employees

Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

CITY OF JASPER, FLORIDA
SCHEDULES OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS

Florida Retirement System										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 195,130	\$ 192,143	\$ 191,864	\$ 194,617	\$ 199,417	\$ 243,108	\$ 186,982	\$ 154,030	\$ 146,404	\$ 137,500
Contributions in relation to the contractually required contribution	<u>195,130</u>	<u>192,143</u>	<u>191,864</u>	<u>194,617</u>	<u>199,417</u>	<u>243,108</u>	<u>186,982</u>	<u>154,030</u>	<u>146,404</u>	<u>137,500</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Jasper, Florida's covered-employee payroll	\$ 1,159,491	\$ 1,015,191	\$ 1,069,316	\$ 1,176,810	\$ 1,272,154	\$ 1,468,047	\$ 1,377,037	\$ 1,277,609	\$ 1,254,727	\$ 1,245,908
Contributions as a percentage of covered-employee payroll	16.83%	18.93%	17.94%	16.54%	15.68%	16.56%	13.58%	12.06%	11.67%	11.04%

Health Insurance Subsidy Program										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 20,217	\$ 16,852	\$ 17,751	\$ 19,535	\$ 21,118	\$ 24,370	\$ 22,859	\$ 21,208	\$ 16,997	\$ 15,963
Contributions in relation to the contractually required contribution	<u>20,217</u>	<u>16,852</u>	<u>17,751</u>	<u>19,535</u>	<u>21,118</u>	<u>24,370</u>	<u>22,859</u>	<u>21,208</u>	<u>16,997</u>	<u>15,963</u>
Contribution deficiency (excess)	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>
City of Jasper, Florida's covered-employee payroll	\$ 1,159,491	\$ 1,015,191	\$ 1,069,316	\$ 1,176,810	\$ 1,272,154	\$ 1,468,047	\$ 1,377,037	\$ 1,277,609	\$ 1,254,727	\$ 1,245,908
Contributions as a percentage of covered-employee payroll	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.28%

Note to Schedules

Note 1. Covered Employees

Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

**CITY OF JASPER, FLORIDA
SCHEDULE OF OPEB LIABILITY AND COVERED PAYROLL
LAST TEN FISCAL YEARS ***

<u>Measurement Date</u>	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Funded Percentage</u>	<u>Covered Payroll</u>	<u>Net OPEB Liability as a % of Covered Payroll</u>
9/30/2023	\$ 91,641	\$ -	\$ 91,641	0.00%	\$ 623,488	14.70%
9/30/2022	129,071	-	129,071	0.00%	562,664	22.94%
9/30/2021	174,296	-	174,296	0.00%	625,375	27.87%
9/30/2020	137,157	-	137,157	0.00%	589,592	23.26%
9/30/2019	94,124	-	94,124	0.00%	766,651	12.28%
9/30/2018	128,302	-	128,302	0.00%	856,156	14.99%
9/30/2017	124,053	-	124,053	0.00%	856,156	14.49%

* Information is presented for those years available

**CITY OF JASPER, FLORIDA
SCHEDULE OF CHANGES IN THE OPEB LIABILITY BY SOURCE
LAST TEN FISCAL YEARS ***

<u>Fiscal Year Ending</u>	<u>Service Cost</u>	<u>Expected Interest Growth</u>	<u>Unexpected Investment Income</u>	<u>Demographic Experience</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>	<u>Benefit Payments & Refunds</u>	<u>Administrative Expenses</u>	<u>Changes in Benefit Terms</u>	<u>Assumption Changes</u>
9/30/2023	\$ 12,093	\$ 6,768	\$ -	\$ (48,366)	\$ -	\$ -	\$ (6,733)	\$ -	\$ -	\$ (1,192)
9/30/2022	15,542	8,881	-	(38,875)	-	-	(7,378)	-	-	(23,395)
9/30/2021	17,285	3,627	-	21,526	-	-	(10,424)	-	-	5,125
9/30/2020	10,454	2,147	-	(27,222)	-	-	(8,556)	-	-	66,220
9/30/2019	8,935	4,797	-	(2,549)	-	-	(6,515)	-	-	(38,846)
9/30/2018	9,113	4,675	-	-	-	-	(9,536)	-	-	-

* Information is presented for those years available

Notes to Schedule

Note 1. Amortization Period

The amortization period for demographic experience and assumption changes was 8.91 years for the 2018-19 fiscal year, 8.58 years for the 2019-20 fiscal year, 9.70 years for the 2020-21 fiscal year, 9.52 years for the 2021/22 fiscal year, and 8.53 years in the 2022-23 fiscal year.

Note 2. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used for each fiscal year:

<u>Year</u>	<u>Rate</u>
2023	4.91%
2022	4.77%
2021	2.43%
2020	2.14%
2019	3.58%
2018	3.64%

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COMPLIANCE
SECTION

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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**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***

To the Honorable Mayor and City Council Members
City of Jasper, Florida

I 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 Standard* 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 City of Jasper, 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 Jasper, Florida's basic financial statements, and have issued my report thereon dated April 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Jasper, Florida'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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Jasper, Florida's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Jasper, Florida's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Jasper, Florida's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Kenneth M. Daniels
Certified Public Accountant
April 26, 2024

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and City Council
City of Jasper, Florida

I have examined the City of Jasper, Florida's compliance with *Florida Statutes* 218.415 during the period October 1, 2022, to September 30, 2023. Management of the City of Jasper, Florida, is responsible for the City of Jasper's compliance with those requirements. My responsibility is to express an opinion on the City of Jasper, Florida's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether the City of Jasper, Florida, assertion about compliance the specified requirements above are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about the City of Jasper, Florida, assertion. The nature, timing, and extent of the procedures selected depend on my judgment, including an assessment of the risks of material misstatement of the City of Jasper, Florida's assertion, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

I am required to be independent of the City of Jasper, Florida, and to meet my other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

My examination does not provide a legal determination on the City of Jasper, Florida's compliance with the specified requirements.

In my opinion, the City of Jasper, Florida's, assertion that it complied with the aforementioned requirements for the period October 1, 2022, to September 30, 2023, is fairly stated, in all material respects.



Kenneth M. Daniels
Certified Public Accountant
April 26, 2024

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MANAGEMENT LETTER

To the Honorable Mayor and City Council Members
Jasper, Florida

Report on the Financial Statements

I have audited the financial statements of the City of Jasper, Florida, as of and for the fiscal year ended September 30, 2023, and have issued my report thereon dated April 26, 2024.

Auditor's Responsibility

I conducted my 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.

Other Reporting Requirements

I have issued my Independent Auditor's 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 that report, which is dated April 26, 2024, should be considered in conjunction with this management letter.

Prior year findings

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

Prior Year Findings and Recommendations

All prior year findings were cleared.

Current year findings

2023-001 Supplies Inventory

Criteria: An annual physical count of inventory is required to reduce the risk of inaccuracies in financial reporting, misstated balances, and possible misappropriation of assets.

Condition: No supplies inventory was taken pre or post year-end. As a result, the financial statements do not accurately reflect the true financial position of the City.

Cause: The City's warehouse suffered significant damage from Hurricane Idalia where the supplies inventory was held. Due to the structural damage, an inventory was not taken. The finding is an isolated issue.

Effect: Error in reported inventory balances.

Context: Failure to take supplies inventory pre or post year-end.

Recommendation: Supplies inventory should be taken annually at year end and submitted to the City Manager for review and approval.

2023-002 Utility Customer Deposits

Criteria: The number of utility billings should be reconciled to the number of utility deposits held.

Condition: Historically, the City has reconciled the number of monthly utility account billings to the number of deposits held. At September 30, 2023, the number of water deposits held were 1,290. The number of utility deposits held were 1,137. The variance is reduced by the number of inactive accounts and irrigation accounts for a net variance of 62.

Cause: Failure to reconcile the number of accounts billed verses the number of utility deposit accounts held.

Effect: Potential error in accounts billed or deposits held.

Context: In prior years, the variance was eliminated via analysis of the billed accounts. The finding is isolated to the 2022-23 fiscal year.

Recommendation: Agree the number of billed utility accounts to the number of deposits held on a periodic basis.

2023-003 Meter Accuracy Water/Sewer and Natural Gas

Criteria: Meters of major utility customers should be reviewed for accuracy when significant fluctuations occur.

The cubic feet a natural gas purchased should be compared to the amount sold monthly.

Condition: Billings at the Hamilton Correctional Institution (HCI) decreased approximately \$82,600. While circumstances could exist that would explain the reduction (reduced number of inmates), meter error has been a factor in prior years.

Comparing the cubic feet of natural gas purchased to that sold revealed a significant variance of 10.4 million cubic feet in the 2022-23 year (purchases greater than sales). With few exceptions, the variance was minimal in prior years.

Cause: The City had committed to checking the accuracy of the HCI meters on a bi-annual basis. However, confirmation of the meters' accuracy ceased.

In addition, the City had installed a master meter at the natural gas distribution center to compare the master meter reading to the monthly purchased and billed amounts. Comparison of the readings ceased.

Effect: Potential error in billed amounts for water and sewer. Potential errors in the amount of cubic feet of natural gas purchased and/or billed.

Context: HCI Meters were replaced in a prior year and accuracy confirmed. As indicated above, a master meter monitoring the flow of natural gas was installed in a prior year. Finding is isolated to the 2022-23 year.

Recommendation: Meters for the City's significant utility customers should be checked for accuracy at least annually. The master meter indicating the use of natural gas should be compared to the purchases and sales of gas on a monthly basis.

2023-004 Fixed Asset Inventory

Criteria: Florida Administrative Code 69I-73.006(1) requires that "each governmental unit shall ensure a complete physical inventory of all property is taken annually and whenever there is a change of custodian or change of custodian's delegate."

Condition: No inventory of capital assets was taken during the year ending September 30, 2023.

Cause: Extenuating circumstances resulting from Hurricane Idalia delayed the annual inventory of fixed assets. The finding is isolated to the 2022-23 year.

Effect: Misstatement of capital asset balances, potential errors in financial statements.

Context: Failure to take fixed asset inventory pre or post year-end.

Recommendation: In accordance with the Code, the fixed asset inventory should be taken annually at year end and submitted to the City Manager for review and approval. The results of the inventory should be relayed to the City Council for their approval.

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. See Note 1. The City of Jasper Florida’s financial statements included no component units.

Financial Condition

Section 10.554(1)(i)5. a. and 10.556(7), *Rules of the Auditor General*, require that I apply appropriate procedures and report the result of my determination as to whether or not the City of Jasper, Florida, 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 my audit, I determined that the City of Jasper, 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*, I applied financial condition assessment procedures. It is management’s responsibility to monitor the City of Jasper’s financial condition, and my financial assessment was based in part on representations made by management and the review of financial information provided by the same. The financial condition assessment was performed as of September 30, 2023.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I communicate any recommendations to improve financial management. There were no such findings.

Additional Matters

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

Purpose of this Letter

The 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.



Kenneth M. Daniels
Certified Public Accountant
April 26, 2024

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**CITY'S
AFFIDAVIT OF
COMPLIANCE**

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**CITY OF JASPER, FLORIDA
AFFIDAVIT OF COMPLIANCE
FLORIDA STATUTES 163.31801**

For the Year Ending September 30, 2023

BEFORE ME, the undersigned authority, personally appeared William S. Mitchell, V, who being duly sworn, deposes and says on oath that:

1. I am the Mayor of the City of Jasper, Florida, which is a local governmental entity of the State of Florida;
2. The City of Jasper, Florida, adopted Ordinance No. **2005-02-03** implementing an impact fee; and
3. The City of Jasper, Florida, has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, *Florida Statutes*.

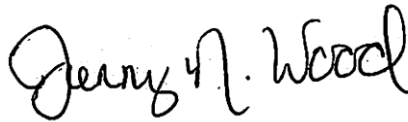
FURTHER AFFIANT SAYETH NAUGHT.



William S. Mitchell, Mayor

STATE OF FLORIDA
COUNTY OF Hamilton

SWORN TO AND SUBSCRIBED before me this 26th day of April, 2024.

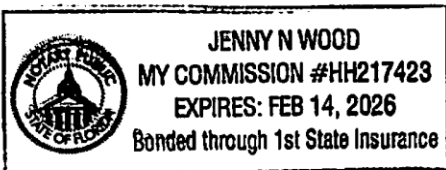


NOTARY PUBLIC

Personally known X or produced identification _____

Type of identification produced: N/A

My Commission Expires:



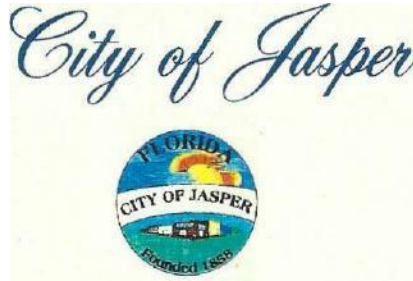
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**CITY'S
RESPONSE TO
AUDIT FINDINGS**

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COUNCIL MEMBERS

WILLIAM S. MITCHELL, V, *Mayor*
CARLTON G. SELPH, *Vice Mayor*
JAY DAIGLE, III, *Chairperson*
JHELECIA HAWKINS, *Council Member*
VANESSA SMITH, *Council Member*



Mark Meyers
City Manager

Chief Financial Officer

April 26, 2024

Kenneth Daniels, CPA
107 2nd Avenue SE
Jasper, FL 32052

RE: 2023 Management Letter Findings

Dear Mr. Daniels:

Please find below the City's responses to the referenced findings as indicated in the Audit's Management Letter, pages 57-60:

2023-001 Supplies Inventory

Supplies inventory for the Water/Sewer and Natural Gas Funds will be taken annually. However, the City will determine if the inventories can be reduced to minimal amounts and eliminate this annual requirement.

2023-002 Utility Customer Deposits

The number of utility customer deposits will be reconciled monthly to the number of billed accounts considering all inactive, irrigation, and other reconciling accounts.

2023-003 Meter Accuracy Water/Sewer and Natural Gas

The City's finance department will monitor the water/sewer usage of HCI and the purchase and sale of natural gas and report any significant fluctuations to the City Manager monthly. In addition, the City will periodically confirm meter accuracy on its major utility customers.

2024-004 Fixed Asset Inventory

In accordance with the Florida Administrative Code, a physical inventory of the City fixed assets will be taken annually.

The City remains committed to providing the highest quality financial records to its residents.

Sincerely,

William S. Mitchell V
Mayor
City of Jasper, Florida

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