

CITY OF APALACHICOLA, FLORIDA
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**CITY OF APALACHICOLA, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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**CITY OF APALACHICOLA, FLORIDA
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INDEPENDENT AUDITOR'S REPORT

To the City Members of Apalachicola
City of Apalachicola, Florida:

Qualified and Unmodified Opinion

We have audited the accompanying financial statements of the governmental activities and business-type activities of the City of Apalachicola, Florida (the "City"), as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and utility fund of the City as of September 30, 2024, 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.

Unmodified Opinion of the General Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the City as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to the Qualified Opinion on the Governmental Activities, Business-type Activities, and Utility Fund

As discussed in Note 8 to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the utility fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the utility fund, has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted the schedule of changes in the City's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
September 3, 2025

**CITY OF APALACHICOLA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Management’s discussion and analysis provides an easily readable analysis of the City of Apalachicola, Florida’s (“City”) financial activities. The analysis provides summary financial information for the City and should be read in conjunction with the City’s financial statements.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$42,776,517 (net position). Of this amount \$453,720 is unrestricted net position for governmental activities, \$499,554 is unrestricted net position for business-type activities, \$385,664 is restricted net position for governmental activities, \$1,227,047 is restricted net position for business-type activities and \$314,719 is assigned net position for governmental activities.
- Total net position increased by \$2,435,135. Of this amount, an increase of \$1,208,459 is attributable to governmental activities and an increase of \$1,226,676 is attributable to business-type activities.
- As of September 30, 2024, the general fund’s unassigned fund balance is \$1,862,210.
- Governmental activities’ revenues increased to \$7,060,660, while governmental activities’ expenses decreased to \$5,852,201. Business-type activities’ revenues increased to \$4,200,082 while business-type activities’ expenses increased to \$2,973,406.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The *government-wide financial statements* include the *statement of net position* and *statement of activities*, providing both long-term and short-term information about the City’s overall financial condition. The *statement of net position* presents increases or decreases in net position from year to year and serves as a useful indicator of the City’s improving or declining financial position. Information on how the City’s net position changed during this reporting period is presented in the *statement of activities*.

The *government-wide financial statements* can be found on pages 10-11 of this report.

Fund Financial Statements

The *fund financial statements* provide financial information for the City’s major funds and more detailed information about the City’s activities. Individual funds have been established by the City for the purpose of grouping related accounts to maintain control over resources that have been segregated for specific purposes or objectives to account for revenues that are restricted to certain uses, or to comply with legal requirements. The two major categories of funds found in the City’s *fund financial statements* include: governmental funds and proprietary funds.

**CITY OF APALACHICOLA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Notes to the Basic Financial Statements

The *notes to basic financial statements* provide additional detail concerning the financial activities and financial balances of the City. Additional information is also included that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$42,776,517 at the close of the most recent fiscal year.

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

	STATEMENT OF NET POSITION					
	Governmental		Business		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 3,076,192	\$ 2,994,770	\$ 1,353,720	\$ 2,831,923	\$ 4,429,912	\$ 5,826,693
Capital assets	22,523,665	23,346,660	21,281,070	20,373,860	43,804,735	43,720,520
Total assets	25,599,857	26,341,430	22,634,790	23,205,783	48,234,647	49,547,213
Deferred outflows	663,299	675,996	257,949	262,887	921,248	938,883
Current liabilities	572,694	1,894,626	678,115	676,603	1,250,809	2,571,229
Long-term liabilities	572,411	585,146	3,072,749	3,589,182	3,645,160	4,174,328
Net pension liabilities	2,166,453	2,232,273	842,508	868,106	3,008,961	3,100,379
Total liabilities	3,311,558	4,712,045	4,593,372	5,133,891	7,904,930	9,845,936
Deferred inflows	(214,924)	(124,819)	(83,581)	(45,541)	(298,505)	(170,360)
Net position						
Net investment in capital assets	22,012,419	21,772,842	17,883,394	16,430,662	39,895,813	38,203,504
Restricted	385,664	411,211	1,227,047	862,752	1,612,711	1,273,963
Assigned	314,719	264,734	-	-	314,719	264,734
Unrestricted	453,720	(490,724)	499,554	1,089,905	953,274	599,181
Total net position	\$ 23,166,522	\$ 21,958,063	\$ 19,609,995	\$ 18,383,319	\$ 42,776,517	\$ 40,341,382

An additional portion of the City's net position, \$1,612,711, represents resources that are subject to external restrictions on how they may be used and \$314,719 represents resources that are assigned by the Board. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental activities increased the City's net position by \$1,208,459 in the most recent fiscal year. Key elements of this change include an increase in grant revenue related to previously deferred ARPA funds.

**CITY OF APALACHICOLA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Business-type Activities

Business-type activities increased the City's net position by \$1,226,676 in the most recent fiscal year. Key elements of this change include an increase in grant revenue.

	STATEMENT OF ACTIVITIES					
	Governmental		Business		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 695,493	\$ 645,533	\$ 3,049,361	\$ 2,931,959	\$ 3,744,854	\$ 3,577,492
Operating grants and contributions	1,961,686	858,074	87,150	7,350	2,048,836	865,424
Capital grants and contributions	991,629	361,437	1,011,448	262,191	2,003,077	623,628
General revenue:						
Taxes, licenses, and permits	2,860,430	2,573,684	-	-	2,860,430	2,573,684
Intergovernmental and other	551,422	564,878	52,123	10,284	603,545	575,162
Transfers	-	-	-	-	-	-
Total revenues	7,060,660	5,003,606	4,200,082	3,211,784	11,260,742	8,215,390
Expenses:						
General government	1,329,241	2,082,185	-	-	1,329,241	2,082,185
Transportation	410,387	675,284	-	-	410,387	675,284
Public Safety	1,127,635	977,378	-	-	1,127,635	977,378
Physical environment	1,878,644	1,572,603	-	-	1,878,644	1,572,603
Culture and recreation	1,083,664	791,578	-	-	1,083,664	791,578
Interest on long-term debt	22,630	23,059	-	-	22,630	23,059
Business-type activities	-	-	2,973,406	2,844,023	2,973,406	2,844,023
Total expenses	5,852,201	6,122,087	2,973,406	2,844,023	8,825,607	8,966,110
Increase (decrease) in net position	1,208,459	(1,118,481)	1,226,676	367,761	2,435,135	(750,720)
Net position, beginning of year	21,958,063	23,076,544	18,383,319	18,015,558	40,341,382	41,092,102
Net position, end of year	\$ 23,166,522	\$ 21,958,063	\$ 19,609,995	\$ 18,383,319	\$ 42,776,517	\$ 40,341,382

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental fund reported an ending fund balance of \$2,562,593, an increase of \$872,014 in comparison with the prior year. \$1,690,579 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The general fund is the chief operating fund of the City.

**CITY OF APALACHICOLA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Proprietary Funds

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

Unrestricted net position of the utility fund at the end of the year amounted to \$499,554. The total increase in net position for the fund was \$1,226,676. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

GENERAL BUDGETARY HIGHLIGHTS

The City's expenditures exceeded the amount budgeted for the year by \$533,942.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of related debt, for its governmental and business-type activities as of September 30, 2024, amounts to \$39,895,813 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and roads.

Additional information on the City's capital assets can be found in Note 5 of this report.

Long-term Debt

At the end of the current fiscal year, the City had long-term debt outstanding of \$4,049,189.

	GENERAL LONG-TERM DEBT		
	Governmental Activities	Business-type Activities	Total
Bonds	\$ 330,500	\$ 1,969,630	\$ 2,300,130
Notes Payable	-	1,299,798	1,299,798
Leases	180,746	128,248	308,994
Accrued Leave	120,260	20,007	140,267
	<u>\$ 631,506</u>	<u>\$ 3,417,683</u>	<u>\$ 4,049,189</u>

Additional information on the City's long-term debt can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

All of the following factors were considered in preparing the City's budget for the 2025 fiscal year:

- Budgeted receipt of 95% of ad-valorem assessments,
- Anticipated intergovernmental revenue was based upon revenue accounting estimates calculated by the Florida Department of Revenue's Office of Tax Research
- Estimated revenue for water, wastewater, and solid waste services based upon the roster of actual customers, actual water usage and the study performed by the Rural Water Association which recommended a rate increase of 2.0% for the next three years. However, the City Commission adopted Ordinance 2018-01 on April 3, 2018 which requires an automatic 3.0% increase in all water and wastewater rates. Budget reflects increase of 3.0%.

**CITY OF APALACHICOLA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

- Payment of principal and interest on all Bond Series obligating water and sewer revenue; and reserve balances required by the Bond Issuance Covenants
- Vehicle and equipment needs of the City
- Wastewater and water testing requirements
- Anticipated FRS Employer Contribution Rates
- Other anticipated operating expenses include repair and maintenance of the City’s infrastructure needs

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Apalachicola, Florida’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, City of Apalachicola, 1 Bay Avenue. Apalachicola, FL 32320.

CITY OF APALACHICOLA, FLORIDA
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

CITY OF APALACHICOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and Cash Equivalents	\$ 571,420	\$ 971,024	\$ 1,542,444
Investments	817,930	-	817,930
Accounts Receivables, Net	59,031	239,862	298,893
Internal Balances	219,904	(219,904)	-
Due From Other Governments	707,524	362,738	1,070,262
Restricted Assets:			
Cash and Cash Equivalents	700,383	1,227,047	1,927,430
Capital Assets, Not Being Depreciated	10,782,032	1,570,239	12,352,271
Capital Assets, Being Depreciated, Net	11,741,633	19,710,831	31,452,464
Total Assets	25,599,857	23,861,837	49,461,694
Deferred Outflows Related to Pensions	663,299	257,949	921,248
Liabilities			
Current Liabilities			
Accounts Payable and Other Current Liabilities	406,770	152,347	559,117
Unearned Revenue	106,829	-	106,829
Bonds, Lease, and Notes Payables	59,095	525,768	584,863
Noncurrent Liabilities:			
Bonds, Lease, and Notes Payables	452,151	2,871,908	3,324,059
Accrued Compensated Absences	120,260	20,007	140,267
Utility Deposits	-	180,834	180,834
Net Pension Liability	2,166,453	842,508	3,008,961
Total Liabilities	3,311,558	4,593,372	7,904,930
Deferred Inflows Related to Pensions	(214,924)	(83,581)	(298,505)
Net Position			
Net Investment in Capital Assets	22,012,419	17,883,394	39,895,813
Restricted	385,664	1,227,047	1,612,711
Assigned	314,719	-	314,719
Unrestricted	453,720	499,554	953,274
Total Net Position	\$ 23,166,522	\$ 19,609,995	\$ 42,776,517

See accompanying notes to basic financial statements.

CITY OF APALACHICOLA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General Government	\$ 1,329,241	-	1,294,598	381,394	\$ 346,751	\$ -	\$ 346,751
Transportation	410,387	-	-	34,644	(375,743)	-	(375,743)
Public Safety	1,127,635	-	-	256,144	(871,491)	-	(871,491)
Physical Environment	1,878,644	695,493	156,618	176,276	(850,257)	-	(850,257)
Culture and Recreation	1,083,664	-	510,470	143,171	(430,023)	-	(430,023)
Interest on Long-term Debt	22,630	-	-	-	(22,630)	-	(22,630)
Total Governmental Activities	5,852,201	695,493	1,961,686	991,629	(2,203,393)	-	(2,203,393)
Business-Type Activities	2,973,406	3,049,361	87,150	1,011,448	-	1,174,553	1,174,553
Total Primary Government	\$ 8,825,607	\$ 3,744,854	\$ 2,048,836	\$ 2,003,077	\$ (2,203,393)	\$ 1,174,553	\$ (1,028,840)
General Revenues							
					1,981,668	\$ -	\$ 1,981,668
Property Taxes					668,929	-	668,929
Franchise and Utility Taxes					67,587	-	67,587
Local Option Taxes					142,246	-	142,246
Licenses and Permits					425,031	-	425,031
Sales Tax and Other Shared Revenues					39,717	26,454	66,171
Miscellaneous					86,674	25,669	112,343
Interest							
Total General Revenues and Transfers					3,411,852	52,123	3,463,975
Change in Net Position					1,208,459	1,226,676	2,435,135
Net Position, Beginning of Year					21,958,063	18,383,319	40,341,382
Net Position, End of Year					\$ 23,166,522	\$ 19,609,995	\$ 42,776,517

See accompanying notes to basic financial statements.

CITY OF APALACHICOLA, FLORIDA
BALANCE SHEET-GOVERNMENTAL FUND
SEPTEMBER 30, 2024

	Total Governmental Fund
Assets	
Cash and Cash Equivalent	\$ 571,420
Investments	817,930
Accounts Receivable, Net	59,031
Interfund Receivables (Payables)	219,904
Due From Other Governments	707,524
Restricted:	
Cash and Cash Equivalent	700,383
Total Assets	3,076,192
Liabilities and Fund Balance	
Liabilities	
Accounts Payable and Accrued Expenses	406,770
Unearned Revenue	106,829
Total Liabilities	513,599
Fund Balance	
Nonspendable	
Restricted:	
Library Trust	34,774
Revolving Loan	317,926
Debt Service	32,964
Assigned	314,719
Unassigned	1,862,210
Total Fund Balance	2,562,593
Total Liabilities and Fund Balance	\$ 3,076,192

See accompanying notes to basic financial statements.

CITY OF APALACHICOLA, FLORIDA
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
SEPTEMBER 30, 2024

Total Fund Balances of Governmental Funds	\$ 2,562,593
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Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	22,523,665
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Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred Outflows	663,299	
Net Pension Liability	(2,166,453)	
Deferred Inflows	214,924	(1,288,230)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Annual Leave	(120,260)	
Bonds, Leases and Notes Payable	(511,246)	(631,506)
Total Net Position of Governmental Activities		\$ 23,166,522

CITY OF APALACHICOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Total Governmental Fund
Revenues	
Taxes	\$ 2,382,717
Licenses and Permits	142,246
Intergovernmental Revenues	760,498
Grants	2,953,315
Charges for Services	688,333
Fines and Forfeitures	7,160
Miscellaneous	39,717
Investment Earnings and Other	86,674
Total Revenues	7,060,660
Expenditures	
Current:	
General Government	1,255,052
Public Safety	1,051,273
Physical Environment	1,648,104
Transportation	21,177
Culture and Recreation	939,992
Capital Outlay	1,219,021
Debt Service:	
Principal	62,572
Interest	22,630
Total Expenditures	6,219,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	840,839
Other Financing Sources (Uses)	
Gain on Disposal of Capital Assets	31,175
Total Other Financing Sources (Uses)	31,175
Net Change in Fund Balance	872,014
Fund Balance Beginning of Year	1,690,579
Fund Balances, End of Year	\$ 2,562,593

See accompanying notes to basic financial statements.

CITY OF APALACHICOLA, FLORIDA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Net Change in Fund Balances - Total Governmental Funds.	\$ 840,839
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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. This is the amount by which depreciation expense exceeded capital outlay in the current period:

Capital Outlay	1,219,021	
Depreciation Expense	(1,042,016)	177,005

Governmental funds report proceeds from sales of capital assets as current financial resources. The gain or loss on disposal of capital assets is not reflected in the governmental funds:

Gain of Disposal of Capital Assets	31,175
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Changes in:

Net Pension Liability	65,820	
Deferred Outflows	(12,697)	
Deferred Inflows	90,105	143,228

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

Accrued Annual Leave	(46,360)	
Bonds, Leases and Notes Payable	62,572	16,212

Change in Net Position of Governmental Activities	\$ 1,208,459
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CITY OF APALACHICOLA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2024

	Utility Fund
Current Assets	
Cash and Cash Equivalents	\$ 971,024
Receivables (Net)	239,862
Due from Other Governments	362,738
Interfund Receivables (Payables)	(219,904)
Total Current Assets	1,353,720
Restricted Assets	
Debt Service	238,973
Customer Deposits	193,956
State Revolving Loan Escrow	766,770
Grants	27,348
Total Restricted Assets	1,227,047
Capital Assets	
Property, Plant, and Equipment	42,538,425
Accumulated Depreciation	(21,257,355)
Total Capital Assets	21,281,070
Total Assets	23,861,837
 Deferred Outflows Related to Pensions	 257,949
 Current Liabilities	
Accounts Payable and Accrued Expenses	152,347
Current Portion of Compensated Absences	5,002
Payable from Restricted Assets	
Current Portion of Long-term Debt	525,768
Utility Deposits	180,834
Total Current Liabilities	863,951
Noncurrent Liabilities	
Long-term Portion of Debt	2,871,908
Net Pension Liability	842,508
Compensated Absences	15,005
Total Noncurrent Liabilities	3,729,421
Total Liabilities	4,593,372
 Deferred Inflow Related to Pensions	 (83,581)
 Net Position	
Net Investment in Capital Assets	17,883,394
Restricted	1,227,047
Unrestricted	499,554
Total Net Position	\$ 19,609,995

See accompanying notes to basic financial statements.

CITY OF APALACHICOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Utility Fund
Operating Revenue	
Utility Billings	\$ 2,938,030
Mooring Fees	111,331
Miscellaneous	26,454
Total Operating Revenue	3,075,815
Operating Expenses	
Personal Services	593,401
Supplies, Gas, and Oil	181,369
Communications	13,668
Utilities	267,631
Repairs and Maintenance	231,738
Insurance	103,492
Professional Fees	215,956
Bad Debt Expense	49,502
Miscellaneous	192,932
Depreciation	1,048,449
Total Operating Expenses	2,898,138
Operating Income (Loss)	177,677
Non-operating Revenues (Expenses)	
Grant Revenue	1,098,598
Interest Income	25,669
Interest Expense	(75,268)
Total Non-operating Revenues (Expenses)	1,048,999
Change in Net Position	1,226,676
Net Position, Beginning of Year	18,383,319
Net Position, End of Year	\$ 19,609,995

See accompanying notes to basic financial statements.

CITY OF APALACHICOLA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Utility Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 3,043,290
Cash Paid to Employees	(737,753)
Cash Paid to Suppliers	(1,235,332)
Net Cash Provided (Used in) Operating Activities	1,070,205
Cash Flows from Capital and Related Financing Activities	
Cash Received from Capital Grants	930,401
Acquisition and Construction of Capital Assets	(1,955,659)
Principal Paid on Long-term Debt	(545,522)
Interest Paid on Long-term Debt	(75,268)
Net Cash Provided (Used in) Capital and Related Financing Activities	(1,646,048)
Cash Flows from Investing Activities	
Interest Received on Investments	25,669
Net Cash Provided by Investing Activities	25,669
Net Increase (Decrease) in Cash and Cash Equivalents	(550,174)
Cash and Cash Equivalents, Beginning of Year	2,748,245
Cash and Cash Equivalents, End of Year	\$ 2,198,071
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used in) Operating Activities	
Cash Flow from Operating Activities	
Operating Income (Loss)	\$ 177,677
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,048,449
(Increase) Decrease in Accounts Receivable	32,525
(Increase) Decrease in Due from Other Governments	(168,197)
(Increase) Decrease in Deferred Outflows	4,938
Increase (Decrease) in Accounts Payable and Accrued Expenses	21,266
Increase (Decrease) in Accrued Compensated Absences	1,667
Increase (Decrease) in Net Pension Liability	(25,598)
Increase (Decrease) in Deferred Inflows	(35,040)
Increase (Decrease) in Utility Deposits	12,518
Total Adjustments	892,528
Net Cash Provided by (Used in) Operating Activities	\$ 1,070,205

See accompanying notes to basic financial statements.

CITY OF APALACHICOLA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Apalachicola, Florida (“City”) is located in northwest Florida, along the Apalachicola Bay and River. The City operates under an elected Mayor-Commissioner and a four-member Board of Commissioners (“Board”). The City provides a full range of municipal services, including fire and police protection, public works activities, park and recreation, transportation and general administrative services. In addition, the City operates a water, sewer, and garbage collection utility, as well as docking facilities.

This report includes financial statements of the funds and activities of the City. The Summary of Significant Accounting Policies for the City consists of the primary government, organization for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the Summary of Significant Accounting Policies’ financial statements to be misleading or incomplete. A legally separate organization should be reporting as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent of the primary government. A legally separate tax exempt organization should be reported as a component unit of a Summary of Significant Accounting Policies if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities are, in substance, part of the government’s operations and are reported with similar funds of the primary government (see note below for description). Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The City has two component units as defined by GASB Statement 61, *The Financial Summary of Significant Accounting Policies: Omnibus – an Amendment of GASB Statements No. 14 and No. 34* or in publications cited in the State of Florida, Office of the Auditor General Rules, Rule 10.553.

The City appoints the governing Board for the Apalachicola Housing Authority (“Authority”), which makes the Authority a related organization. However, the Authority is not considered a component unit since it is not financially accountable to or fiscally dependent on the Board.

There are no entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded for the City’s financial statements.

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 – Summary of Significant Accounting Policies(Continued)

Government-wide and Fund Financial Statements

The government-wide statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Basis of Presentation

Government-wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes, where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water, sewer, and garbage functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary fund:

- Utility Fund – The fund accounts for the activities of the government's water distribution operations, sewer collection operations, and docking fees.

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to future period, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund, function, and department. The City's management may make transfers of appropriations within a department.

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Deposits and Investments

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

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

Investments for the City are reported at fair value.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

Inventories

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories of the governmental fund are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital Assets

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

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Public Domain Infrastructure	20 - 40
System Infrastructure	10 - 50
Vehicles, Furniture, Equipment, and Software	5 - 15

Compensated Absences

All full-time, permanent employees are granted vacation benefits in varying amounts depending on tenure with the City. Sick leave accrues to full-time, permanent employees. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and a maximum of 160 hours accrued vacation leave upon termination.

Vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and for the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Net Pension Flow Assumption

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

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Deferred Outflows/Inflows of Resources and Pensions

In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Also included in deferred outflows are amounts contributed to the pension plans subsequent to the measurement date. See Note 7 for more information on Pension Related Deferred Inflows and Outflows.

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

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 – Summary of Significant Accounting Policies (Concluded)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided
- Operating grants and contributions
- Capital grants and contributions, including special assessments

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Property Taxes

Property taxes are billed and collected for the City, by the Franklin County Tax Collector, according to Florida Statute under the following calendar:

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

Proprietary Funds Operating and Non-Operating Revenues and Expenses

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

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 2 – Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and Cash Equivalents	\$ 1,542,444
Investments	817,930
Restricted:	
Cash and Cash Equivalents	<u>1,927,430</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 4,287,804</u>

Deposits

All of the City's cash deposits are held in banks that qualify as public depository under the *Florida Security for Public Deposits Act* as required by Chapter 280, Florida Statutes. Under the Act, all qualified depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledged level. The pledging level may range from 25% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by the banks are fully insured and collateralized.

Investments

The City's investment is summarized below at September 30, 2024:

	<u>Fair Value</u>	<u>FMV Level</u>
Florida PRIME, at Amortized Costs	<u>\$ 817,930</u>	N/A

Fair Market Value Hierarchy

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require, or permit, in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 2 – Cash, Cash Equivalents, and Investments (Concluded)

Florida PRIME

The City's investments in the Florida Prime Investment Pool (Florida PRIME) are similar to money market funds in which units are owned in the fund rather than the underlying investments. Florida PRIME is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 31, as amended by GASB Statement No. 79, Certain External Investment Pools and Pool Participants, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to our withdrawals from the trust fund for a period of 48 hours.

Credit Risks - The credit risk of certain investments, such as investment pools managed by other outside parties, cannot be categorized because the City's investments are not evidenced by specific, identifiable investment securities.

Interest Rate Risks - At September 30, 2024, the City did not hold any investments that were considered to be an interest rate risk.

Custodial Risks - At September 30, 2024, the City did not hold any deposits or investments that were considered to be a custodial risk.

Concentrations of Credit Risk - At September 30, 2024, the City did not hold any investments that were considered to be a concentration of credit risk.

Note 3 – Receivables

Accounts receivable as of September 30, 2024, were as follows:

Governmental Fund Receivables:

Due from other governments:	
Accounts Receivable	\$ 59,031
Taxes receivable	40,066
Grants receivable	667,458
Total Governmental Fund Receivables	<u>\$ 766,555</u>

Proprietary Fund Receivables:

Accounts receivable	\$ 254,316
(less allowance for doubtful accounts)	(14,454)
Total accounts receivable, net	<u>239,862</u>
Due from other governments:	
Grant receivables	362,738
Total Proprietary Fund Receivables, net	<u>\$ 602,600</u>

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 4 – Interfund Receivables and Payables

The outstanding balances between funds results mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system and when payments between funds are made. At September 30, 2024, individual fund interfund receivables and payables for the primary government arising from short-term borrowings for cash flow purposes are comprised of:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Utility Fund	\$ 219,904	\$ -
Utility Fund:		
General Fund	-	219,904
	<u>\$ 219,904</u>	<u>\$219,904</u>

Note 5 – Capital Assets

	September 30, 2023	Additions	(Reductions)	September 30, 2024
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 10,201,410	\$ -	\$ -	\$ 10,201,410
Construction in Progress	302,770	573,476	(295,624)	580,622
Total capital assets, not being depreciated	10,504,180	573,476	(295,624)	10,782,032
Capital assets, being depreciated				
Buildings and improvements	3,238,244	573,089	-	3,811,333
Improvements other than buildings	5,452,897	-	-	5,452,897
Infrastructure	9,045,383	-	-	9,045,383
Equipment and other	4,094,464	368,080	(31,175)	4,431,369
Total capital assets, being depreciated	21,830,988	941,169	(31,175)	22,740,982
Total accumulated depreciation	(9,988,508)	(1,042,016)	31,175	(10,999,349)
Total capital assets, being depreciated, net	11,842,480	(100,847)	-	11,741,633
Total governmental capital assets, net	\$ 22,346,660	\$ 472,629	\$ (295,624)	\$ 22,523,665
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 363,057	\$ -	\$ -	\$ 363,057
Construction in Progress	262,191	944,991	-	1,207,182
Total capital assets, not being depreciated	625,248	944,991	-	1,570,239
Capital assets, being depreciated				
Buildings and utility systems	39,957,518	1,010,668	-	40,968,186
Total capital assets, being depreciated	39,957,518	1,010,668	-	40,968,186
Total accumulated depreciation	(20,208,906)	(1,048,449)	-	(21,257,355)
Total capital assets, being depreciated, net	19,748,612	(37,781)	-	19,710,831
Total business-type capital assets, net	\$ 20,373,860	\$ 907,210	\$ -	\$ 21,281,070

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 5 – Capital Assets (Concluded)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 95,379
Public safety	89,935
Transportation	411,747
Physical environment	250,824
Culture and recreation	162,955
Total	<u>\$ 1,010,841</u>
Business-type Activities:	
Water	\$ 177,174
Sewer	865,135
Mooring	6,140
Total	<u>\$ 1,048,449</u>

Note 6 – Long-term Liabilities

	September 30, 2023	Additions	(Reductions)	September 30, 2024	Due within one year
\$506,500 Capital improvement revenue bonds - Series 2010. Due in annual installments of \$25,480 to \$30,260 with interest at 4%, maturing in September 2039 (See (a) below).	\$ 346,500	\$ -	\$ (16,000)	\$ 330,500	\$ 17,000
Installment purchase agreement for a fire truck for \$400,000. Payable in annual installments of \$49,008, maturing June 2028.	221,272	-	(40,526)	180,746	42,095
Installment purchase agreement for a 2021 Chevy truck for the police department. Payable in twelve quarterly payments of \$2,427.	4,585	-	(4,585)	-	-
Installment purchase agreement for a 2021 Chevy truck for the public works. Payable in twelve quarterly payments of \$1,461.	1,461	-	(1,461)	-	-
Compensated absences	73,900	46,360	-	120,260	30,065
Total governmental activities' long-term obligations	\$ 647,718	\$ 46,360	\$ (62,572)	\$ 631,506	\$ 89,160

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 6 – Long-term Liabilities (Continued)

- (a) The series 2010 general fund capital improvement revenue bonds are secured by alcoholic beverage income, fines and forfeiture income and MSBU funds. Current year principal and interest payments on the bonds are 49 percent of pledged revenues. The total principal outstanding at September 30, 2024, was \$330,500.

There are limitations and restrictions contained in the bond indentures, including the establishment of specific debt service sinking fund and reserve accounts. The City is not in compliance with all aspects of the bond indenture. The sinking fund and reserve account balance for the Series 2010 bond issue totals \$32,964 at September 30, 2024.

Future debt service requirements for the City's long-term debt obligations of the governmental activities are summarized below:

Year ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 59,095	\$ 20,132
2026	60,726	17,821
2027	63,420	15,447
2028	68,504	12,968
2029	19,000	10,380
2030-2034	110,000	39,700
2035-2039	130,500	15,700
Total	<u>\$ 511,245</u>	<u>\$ 132,148</u>

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 6 – Long-term Liabilities (Continued)

	September 30, 2023	Additions	(Reductions)	September 30, 2024	Due within one year
\$3,073,000 Water and sewer revenue bonds - Series 2003. Due in annual installments of \$16,417 to \$592,000 with interest at 3%, matures in 2043 (See (c) below).	\$ 2,004,000	\$ -	\$ (77,000)	\$ 1,927,000	\$ 79,000
\$390,000 Water and sewer revenue bonds - Series 1983. Due in annual installments of \$2,000 to \$29,000 from September 1987-September 2024 with interest at 5% (See (a) below).	18,448	-	(18,448)	-	-
\$361,630 Water and sewer revenue bonds - Series 1986. Due in annual installments of \$3,000 to \$21,630 from September 1989-September 2026 with interest at 6% (See (b) below).	62,630	-	(20,000)	42,630	21,000
Note payable to the State of Florida Revolving Loan Fund for SRF refinancing. Semiannual payments of \$185,685 including 0% interest maturing December 2027 (See (d) below).	1,671,169	-	(371,371)	1,299,798	371,371
Installment purchase agreement for a ditch witch. Payable in twelve quarterly payments of \$5,885 including 0.935% interest.	5,884	-	(5,884)	-	-
Installment purchase agreement for water meters for \$267,000 payable in annual installments of \$32,034 including 3.48% interest, maturing November 2026.	117,729	-	(27,941)	89,788	28,912
Installment purchase agreement for a backhoe for \$99,550 payable in eight semi-annual installments of \$13,131, including 2.41% interest, maturing January 2026.	63,338	-	(24,878)	38,460	25,485
Compensated absences	18,340	1,667	-	20,007	5,002
Total business-type activities' long-term obligations	\$ 3,961,538	\$ 1,667	\$ (545,522)	\$ 3,417,683	\$530,770

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 6 – Long-term Liabilities (Concluded)

- (a) The series 1983 water and sewer revenue bonds are secured by a first lien on the gross revenues of the water and sewer system and a first lien on the City's public service taxes and guaranteed entitlement revenues. Current year principal and interest payments on the bonds are 11 percent of pledged revenues. The bond paid off in the current fiscal year.
- (b) The series 1986 water and sewer revenue bonds are secured by a junior lien on the above-mentioned revenues. Current year principal and interest payments on the bonds are 11 percent of pledged revenues. The total principal remaining to be paid on the bonds is \$42,630. Principal and interest paid for the current year were \$21,000 and \$2,558 respectively.
- (c) The series 2003 water and sewer revenue bonds were issued on parity with the 1983 and 1986 water and sewer revenue bonds. Current year principal and interest payments on the bonds are 63 percent of pledged revenues. The total principal remaining to be paid on the bonds is \$1,927,000. Principal and interest paid for the current year were \$77,000 and \$65,130 respectively.
- (d) The City was awarded a new loan of \$2,785,281 (funding number CS120 427090). The funds were disbursed as a refinancing of the City's State Revolving Loan. The new loan is at 0% with semi-annual payments of \$185,685, due on June 15 and December 15, with the first payment due December 15, 2021. The balance as of September 30, 2024, was \$1,299,798.

There are a number of limitations and restrictions contained in the bond indentures, including the establishment of specific debt service sinking fund and reserve accounts. The sinking fund and reserve account balances relating to the Series 2003, 1986, and 1983 bond issues total \$1,005,480 at September 30, 2024.

Future debt service requirements for the City's long-term debt obligations of the business-type activities are summarized below:

Year ending September 30,	Business-type Activities	
	Principal	Interest
2025	\$ 525,768	\$ 69,086
2026	518,894	63,632
2027	486,329	58,439
2028	273,685	54,633
2029	91,000	51,723
2030-2034	504,000	212,323
2035-2039	592,000	124,930
2040-2042	406,000	26,715
Total	<u>\$ 3,397,676</u>	<u>\$661,481</u>

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Pension Plans

Defined Benefit Plans

Plan Description

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multi-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retirees' Health Insurance Subsidy (HIS) Program is a cost-sharing, multi-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Pension Plans (Continued)

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City's contribution rates for the year ended September 30, 2024 were as follows:

	Year Ended June 30, 2024		Year Ended June 30, 2025	
	FRS	HIS	FRS	HIS
Regular Class	10.19%	1.66%	13.63%	1.66%
Senior Management	55.28%	1.66%	58.68%	1.66%
Special Risk Employee Class	29.85%	1.66%	34.52%	1.66%
DROP Plan Participants	16.93%	1.66%	21.13%	1.66%

- (1) Contribution rates are dependent upon retirement class in which reemployed.
- (2) The rates include the normal cost and unfunded actuarial liability contributions, but to not include the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools.

The City's contributions for the year ended September 30, 2024, were \$331,232 to FRS and \$42,110 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2024, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2024, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuation date July 1, 2024. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability	\$ 2,262,834	\$ 746,127
Proportion at:		
Current Measurement Date	0.00584942%	0.004973854%
Prior Measurement Date	0.00585587%	0.004829576%
Pension Expense (Benefit)	\$ 386,964	\$ 45,780

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Pension Plans (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,607	\$ -
Changes of assumptions	310,142	
Net difference between projected and actual earnings on Pension Plan Investments	-	(150,400)
Changes in proportion and differences between employer contributions and proportionate share of contributions	172,911	(25,043)
Employer contributions subsequent to the measurement date	88,720	-
Total	<u>\$ 800,380</u>	<u>\$ (175,443)</u>

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,204	\$ (1,433)
Changes of assumptions	13,205	(88,332)
Net difference between projected and actual earnings on Pension Plan Investments	-	(270)
Changes in proportion and differences between employer contributions and proportionate share of contributions	89,070	(33,027)
Employer contributions subsequent to the measurement date	11,389	-
Total	<u>\$ 120,868</u>	<u>\$ (123,062)</u>

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Pension Plans (Continued)

Deferred outflows or resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2025. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS	HIS
2025	\$ 12,343	\$ (1,037)
2026	439,122	(1,891)
2027	60,009	(1,379)
2028	4,345	(4,365)
2029	20,398	(3,894)
Thereafter	-	(1,017)
Total	<u>\$ 536,217</u>	<u>\$ (13,583)</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2024, was determined by an actuarial valuation dated July 1, 2024, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary Increase	3.50% Average, Including Inflation	3.50%
Discount Rate	6.70%	3.93%
Long-term Expected Rate of Return, Net of Investment Income	6.70%	N/A
Municipal Bond	N/A	3.95%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation date June 30, 2024, were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2024:

- FRS: The long-term expected rate of return remained at 6.70% and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 3.65% to 3.93%.
- The long-term expected investment rate of return was not based on historical returns but instead was 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. For FRS, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Pension Plans (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
	<u>100%</u>			
Assumed Inflation-Mean			2.4%	1.5%

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.95% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS		
	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$ 3,980,245	\$ 2,262,834	\$ 824,137
	HIS		
	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$ 849,369	\$ 746,127	\$ 660,419

CITY OF APALACHICOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Pension Plans (Concluded)

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

Note 8 – Other Postemployment Benefits

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

Note 9 – Commitments, Contingencies, and Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error or omissions; injuries to employees and/or public; or damage to property of others. The City carries comprehensive coverage on certain vehicles and equipment, as long as deemed economically justifiable. The City also carries liability insurance on the aforementioned vehicles and equipment.

Note 10 – Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 3, 2025, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

CITY OF APALACHICOLA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

CITY OF APALACHICOLA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original	Final	Actual Amounts Fund	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,780,618	\$ 2,780,618	\$ 2,382,717	\$ (397,901)
Licenses and Permits	255,380	255,380	142,246	(113,134)
Intergovernmental Revenues	212,479	212,479	760,498	548,019
Grants	512,945	512,945	2,953,315	2,440,370
Charges for Services	655,566	655,566	688,333	32,767
Fines and Forfeitures	14,000	14,000	7,160	(6,840)
Miscellaneous	123,500	123,500	39,717	(83,783)
Investment Earnings and Other	-	-	86,674	86,674
Total Revenues	4,554,488	4,554,488	7,060,660	2,506,172
Expenditures				
Current:				
General Government	1,853,211	1,853,211	1,255,052	598,159
Public Safety	881,571	881,571	1,051,273	(169,702)
Physical Environment	1,319,853	1,319,853	1,648,104	(328,251)
Transportation	-	-	21,177	(21,177)
Culture and Recreation	720,025	720,025	939,992	(219,967)
Capital Outlay	812,229	812,229	1,219,021	(406,792)
Debt Service:				
Principal	98,990	98,990	62,572	36,418
Interest	-	-	22,630	(22,630)
Total Expenditures	5,685,879	5,685,879	6,219,821	(533,942)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,131,391)	(1,131,391)	840,839	1,972,230
Other Financing Sources (Uses)				
Gain on Disposal of Capital Assets	-	-	31,175	31,175
Total Other Financing Sources (Uses)	-	-	31,175	31,175
Net Change in Fund Balance			872,014	2,003,405
Fund Balance Beginning of Year	1,131,391	1,131,391	1,690,579	559,188
Fund Balances, End of Year	\$ -	\$ -	\$ 2,562,593	\$ 2,562,593

**CITY OF APALACHICOLA, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1 – Budgetary Information

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

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

1. Prior to October 1, the City Commission receives a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council.
5. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Note 2 – Overspent Budget

The City overspent their approved budget for the general fund in the fiscal year due to unanticipated revenue from granting agencies.

CITY OF APALACHICOLA, FLORIDA
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)										
Proportion of the net pension liability (asset)	0.00584942738%	0.005855870%	0.005641700%	0.004772883%	0.0044869%	0.0049942%	0.0052853%	0.0048474%	0.0047791%	0.0046555%
Proportionate share of the net pension liability (asset)	\$ 2,262,834	\$ 2,333,379	\$ 2,099,166	\$ 360,537	\$ 1,944,708	\$ 1,719,925	\$ 1,591,960	\$ 1,433,819	\$ 1,206,733	\$ 601,324
Covered-employee payroll	\$ 2,118,030	\$ 1,928,781	\$ 1,752,650	\$ 1,544,360	\$ 1,236,903	\$ 1,417,997	\$ 1,542,326	\$ 1,247,349	\$ 1,270,306	\$ 1,233,891
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	106.84%	120.98%	119.77%	23.35%	157.22%	121.29%	103.22%	114.95%	95.00%	48.73%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability (asset)	0.004973854%	0.00482958%	0.00482380%	0.00399275%	0.00359251%	0.00445478%	0.00473766%	0.00421390%	0.00449100%	0.00440540%
Proportionate share of the net pension liability (asset)	\$ 746,127	\$ 767,001	\$ 510,918	\$ 489,770	\$ 438,640	\$ 498,446	\$ 501,439	\$ 450,570	\$ 523,410	\$ 449,282
Covered-employee payroll	\$ 2,118,030	\$ 1,928,781	\$ 1,752,650	\$ 1,544,360	\$ 1,236,903	\$ 1,417,997	\$ 1,542,326	\$ 1,247,349	\$ 1,270,306	\$ 1,233,891
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.23%	39.77%	29.15%	31.71%	35.46%	35.15%	32.51%	36.12%	41.20%	36.41%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.00%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note 1 - GASB 68 requires information for 10 years.

CITY OF APALACHICOLA, FLORIDA
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)										
Contractually required contribution	\$ 331,232	\$ 281,705	\$ 240,741	\$ 181,826	\$ 1,944,708	\$ 1,719,925	\$ 1,728,562	\$ 1,630,549	\$ 111,485	\$ 113,485
Contributions in relation to the contractually required contribution	(331,232)	(281,705)	(240,741)	(181,826)	(1,944,708)	(1,719,925)	(1,728,562)	(1,630,549)	(111,485)	(113,485)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 42,110	\$ 31,770	\$ 29,188	\$ 23,469	\$ 238,640	\$ 236,854	\$ 215,157	\$ 217,059	\$ 20,854	\$ 16,118
Contributions in relation to the contractually required contribution	(42,110)	(31,770)	(29,188)	(23,469)	(238,640)	(236,854)	(215,157)	(217,059)	(20,854)	(16,118)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,118,030	\$ 1,928,781	\$ 1,752,650	\$ 1,544,360	\$ 1,236,903	\$ 1,417,997	\$ 1,542,326	\$ 1,247,349	\$ 1,270,306	\$ 1,233,891
Contributions as a percentage of covered-employee payroll	15.64%	14.61%	13.74%	11.77%	157.22%	121.29%	112.08%	130.72%	8.78%	9.20%
Covered-employee payroll	\$ 2,118,030	\$ 1,928,781	\$ 1,752,650	\$ 1,544,360	\$ 1,236,903	\$ 1,417,997	\$ 1,542,326	\$ 1,247,349	\$ 1,270,306	\$ 1,233,891
Contributions as a percentage of covered-employee payroll	1.99%	1.65%	1.67%	1.52%	19.29%	16.70%	13.95%	17.40%	1.64%	1.31%

**CITY OF APALACHICOLA, FLORIDA
CITY OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Brenda Ash
Mayor

Anita Grove
Commissioner Seat 3
Mayor Pro Tem

Despina George
Commissioner Seat 1

Donna Duncan
Commissioner Seat 4

Adriane Elliott
Commissioner Seat 2

CITY OF APALACHICOLA, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2024

CITY OF APALACHICOLA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ALN	Contract #	Grant Amount	Total Expenditures
<i>U.S. Department of Housing and Urban Development</i>				
<u><i>Passed Through the Florida Department of Commerce</i></u>				
Community Development Block Grant (CDBG)	14.228	M0016	\$ 3,862,869	\$ 173,546
Community Development Block Grant (CDBG)	14.228	M0033	910,753	22,094
Community Development Block Grant (CDBG)	14.228	M0141	26,065	26,065
Community Development Block Grant (CDBG)	14.228	M0142	41,921	36,157
<i>Total U.S. Department of Housing and Urban Development</i>			<u>4,841,608</u>	<u>257,862</u>
<i>U.S. Department of the Interior, National Park Service, Emergency Supplemental</i>				
<i>Historic Preservation Gund, Florence, Yutu, and Michael Recovery Grant</i>				
<u><i>Passed Through the Florida Department of State, Diveision of Historical Resources</i></u>				
2020 Hurricane Michael National Park Service Subgrant - HCA	15.957	21.h.fh.900.018	281,884	55,035
Emergency Supplemental Historic Preservation Grant - City Hall	15.957	21.h.fh.900.006	399,916	218,389
<i>Total U.S. Department of the Interior, National Park Service, Emergency Supplemental</i>			<u>681,800</u>	<u>273,424</u>
<i>U.S. Department of Justice</i>				
<u><i>Passed Through the Florida Department of Justice</i></u>				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	15PBJA-22-GG-00656-MUMU	76,199	74,500
<i>U.S. Department of the Treasury</i>				
<u><i>Passed Through the Florida Division of Emergency Management</i></u>				
Coronavirus State and Local Fiscal Recovery Funds - American Rescue Plan Act	21.027	Y5005	1,179,010	930,966
<u><i>Passed Through the Florida Division of Enviromental Protection</i></u>				
Coronavirus State and Local Fiscal Recovery Funds - Wastewater Treatment Plant	21.027	WG038	5,551,875	857,840
<u><i>Passed Through the Department of State</i></u>				
Coronavirus State and Local Fiscal Recovery Funds - Museum for African-American Culture	21.027	23.s.aa.900.039	1,000,000	143,171
<i>Total U.S. Department of the Treasury</i>			<u>7,730,885</u>	<u>1,931,977</u>
<i>U.S. Department of Education</i>				
<u><i>Passed Through the Florida Department of Education</i></u>				
Nita M Lowey 21st Century Community Learning Centers Statewide Continuation	84.287	19A-2441B-1PCC2	511,320	508,647
<i>U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA)</i>				
<u><i>Passed Through the Florida Division of Emergency Management</i></u>				
Federal Public Assistance DR-4399	97.036	Z0892	-	363,632
<u><i>Passed Through the Executive Office of the Governor</i></u>				
Hazard Mitigation Grant	97.039	DEM-22-HM-4399-19-00-H0651	241,862	133,485
Hazard Mitigation Grant	97.039	DEM-22-HM-4399-19-01-H0772	120,000	108,471
<i>Total U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA)</i>			<u>361,862</u>	<u>605,588</u>
Total Federal Awards			<u>\$ 14,203,674</u>	<u>\$ 3,651,998</u>

CITY OF APALACHICOLA, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1 - General

The accounting policies and presentations of the accompanying schedule of expenditures of federal awards of the City of Apalachicola (the City) have been designed to conform with generally accepted accounting principles applicable to governmental units. The information in this schedule is presented in accordance with the requirements of Title U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance).

Note 2 – Basis of Presentation

The accompanying schedule of federal awards includes the federal award activity of the City and is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis of accounting, as described in Note 1 to the City's financial statements.

Note 3 – Indirect Cost Rate

The City elected not to use the 10% de minimis indirect cost rate.

Note 4 – Contingencies

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

**CITY OF APALACHICOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of auditor's report issued:	<u>Unmodified</u>	
2. Internal control over financial reporting:		
Material weakness identified?	<u> X </u> yes	<u> </u> no
Significant deficiency identified?	<u> </u> yes	<u> X </u> none noted
3. Noncompliance material to financial statements noted?	<u> X </u> yes	<u> </u> no

Federal Awards

1. Internal control over major federal programs:		
Material weakness identified?	<u> X </u> yes	<u> </u> no
Significant deficiency identified?	<u> </u> yes	<u> X </u> none noted
2. Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>	
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u> yes	<u> </u> no

Identification of Major Federal Programs

<u>Major Federal Programs</u>	<u>Assistance Listing Number</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs:	
Federal Programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u> </u> yes <u> X </u> no

**CITY OF APALACHICOLA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings

See Schedule of Findings.

Section III – Findings and Questioned Costs – Federal Award Programs

2024-004 – Late Submission of Data Collection Form

CRITERIA: In accordance with Uniform Guidance 2 CFR 200.512(a), the audit package and data collection form shall be submitted 30 days after receipt of the auditor's report, or 9 months after the end of the fiscal year, whichever comes first.

CONDITION: The data collection form in connection with the audit was not filed within 9 months after the fiscal year end.

CAUSE: Management did not have procedures in place to ensure the timely filing of the data collection form to the Federal Audit Clearinghouse.

EFFECT: Late filing will result in noncompliance with timely submission of financial information to the grantor agencies.

RECOMMENDATION: Management should evaluate the current procedures in place to ensure the timely filing of the data collection form to the Federal Audit Clearinghouse.

Section IV – Summary Schedule of Prior Audit Findings Relative to Federal Award Programs

2023-005 – Late Submission of Data Collection Form

CRITERIA: In accordance with Uniform Guidance 2 CFR 200.512(a), the audit package and data collection form shall be submitted 30 days after receipt of the auditor's report, or 9 months after the end of the fiscal year, whichever comes first.

CONDITION: The data collection form in connection with the audit was not filed within 9 months after the fiscal year end.

CAUSE: Management did not have procedures in place to ensure the timely filing of the data collection form to the Federal Audit Clearinghouse.

EFFECT: Late filing will result in noncompliance with timely submission of financial information to the grantor agencies.

RECOMMENDATION: Management should evaluate the current procedures in place to ensure the timely filing of the data collection form to the Federal Audit Clearinghouse.

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

To the Honorable City Commission,
City of Apalachicola, Florida:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Apalachicola, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
September 3, 2025

**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 City Commission,
City of Apalachicola, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of City of Apalachicola, Florida (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated September 3, 2025.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses, 2024-001, 2024-002, and 2024-003.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2024-002 and 2024-003.

Purpose of This Report

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
September 3, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENT OF SECTION 218.415 FLORIDA STATUTES

To the Honorable City Commission,
City of Apalachicola, Florida:

We have examined the City of Apalachicola, Florida (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*; during the fiscal year ended September 30, 2024, as required by Section 10.556(10)(a), Rules of the Auditor General. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether compliance with the specified requirements listed above is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of compliance with the specified requirement listed above, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2024.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
September 3, 2025

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable City Commission,
City of Apalachicola, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Apalachicola, Florida (the "City") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated September 3, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance of Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Ind Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 3, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. However, additional actions are still needed in order to clear these findings.

Tabulation of Uncorrected Audit Findings

Current Year Finding No.	2022-23 FY Finding No.	2021-2022 FY Finding No.
2024-001	2023-001	2017-001
2024-002	2023-002	2017-002
2024-003	2023-003	2017-004
2024-004	2023-005	2022-001

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 the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal City of the primary government and component unit are disclosed in the notes to the financial statements.

Financial Condition

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have an such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10554(1)(i)6.a., Rules of the Auditor General, the City of Apalachicola, Florida is required to provide a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163082, Florida Statutes, did/did not operate within the City of Apalachicola, Florida's geographical boundaries during the fiscal year under audit. During the fiscal year ended September 30, 2024, a PACE program did not operate within the City's geographical boundaries.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Moran & Smith LLP

Moran & Smith LLP

Tallahassee, Florida

September 3, 2025

**CITY OF APALACHICOLA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

2024-001 Segregation of duties

Condition: Due to the limited number of staff, the City lacks proper segregation of duties in various areas. Currently, the City Manager has the authority to issue and approve cash disbursements, reconcile cash accounts, input and edit accounting journal entries, and prepare financial information. This concentration of responsibilities increases the risk of error and unauthorized transactions.

Criteria: To ensure effective internal controls and prevent theft or mismanagement of funds, it is essential to separate these critical duties among different individuals.

Effect: The absence of segregation creates opportunities for error and allows unauthorized transactions to go undetected for extended periods.

Recommendation: We recommend that the City implement segregation of duties wherever feasible and establish mitigating controls for instances where separation is not possible.

Views of Responsible Officials and Planned Corrective Action: As reported in prior audit reports, this issue arises from the limited number of employees in the City office. The City has hired a new Finance Director to help in segregating duties. The office staff works diligently in segregating duties as much as possible.

2024-002 Financial Statement not Prepared in Accordance with GAAP

Condition: Adjustments were necessary for the financial statements to comply with generally accepted accounting principles (GAAP).

Criteria: The City is required to provide materially accurate financial information.

Effect: The auditors identified several journal entries that the City subsequently reviewed and approved.

Recommendation: While we acknowledge that some adjustments may be unavoidable, we recommend that the accounting staff continue to focus on minimizing the number of audit adjustments needed in the future audits.

Views of Responsible Officials and Planned Course of Action: The City has hired a new Finance Director and the City will strive to reduce the number of audit adjustments.

2024-003 Property and Equipment Records and Disposal Procedures

Condition: The records for property and equipment were incomplete, failing to meet the requirements established by the state of Florida. Additionally, property and equipment are not being properly tagged. An inventory was not conducted for the year ending September 30, 2024, which could be reconciled with the general fixed asset records presented in the audit report.

**CITY OF APALACHICOLA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Criteria: A documented physical inventory and inspection of property and equipment should be conducted at least annually as required by the state of Florida per Rule 691-73. Additionally, a reconciliation should be performed between current year additions on the property listing and the capital outlay accounts. The inventory log should be reviewed for errors, and a tagging system should be implemented throughout the city to effectively track the City's assets.

Effect: Failing to properly track assets may lead to undetected errors in property and equipment records, increasing the risk of theft or misplacement without the City's awareness. There is also a potential for overstating property and equipment values for assets not disposed of timely. Furthermore, the City may lack necessary documentation related to funding sources, making it difficult to verify asset disposal as required by grantors when applicable.

Recommendation: We recommend that the City enhance its procedures for tracking assets, including the proper disposal of assets, in accordance with the requirements set forth in Florida Rule 691-73.

Views of Responsible Officials and Planned Corrective Action: The City will purchase property tags and place them appropriately on all City owned equipment and vehicles. All City property will be reconciled to the City's insurance policy to verify coverage.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 288.8018 FLORIDA STATUTES**

To the Honorable City Commission,
City of Apalachicola, Florida:

We have examined the City of Apalachicola, Florida's (the "City's") compliance with the requirements of Section 288.8018, Florida Statutes, *Gulf Coast Audits*, for the year ended September 30, 2024. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City's compliance with the requirements of Section 288.8018, Florida Statutes, *Gulf Coast Audits*, is in accordance with criteria, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with Section 288.8018, Florida Statutes, *Gulf Coast Audits*. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the City's compliance with Section 288.8018, Florida Statutes, *Gulf Coast Audits*, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
September 3, 2025

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL

To the Honorable City Commission,
City of Apalachicola, Florida:

We have audited the financial statements of the City of Apalachicola, Florida (the City), as of and for the year ended September 30, 2024, and have issued our report thereon dated September 3, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on page 62 is presented for the purpose of additional analysis as required by Chapter 288.8018, Florida Statutes, and the Rules of the Auditor General Chapter 10.557(3)(f) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moran & Smith LLP

Moran & Smith LLP

Tallahassee, Florida

September 3, 2025

CITY OF APALACHICOLA, FLORIDA
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
RELATED TO THE DEEPWATER HORIZON OIL SPILL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Source	Amount Received in the 2023-2024 Fiscal Year	Amount Expended in the 2023-2024 Fiscal Year
British Petroleum:		
Agreement Settlement	\$ -	\$ -
Total	\$ -	\$ -