

CITY OF CENTER HILL, FLORIDA
ANNUAL FINANCIAL REPORT
September 30, 2024

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September 30, 2024

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BASIC FINANCIAL SECTION



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Center Hill, Florida, (The City) as of and for the year ended September 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

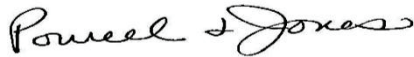
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We

do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report March 9, 2026, on our consideration of the City of Center Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Center Hill'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 the City of Center Hill's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
March 9, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

CITY OF CENTER HILL, FLORIDA Management's Discussion and Analysis

As management of the City of Center Hill, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis as of September 30, 2024.

Financial Highlights

The total assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$4,140,328.

As of the close of the current fiscal year, the City's governmental funds reported ending fund balances of \$717,295, an increase of \$65,798 in comparison with the prior year. The City's ending net position of the Business-Type Activities is \$557,239.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fee and charges. The governmental activities of the City include general government, public safety, physical environment, transportation,

public works, and culture and recreation. The business-type activities of the City include water and sanitation department.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and special revenue funds.

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

Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water services and sanitation services.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement.

Government-Wide Financial Analysis

The City's net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$4,140,328 at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 87% reflects its investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive balances for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

General governmental activities increased the City's net position by \$245,659 before transfers. Key elements of this change are as follows:

Net Position at September 30, 2024 and 2023

| | Governmental Activities | | Business-Type Activities | | Total | Total |
|--|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and Other Assets | \$ 1,309,976 | \$ 1,590,768 | \$ 50,609 | \$ 54,509 | \$ 1,360,585 | \$ 1,645,277 |
| Capital Assets, Net | 3,182,677 | 3,110,731 | 532,265 | 585,359 | 3,714,942 | 3,696,090 |
| Deferred Outflows | 72,742 | 30,087 | - | - | 72,742 | 30,087 |
| Total Assets and Deferred Outflows | <u>4,565,395</u> | <u>4,731,586</u> | <u>582,874</u> | <u>639,868</u> | <u>5,371,454</u> | <u>5,289,786</u> |
| Long-Term Liabilities Outstanding | 701,458 | 1,017,577 | 1,460 | 537 | 702,918 | 1,018,114 |
| Other Liabilities | 58,882 | 115,827 | 24,175 | 24,175 | 83,057 | 140,002 |
| Deferred Inflows | 221,966 | 270,273 | - | - | 221,966 | 270,273 |
| Total Liabilities and Deferred Inflows | <u>982,306</u> | <u>1,403,677</u> | <u>25,635</u> | <u>24,712</u> | <u>1,428,389</u> | <u>1,428,389</u> |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 3,071,348 | 2,955,772 | 532,265 | 585,359 | 3,603,613 | 3,541,131 |
| Restricted | 223,756 | 228,567 | - | - | 223,756 | 228,567 |
| Unrestricted | 287,985 | 143,570 | 24,974 | 29,797 | 312,959 | 173,367 |
| Total Net Position | <u>\$ 3,583,089</u> | <u>\$ 3,327,909</u> | <u>\$ 557,239</u> | <u>\$ 615,156</u> | <u>\$ 4,140,328</u> | <u>\$ 3,943,065</u> |

CHANGE IN NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total 2024 | Total 2023 |
|--|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | | |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 9,705 | \$ 5,649 | \$ 260,051 | \$ 227,165 | \$ 269,756 | \$ 232,814 |
| Operating Grants and Contributions | 39,307 | 6,018 | - | - | 39,307 | 6,018 |
| Capital Grants and Contributions | 237,402 | 51,933 | - | - | 237,402 | 51,933 |
| General Revenues: | | | | | | |
| Property Taxes | 186,469 | 158,488 | - | - | 186,469 | 158,488 |
| Other Taxes and state | 656,353 | 623,971 | - | - | 656,353 | 623,971 |
| Other Revenues | 63,725 | 116,028 | - | - | 63,725 | 116,028 |
| Total Revenues | 1,192,961 | 962,087 | 260,051 | 227,165 | 1,453,012 | 1,189,252 |
| Expenses | | | | | | |
| General Government | 243,207 | 264,871 | - | - | 243,207 | 264,871 |
| Public Safety | 176,106 | 190,519 | - | - | 176,106 | 190,519 |
| Physical Environment | 12,050 | 16,118 | - | - | 12,050 | 16,118 |
| Transportation | 438,988 | 419,561 | - | - | 438,988 | 419,561 |
| Culture and Recreation | 71,117 | 67,878 | - | - | 71,117 | 67,878 |
| Water and Sanitation Operations | - | - | 308,447 | 268,842 | 308,447 | 268,842 |
| Interest Expense | 5,834 | 7,706 | - | - | 5,834 | 7,706 |
| Total Expenses | 947,302 | 966,653 | 308,447 | 268,842 | 1,255,749 | 1,235,495 |
| Increase (Decrease) in Net Position | | | | | | |
| Before Transfers | 245,659 | (4,566) | (48,396) | (41,677) | 197,263 | (46,243) |
| Transfers in (out) | 9,521 | 12,087 | (9,521) | (12,087) | - | - |
| Increase (Decrease) In Net Position | 255,180 | 7,521 | (57,917) | (53,764) | 197,263 | (46,243) |
| Net Position, Beginning | 3,327,909 | 3,320,388 | 615,156 | 668,920 | 3,943,065 | 3,989,308 |
| Net Position, Ending | \$ 3,583,089 | \$ 3,327,909 | \$ 557,239 | \$ 615,156 | \$ 4,140,328 | \$ 3,943,065 |

Business-Type Activities

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

As of the end of the fiscal year 2024, the City's water and sanitation funds reported a decrease in net position of \$48,396 before transfers. The decrease in net position is due to increased expenditures from the prior year.

Financial Analysis of the Governments Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$717,295 compared to \$651,497 for the period ended September 30, 2023.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$493,539 all of which was unassigned. As a measure of the governmental funds' liquidity, it may be useful to compare the total unassigned government fund balance to the total fund expenditures of \$1,136,684. Total unassigned governmental expenditures were 43% of unassigned fund balance.

The fund balance of the City's General Fund increased by \$568,635 before transfers during the current fiscal year. However, of the increase, the General Fund had to subsidize the transportation fund to the extent of \$510,546.

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

Unrestricted net position combined with Net Investment in Capital Assets of the water and sanitation funds at the end of the year amounted to \$557,239. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Overall, the General Fund ended the current fiscal year with a deficiency between its final operating revenues budgeted and actual operating revenues in the amount of \$299,497. This was mainly due to less grant revenues earned. However, expenditures were less than anticipated by \$453,313 resulting in an overall favorable variance of \$153,816.

The Transportation Fund exceeded its final operating expenditures budget in the amount of \$243,492. The variance was largely the result of capital asset purchases being higher than the amount anticipated in the budget.

Capital Asset and Debt Administration and the Transportation Fund

Capital Assets – The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounted to \$3,714,942. This investment in capital assets includes land, building, improvements, machinery, and equipment.

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

The City purchased equipment in the general fund of \$21,718. The transportation department acquired equipment in the amount of \$215,684. The Proprietary fund had no capital purchases during the fiscal year.

Long-Term Debt – The City's total borrowings decreased by \$43,630 for notes payable. The remaining changes in long-term debt were related to overall decreases in net pension liability and compensated absences.

Economic Factors and Next Year's Budgets and Rates

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

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

Requests for Information

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

Basic Financial Statements

CITY OF CENTER HILL, FLORIDA
STATEMENT OF NET POSITION
September 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|---------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 992,912 | \$ 24,618 | \$ 1,017,530 |
| Investments | 166,530 | - | 166,530 |
| Accounts Receivables (Net of Allowance for Uncollectable Accounts) | 29,827 | 25,991 | 55,818 |
| Lease Receivable | 114,949 | - | 114,949 |
| Due from Other Governments | 5,758 | - | 5,758 |
| Non-Current Assets: | | | |
| Capital Assets: | | | |
| Land | 506,509 | - | 506,509 |
| Building and Systems | 2,608,576 | 1,889,940 | 4,498,516 |
| Improvements Other Than Buildings | 1,093,979 | - | 1,093,979 |
| Equipment | 807,058 | 59,341 | 866,399 |
| (Accumulated Depreciation) | (1,833,445) | (1,417,016) | (3,250,461) |
| Total Assets | 4,492,653 | 582,874 | 5,075,527 |
| Deferred Outflow of Resources | | | |
| Deferred Outflow - FRS - PP and HIS | 72,742 | - | 72,742 |
| Total Deferred Outflow of Resources | 72,742 | - | 72,742 |
| Total Assets and Deferred Outflow of Resources | 4,565,395 | 582,874 | 5,148,269 |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts Payable | 13,246 | - | 13,246 |
| Customer Deposits | - | 24,175 | 24,175 |
| Notes Due Within One Year | 45,636 | - | 45,636 |
| Non-Current Liabilities: | | | |
| Unearned Revenues - ARPA Funds | 468,464 | - | 468,464 |
| Net Pension Liability - FRS - PP and HIS | 152,902 | - | 152,902 |
| Compensated Absences | 14,399 | 1,460 | 15,859 |
| Notes Due in More Than One Year | 65,693 | - | 65,693 |
| Total Liabilities | 760,340 | 25,635 | 785,975 |
| Deferred Inflow of Resources | | | |
| Deferred Inflow - Leases | 110,971 | - | 110,971 |
| Deferred Inflow - FRS - PP and HIS | 110,995 | - | 110,995 |
| Total Deferred Inflow of Resources | 221,966 | - | 221,966 |
| Total Liabilities and Deferred Inflow of Resources | 982,306 | 25,635 | 1,007,941 |
| Net Position | | | |
| Net Investment in Capital Assets | 3,071,348 | 532,265 | 3,603,613 |
| Restricted | 223,756 | - | 223,756 |
| Unrestricted | 287,985 | 24,974 | 312,959 |
| Total Net Position | \$ 3,583,089 | \$ 557,239 | \$ 4,140,328 |

See notes to financial statements.

CITY OF CENTER HILL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Change in Net Position | | |
|---|-------------------|-------------------------|--|--|---|---------------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | Total |
| Governmental Activities | | | | | | | |
| General Government | \$ 243,207 | \$ 905 | \$ - | \$ - | (242,302) | \$ - | (242,302) |
| Public Safety | 176,106 | - | - | - | (176,106) | - | (176,106) |
| Recreation | 71,117 | - | 20,585 | 21,718 | (28,814) | - | (28,814) |
| Transportation | 438,988 | - | 18,722 | 215,684 | (204,582) | - | (204,582) |
| Cemetery | 12,050 | 8,800 | - | - | (3,250) | - | (3,250) |
| Interest Expense | 5,834 | - | - | - | (5,834) | - | (5,834) |
| Total Governmental Activities | 947,302 | 9,705 | 39,307 | 237,402 | (660,888) | - | (660,888) |
| Business-Type Activities | | | | | | | |
| Water | (219,456) | 157,393 | - | - | - | (62,063) | (62,063) |
| Sanitation | (88,991) | 102,658 | - | - | - | 13,667 | 13,667 |
| Total Business-Type Activities | (308,447) | 260,051 | - | - | - | (48,396) | (48,396) |
| Total Government | \$ 638,855 | \$ 269,756 | \$ 39,307 | \$ 237,402 | (660,888) | (48,396) | (709,284) |
| General Revenues and Transfers | | | | | | | |
| General Revenues: | | | | | | | |
| Property Taxes | | | | | 186,469 | - | 186,469 |
| Sales Taxes | | | | | 212,573 | - | 212,573 |
| Franchise and Utility Taxes | | | | | 320,401 | - | 320,401 |
| Investment Income | | | | | 250 | - | 250 |
| State Shared Revenue | | | | | 123,379 | - | 123,379 |
| Lease | | | | | 36,990 | - | 36,990 |
| Miscellaneous | | | | | 26,485 | - | 26,485 |
| Transfers (Net) | | | | | 9,521 | (9,521) | - |
| Total General Revenues and Transfers | | | | | 916,068 | (9,521) | 906,547 |
| Change in Net Position | | | | | 255,180 | (57,917) | 197,263 |
| Net Position, Beginning of Year | | | | | 3,327,909 | 615,156 | 3,943,065 |
| Net Position, End of Year | | | | | \$ 3,583,089 | \$ 557,239 | \$ 4,140,328 |

See notes to financial statements.

CITY OF CENTER HILL, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2024

| | Major Funds | | | Total Governmental Funds |
|---|---------------------|-------------------|------------------------|--------------------------------|
| | General Fund | Cemetery Fund | Transportation Fund | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 936,469 | \$ 56,443 | \$ - | \$ 992,912 |
| Investments | - | 166,530 | - | 166,530 |
| Accounts Receivables (Net of Allowance for Uncollectible Accounts) | 29,044 | - | 783 | 29,827 |
| Lease Receivable | 114,949 | - | - | 114,949 |
| Due from Other Governments | 5,758 | - | - | 5,758 |
| Total Assets | 1,086,220 | 222,973 | 783 | 1,309,976 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable and Accrued Expenses | 13,246 | - | - | 13,246 |
| Unearned Revenues - ARPA Funds | 468,464 | - | - | 468,464 |
| Total Liabilities | 481,710 | - | - | 481,710 |
| Deferred Inflows | | | | |
| Deferred Inflows - Leases | 110,971 | - | - | 110,971 |
| Total Deferred Inflows | 110,971 | - | - | 110,971 |
| Fund Balances | | | | |
| Restricted | - | 222,973 | 783 | 223,756 |
| Unassigned | 493,539 | - | - | 493,539 |
| Total Fund Balances | 493,539 | 222,973 | 783 | 717,295 |
| Total Liabilities and Fund Balances | \$ 1,086,220 | \$ 222,973 | \$ 783 | \$ 1,309,976 |

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

| | |
|---|---------------------|
| Total Fund Balances - Governmental Funds | \$ 717,295 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Cost of capital asset is \$5,016,122 less accumulated depreciations of \$1,833,445. | 3,182,677 |
| Deferred Outflow of Resources: | |
| Pension Related | 72,742 |
| Deferred Inflow of Resources: | |
| Pension Related | (110,995) |
| Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental funds. | |
| Long-Term Liabilities Consist of: | |
| Compensated Absences | (14,399) |
| Notes Payable | (111,329) |
| Net Pension Liability | (152,902) |
| Net Position | \$ 3,583,089 |

See notes to financial statements.

CITY OF CENTER HILL, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2024

| | Major Funds | | | Total Governmental Funds |
|--|-------------------------|--------------------------|--------------------------------|---|
| | General Fund | Cemetery Fund | Transportation Fund | |
| Revenues | | | | |
| Taxes | \$ 186,469 | \$ - | \$ - | \$ 186,469 |
| Other Taxes | 501,323 | - | 31,651 | 532,974 |
| Licenses, Permits, and Fees | 905 | - | - | 905 |
| Intergovernmental | 382,372 | - | 12,351 | 394,723 |
| Fines and Forfeitures | 1,371 | - | - | 1,371 |
| Leases | 36,990 | - | - | 36,990 |
| Contributions and Donations | - | 5,365 | - | 5,365 |
| Cemetery Lot Sales | - | 8,800 | - | 8,800 |
| Miscellaneous | 21,862 | 2 | 3,500 | 25,364 |
| Total Revenues | 1,131,292 | 14,167 | 47,502 | 1,192,961 |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 308,106 | - | - | 308,106 |
| Public Safety | 173,909 | - | - | 173,909 |
| Recreation | 34,192 | - | - | 34,192 |
| Transportation | - | - | 321,561 | 321,561 |
| Cemetery | - | 12,050 | - | 12,050 |
| Capital Outlay | 21,718 | - | 215,684 | 237,402 |
| Debt Service: | | | | |
| Principal | 21,815 | - | 21,815 | 43,630 |
| Interest | 2,917 | - | 2,917 | 5,834 |
| Total Expenditures | 562,657 | 12,050 | 561,977 | 1,136,684 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 568,635 | 2,117 | (514,475) | 56,277 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 26,203 | - | 533,749 | 559,952 |
| Transfers (out) | (524,229) | (2,999) | (23,203) | (550,431) |
| Total Other Financing Sources (Uses) | (498,026) | (2,999) | 510,546 | 9,521 |
| Net Change in Fund Balances | 70,609 | (882) | (3,929) | 65,798 |
| Fund Balances, Beginning of Year | 422,930 | 223,855 | 4,712 | 651,497 |
| Fund Balances, End of Year | \$ 493,539 | \$ 222,973 | \$ 783 | \$ 717,295 |

See notes to financial statements.

CITY OF CENTER HILL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

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

| | | |
|---|----|--------|
| Net Change in Fund Balance - Total Governmental Funds | \$ | 65,798 |
|---|----|--------|

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

| | | |
|---|--|--------|
| Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$237,402 exceeds depreciation of \$165,456. | | 71,946 |
|---|--|--------|

| | | |
|---|--|--------|
| Repayment of long-term debt is reported as an expenditure in governmental funds, but a deduction of long-term liabilities in the statement of net position. | | 43,630 |
|---|--|--------|

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

Change in Deferred Inflows and Outflows of Resources:

| | | |
|---------------------------------|--|---------|
| Pension Related | | 53,972 |
| Change in Compensated Absences | | (3,546) |
| Change in Net Pension Liability | | 23,380 |
| | | 23,380 |

| | | |
|--|-----------|----------------|
| Change in Net Position of Governmental Activities | \$ | 255,180 |
|--|-----------|----------------|

See notes to financial statements.

CITY OF CENTER HILL, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2024

| | Business-Type Activities | | Total |
|--|---------------------------------|-------------------|-------------------------|
| | Water | Sanitation | Enterprise Funds |
| Current Assets | | | |
| Restricted Cash: | | | |
| Customer Deposits | \$ 24,618 | \$ - | \$ 24,618 |
| Customer Receivables | 16,691 | 9,300 | 25,991 |
| Total Current Assets | 41,309 | 9,300 | 50,609 |
| Non-Current Assets | | | |
| Capital Assets: | | | |
| Utility System - Water | 1,889,940 | - | 1,889,940 |
| Equipment | 59,341 | - | 59,341 |
| Total Capital Assets Before Depreciation | 1,949,281 | - | 1,949,281 |
| Less: Accumulated Depreciation | (1,417,016) | - | (1,417,016) |
| Net Capital Assets | 532,265 | - | 532,265 |
| Total Non-Current Assets | 532,265 | - | 532,265 |
| Total Assets | 573,574 | 9,300 | 582,874 |
| Current Liabilities | | | |
| Payable from Restricted Assets: | | | |
| Customer Deposits | 24,175 | - | 24,175 |
| Compensated Absences | 1,460 | - | 1,460 |
| Total Current Liabilities | 25,635 | - | 25,635 |
| Net Position | | | |
| Net Investment in Capital Assets | 532,265 | - | 532,265 |
| Unrestricted | 15,674 | 9,300 | 24,974 |
| Total Net Position | \$ 547,939 | \$ 9,300 | \$ 557,239 |

See notes to financial statements.

CITY OF CENTER HILL, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2024

| | Business-Type Activities | | Total |
|---|---------------------------------|-------------------|-------------------------|
| | Water | Sanitation | Enterprise Funds |
| Operating Revenues | | | |
| Charges for Services | \$ 157,393 | \$ 102,658 | \$ 260,051 |
| Total Operating Revenues | <u>157,393</u> | <u>102,658</u> | <u>260,051</u> |
| Operating Expenses | | | |
| Personnel Services | 22,932 | 17,798 | 40,730 |
| Garbage Contract Services | - | 71,193 | 71,193 |
| Depreciation | 53,094 | - | 53,094 |
| Other Operating Expenses | 143,430 | - | 143,430 |
| Total Operating Expenses | <u>(219,456)</u> | <u>(88,991)</u> | <u>(308,447)</u> |
| Net Operating Income (Losses) Before Transfers | <u>(62,063)</u> | <u>13,667</u> | <u>(48,396)</u> |
| Transfers | | | |
| Transfers in | 5,100 | - | 5,100 |
| Transfers (out) | - | (14,621) | (14,621) |
| Net Transfers | <u>5,100</u> | <u>(14,621)</u> | <u>(9,521)</u> |
| Change in Net Position | (56,963) | (954) | (57,917) |
| Total Net Position, Beginning of Year | <u>604,902</u> | <u>10,254</u> | <u>615,156</u> |
| Total Net Position, End of Year | <u>\$ 547,939</u> | <u>\$ 9,300</u> | <u>\$ 557,239</u> |

See notes to financial statements.

CITY OF CENTER HILL, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2024

| | <u>Business-Type Activities</u> | | <u>Total</u> |
|--|---------------------------------|-------------------|-------------------------|
| | <u>Water</u> | <u>Sanitation</u> | <u>Enterprise Funds</u> |
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$ 160,129 | \$ 103,612 | \$ 263,741 |
| Cash Payments to Employees for Services | (21,867) | (17,798) | (39,665) |
| Cash Payments to Suppliers for Goods and Services | (143,572) | (71,193) | (214,765) |
| Net Cash Provided by (Used In) Operating Activities | <u>(5,310)</u> | <u>14,621</u> | <u>9,311</u> |
| Cash Flows from Non-Capital Financing Activities | | | |
| Transfers in (out) | 5,100 | (14,621) | (9,521) |
| Net Increase (Decrease) in Cash | (210) | - | (210) |
| Cash and Cash Equivalents, Beginning of Year | 24,828 | - | 24,828 |
| Cash and Cash Equivalents, End of Year | <u>\$ 24,618</u> | <u>\$ -</u> | <u>\$ 24,618</u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used In) Operating Activities</u> | | | |
| Operating Income (Loss) | \$ (62,063) | \$ 13,667 | \$ (48,396) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Income: | | | |
| Depreciation | 53,094 | - | 53,094 |
| (Increase) Decrease in Customer Receivables | 2,736 | 954 | 3,690 |
| (Decrease) Increase in Accounts Payable | (142) | - | (142) |
| (Decrease) Increase in Compensated Absences | 1,065 | - | 1,065 |
| Net Cash Provided by (Used In) Operating Activities | <u>\$ (5,310)</u> | <u>\$ 14,621</u> | <u>\$ 9,311</u> |

CITY OF CENTER HILL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Center Hill (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. Reporting Entity - The City of Center Hill, Florida is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and specifically Chapter 23399, Number 4, *Laws of Florida*. It is governed by a five member City Council, all individually elected, who select from among themselves one member to serve as Mayor. It is controlled by the Florida Constitution and various *Florida Statutes*, as well as its own local charter, ordinances and policies.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the City are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the City also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the City's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and any nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities

of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The City's Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The City applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

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

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The City has used GASB 34 minimum criteria for major fund determination. The City has two major funds as follows:

The City reports the following major governmental funds:

- **General Fund**—The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds**—The special revenue funds are used to account for and report the proceeds if special revenue sources that are restricted or committed for specified purposes:
 - **Transportation Fund**—Accounts for maintenance of roads and streets in the City. Accounts for the proceeds from local option gas tax and state revenue sharing fuel tax to the City's transportation fund, which is to maintain the streets within the City.
 - **Cemetery Fund**—Accounts for the proceeds from sales of cemetery lots and contributions to the City's cemetery fund, which is to maintain the cemetery.

The City reports the following major proprietary funds. Proprietary funds are used to account for the City's ongoing activities, which are similar to those found in the private sector, where the determination of net income is necessary or useful to the sound financial administration.

- **Water Fund**—This enterprise fund is used to account for the activities of the City's water utility operations.
- **Sanitation Fund**—This enterprise fund is used to account for the City's sanitation operations.

D. Assets, Liabilities and Net Position or Equity

1. **Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
2. **Cash Equivalents** - For purposes of the statement of cash flows, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2024, the City's cash consisted solely of checking accounts and money market accounts; it has no cash equivalents.
3. **Allowance for Doubtful Accounts** - As applicable year-to-year, the City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2024, there were no amounts exceeding 180 days, therefore no allowance for doubtful accounts was reported. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2024.
4. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

5. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
6. **Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond current debt service” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond reserve” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets.
7. **Fund Equity**- As applicable in fiscal periods, reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. At September 30, 2024, the City had such restricted fund balances in the amounts of \$223,756.

A. Governmental Funds

As of September 30, 2024, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City Council.

Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only the City Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2024, fund balances were as follows:

| | <u>General</u> | <u>Cemetery</u> | <u>Transportation</u> |
|------------|-------------------|-------------------|-----------------------|
| Restricted | \$ - | \$ 222,973 | \$ 783 |
| Unassigned | 493,539 | - | - |
| | <u>\$ 493,539</u> | <u>\$ 222,973</u> | <u>\$ 783</u> |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spend first out of committed funds, then assigned funds, and finally

unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

B. Proprietary Funds

Restrictions of equity show amounts that are not appropriated for expenditures or are legally restricted for specific uses.

As of September 30, 2024, net position balances are composed of the following:

| | Water Fund | Sanitation Fund |
|----------------------------------|------------------|-----------------|
| Net Investment in Capital Assets | \$532,265 | \$ - |
| Unrestricted | 15,674 | 9,300 |
| | <u>\$547,939</u> | <u>\$ 9,300</u> |

8. Encumbrances- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.

9. Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not 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, as well as of component units, are depreciated using the straight-line method over the following estimated useful lives:

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

10 Capitalization of Interest - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the City did not have any capitalized interest.

- 11. Unearned Revenues** - Unearned revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.
- 12. Accrued Compensated Absences** - The City accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
- 13. Deferred Outflows/Inflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category.

The City recognizes the deferred charge on pensions in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the City's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred inflows related to pensions. Deferred inflows on pensions are recorded when projected pension plan investment earnings exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes in assumptions about future economic, demographic, or other input factors; or changes in the City's proportionate share of net pension liability. These amounts are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

The City also reports deferred inflows of resources related to leases. In accordance with GASB Statement No. 87, a deferred inflow of resources is recorded when the City recognizes a lease receivable for lease arrangements in which the City is the lessor. The deferred inflow represents the future lease revenue to be recognized over the term of the lease as payments are received.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

Total fund balances of the City's governmental funds \$717,295 differs from "net position" of governmental activities \$3,583,089 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the City as a whole.

| | |
|--------------------------|---------------------|
| Cost of Capital Assets | \$ 5,016,122 |
| Accumulated Depreciation | (1,833,445) |
| | <u>\$ 3,182,677</u> |

Long-term debt transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2024, were:

| | |
|-----------------------|---------------------|
| Compensated absences | \$ (14,399) |
| Capital lease payable | (111,329) |
| Net pension liability | (152,902) |
| | <u>\$ (278,630)</u> |

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources.

| | |
|-------------------|--------------------|
| Deferred outflows | \$ 72,742 |
| Deferred inflows | (110,995) |
| | <u>\$ (38,253)</u> |

CITY OF CENTER HILL, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental fund Balance Sheet and the Government-wide Statement of Net Position

| ASSETS | Total Governmental Funds | Capital Related Items | Long-Term Debt Transactions | Deferred Outflows/ Inflows | Statement of Net Assets |
|---------------------------------------|--------------------------------|-----------------------------|-----------------------------------|----------------------------------|-------------------------------|
| Cash and cash equivalents | \$ 992,912 | \$ - | - | - | \$ 992,912 |
| Investments | 166,530 | - | - | - | 166,530 |
| Lease Receivable | 1,14,949 | - | - | - | 1,14,949 |
| Due from other governmental units | 5,758 | - | - | - | 5,758 |
| Accounts Receivables | 29,827 | - | - | - | 29,827 |
| Capital assets - net | - | 3,182,677 | - | - | 3,182,677 |
| Total assets | 1,309,976 | 3,182,677 | - | - | 4,492,653 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | 72,742 | 72,742 |
| Pension related | - | - | - | - | - |
| LIABILITIES AND FUND EQUITY | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 13,246 | - | - | - | 13,246 |
| Unearned revenue | 468,464 | - | - | - | 468,464 |
| Compensated absences | - | - | 14,399 | - | 14,399 |
| Notes payable | - | - | 111,329 | - | 111,329 |
| Capital lease payable | - | - | - | - | - |
| Net pension liability | - | - | 152,902 | - | 152,902 |
| Total liabilities | 481,710 | - | 278,630 | - | 760,340 |
| DEFERRED INFLOWS OF RESOURCES | | | | 110,995 | 221,966 |
| Pension related | 110,971 | - | - | - | - |
| Fund balances/net position | \$ 717,295 | \$ 3,182,677 | \$ (278,630) | \$ (38,253) | \$ 3,583,089 |

B. Explanation of Differences Between Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and, the Statement of Activities

The “net change in fund balances” for governmental funds, \$65,798, differs from the “change in net position” for governmental activities, \$255,180, reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year.

| | |
|---------------------------------|------------------|
| Expenditures for capital assets | |
| Cost of capital assets | \$ 237,402 |
| Accumulated depreciation | (165,456) |
| | <u>\$ 71,946</u> |

Long-term debt related items

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

| | |
|---------------------------------------|------------------|
| Net increase in compensated absences | \$ (3,546) |
| Net decrease in notes payable | 43,630 |
| Net decrease in net pension liability | 23,380 |
| | <u>\$ 63,464</u> |

Deferred outflows/inflows of resources

Recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds.

| | |
|-----------------------------------|------------------|
| Net decrease in deferred outflows | \$ 42,655 |
| Net decrease in deferred inflows | 11,317 |
| | <u>\$ 53,972</u> |

CITY OF CENTER HILL, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

| | Total Governmental Funds | Capital Related Items | Long-Term Debt Transactions | Deferred Outflows/Inflows | Statement of Activities |
|-------------------------------------|--------------------------------|-----------------------------|-----------------------------------|------------------------------|-------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 186,469 | - | - | - | \$ 186,469 |
| Other Taxes | 532,974 | - | - | - | 532,974 |
| Licenses, Permits, and Fees | 905 | - | - | - | 905 |
| Intergovernmental | 394,723 | - | - | - | 394,723 |
| Fines and Forfeitures | 1,371 | - | - | - | 1,371 |
| Leases | 36,990 | - | - | - | 36,990 |
| Contributions and Donations | 5,365 | - | - | - | 5,365 |
| Cemetery Lot Sales | 8,800 | - | - | - | 8,800 |
| Miscellaneous | 25,364 | - | - | - | 25,364 |
| Total revenue | <u>1,192,961</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,192,961</u> |
| EXPENDITURES | | | | | |
| Current expenditures | | | | | |
| General Government | 308,106 | 8,907 | (19,834) | (53,972) | 243,207 |
| Public Safety | 173,909 | 2,197 | - | - | 176,106 |
| Recreation | 34,192 | 36,925 | - | - | 71,117 |
| Transportation | 321,561 | 117,427 | - | - | 438,988 |
| Cemetery | 12,050 | - | - | - | 12,050 |
| Debt Service | | | | | |
| Principal | 43,630 | - | (43,630) | - | - |
| Interest | 5,834 | - | - | - | 5,834 |
| Capital outlay | | | | | |
| General Government | 21,718 | (21,718) | - | - | - |
| Transportation | 215,684 | (215,684) | - | - | - |
| Total expenditures | <u>1,136,684</u> | <u>(71,946)</u> | <u>(63,464)</u> | <u>(53,972)</u> | <u>947,302</u> |
| OTHER FINANCING SOURCES/USES | | | | | |
| Interfund transfers out | 9,521 | - | - | - | 9,521 |
| Change in fund balance/net position | <u>65,798</u> | <u>71,946</u> | <u>63,464</u> | <u>53,972</u> | <u>255,180</u> |
| Fund balances at beginning of year | 651,497 | 3,110,731 | (342,094) | (92,225) | 3,327,909 |
| Fund balances at end of year | <u>\$ 717,295</u> | <u>\$ 3,182,677</u> | <u>\$ (278,630)</u> | <u>\$ (38,253)</u> | <u>\$ 3,583,089</u> |

NOTE 3. LEGAL COMPLIANCE--BUDGETS

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

1. Prior to September 1, the City Clerk develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the City Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the City Council.
5. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were not amended.
6. A budgetary comparison schedule for the general fund is in the required supplementary information section of this report.
7. The following is a comparison of the appropriations to total expenses for the proprietary fund for the fiscal year ended September 30, 2024:

| | <u>Appropriations</u> | <u>Expenses</u> | <u>Variance</u> |
|--------------------|-----------------------|-------------------|------------------|
| Primary Government | | | |
| Water Fund: | \$ 129,080 | \$ 219,456 | \$ 90,376 |
| Sanitation Fund: | 101,560 | 88,991 | (12,569) |
| | <u>\$ 230,640</u> | <u>\$ 308,447</u> | <u>\$ 77,807</u> |

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the City deposits were fully insured by federal depository insurance or pledged collateral under state law.

Investments. At September 30, 2024, the City's investments consisting solely of certificates of deposit totaling \$166,530 measured at amortized cost which approximates fair value.

NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2023-24 fiscal year were levied in October 2023. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

| | 9/30/2023 | Additions | Disposals | 9/30/2024 |
|--|---------------------|------------------|------------------|---------------------|
| Governmental Activities | | | | |
| Land (Not Being Depreciated) | \$ 506,509 | \$ - | \$ - | \$ 506,509 |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 979,541 | - | (1,955) | 977,586 |
| Improvements | 1,093,979 | - | - | 1,093,979 |
| Infrastructure | 38,300 | - | - | 38,300 |
| Equipment | 159,319 | 21,718 | (49,616) | 131,421 |
| Roads and Related Drainage | 1,592,690 | - | - | 1,592,690 |
| Transportation Equipment | 585,687 | 215,684 | (125,734) | 675,637 |
| Total Assets Being Depreciated | <u>4,449,516</u> | <u>237,402</u> | <u>(177,305)</u> | <u>4,509,613</u> |
| Total Accumulated Depreciation | <u>(1,845,294)</u> | <u>(165,456)</u> | <u>177,305</u> | <u>(1,833,445)</u> |
| Total Capital Assets, Net of Depreciation | <u>\$ 3,110,731</u> | <u>\$ 71,946</u> | <u>\$ -</u> | <u>\$ 3,182,677</u> |

Depreciation expense was charged to functions/programs of the City as follows:

| | |
|--------------------------------|-------------------|
| Governmental activities | |
| General Government | \$ 8,907 |
| Public Safety | 2,197 |
| Recreation | 36,925 |
| Transportation | 117,427 |
| Total depreciation expense | <u>\$ 165,456</u> |

| | 9/30/2023 | Additions | Disposals | 9/30/2024 |
|--|--------------------|--------------------|-------------|--------------------|
| Business-Type Activities | | | | |
| Capital Assets Being Depreciated: | | | | |
| Water System | \$ 1,889,940 | \$ - | \$ - | 1,889,940 |
| Equipment | 59,341 | - | - | 59,341 |
| Total Capital Assets Being Depreciated | <u>1,949,281</u> | <u>-</u> | <u>-</u> | <u>1,949,281</u> |
| Less Accumulated Depreciation for: | | | | |
| Water System | (1,317,123) | (48,877) | - | (1,366,000) |
| Equipment | (46,799) | (4,217) | - | (51,016) |
| Total Accumulated Depreciation | <u>(1,309,443)</u> | <u>(53,094)</u> | <u>-</u> | <u>(1,417,016)</u> |
| Total Assets Being Depreciated | <u>639,838</u> | <u>(53,094)</u> | <u>-</u> | <u>532,265</u> |
| Business-Type Activities | | | | |
| Capital Assets, Net | <u>\$ 639,838</u> | <u>\$ (53,094)</u> | <u>\$ -</u> | <u>\$ 532,265</u> |

Depreciation expense was charged to functions/programs of the City as follows:

| | |
|---------------------------------|------------------|
| Business-type activities | |
| Water utility | \$ 53,094 |
| Total depreciation expense | <u>\$ 53,094</u> |

NOTE 7. RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at September 30, 2024, were as follows:

| | <u>Accounts</u> | <u>Due from Other Governmental</u> | <u>Total Receivables</u> |
|---------------------------|------------------|--|------------------------------|
| Governmental activities: | | | |
| General Fund | \$ 29,044 | \$ 5,758 | \$ 34,802 |
| Transportation Fund | 783 | - | 783 |
| | <u>\$ 29,827</u> | <u>\$ 5,758</u> | <u>\$ 35,585</u> |
| Business-type activities: | | | |
| Water Fund | \$ 16,691 | \$ - | \$ 16,691 |
| Sanitation Fund | 9,300 | - | 9,300 |
| | <u>\$ 25,991</u> | <u>\$ -</u> | <u>\$ 25,991</u> |

Accounts Payables

Accounts payable at September 30, 2024, were as follows:

| | <u>Accounts</u> | <u>Accrued</u> | <u>Total Payables</u> |
|--------------------------|------------------|----------------|-----------------------|
| Governmental activities: | | | |
| General Fund | \$ 13,246 | \$ - | \$ 13,246 |
| | <u>\$ 13,246</u> | <u>\$ -</u> | <u>\$ 13,246</u> |

NOTE 8. LONG-TERM LIABILITIES

General Fund

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

On March 1, 2017, by resolution No. R2017-04, the City approved financing from a bank to pay the remaining loan balance in the amount of \$188,414 to Truist (BB&T and Suntrust combined) Bank, wire funds in the amount of \$191,930 to purchase a street sweeper for the Transportation department, and deposit funds in the amount of \$20,656 in the City's general checking account for operating expenses, or a note payable to Truist in the amount of \$401,000. The City obligation pledge to Truist Bank for the City's utility and franchise income was released by Truist Bank on March 1, 2017. For the fiscal year ended September 30, 2024, Electric Franchise Fees and Utility Tax earned were \$318,274 with an outstanding principal and interest of \$117,170. The amounts are pledged through 2027 with a total pledge coverage of 13.08%.

Truist’s promissory note contains a collateral security agreement for the following:

- A mortgage dated March 1, 2017, to lender on real property located in Sumter County, Florida.
- Equipment and general intangibles described in commercial security agreement dated March 1, 2017.

The balance of the obligation at September 30, 2024, was \$111,329. The schedule of remaining annual debt service requirements for the note is as follows:

| Year | Principal | Interest | Payment |
|------|------------------|-----------------|-------------------|
| 2025 | \$ 45,636 | \$ 3,828 | \$ 49,464 |
| 2026 | 47,614 | 1,850 | 49,464 |
| 2027 | 18,079 | 163 | 18,242 |
| | <u>\$111,329</u> | <u>\$ 5,841</u> | <u>\$ 117,170</u> |

Long-term liability activity for the year ended September 30, 2024, was as follows:

| | Beginning Balance | Increases | Decreases/ Transfers | Ending Balance | Amounts Due Within One Year |
|---------------------------------------|----------------------|-----------------|-------------------------|-------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Notes Payable: | | | | | |
| Note Payable - Direct Borrowings | \$ 154,959 | \$ - | \$(43,630) | \$ 111,329 | \$ 45,636 |
| Other Liabilities: | | | | | |
| Net Pension Liability - FRS | 89,588 | - | (16,952) | 72,636 | - |
| Net Pension Liability - HIS | 86,694 | - | (6,428) | 80,266 | - |
| Compensated Absences | 10,853 | 3,546 | - | 14,399 | - |
| Total Other Liabilities | <u>187,135</u> | <u>3,546</u> | <u>(23,380)</u> | <u>167,301</u> | <u>-</u> |
| Total Government Activities | <u>\$ 342,094</u> | <u>\$ 3,546</u> | <u>\$(67,010)</u> | <u>\$ 278,630</u> | <u>\$ 45,636</u> |
| Business-Type Activities | | | | | |
| Other Liabilities: | | | | | |
| Compensated Absences | 395 | 1,065 | - | 1,460 | - |
| Total Business-Type Activities | <u>\$ 395</u> | <u>\$ 1,065</u> | <u>\$ -</u> | <u>\$ 1,460</u> | <u>\$ -</u> |

The total amount of interest charged to expenses in the governmental activities was \$5,834.

NOTE 10. LEASE RECEIVABLE

The City is the lessor of one tower lease with Utility Service Communications/Verizon to place communication equipment on the City-owned water tower. The City leases “tower space” to Utility Service Communications/Verizon to place communication equipment as part of their wireless network services. The lease amount is adjusted each year by the amount equal to the greater of 3% of the preceding year rent.

| Description | Date | Payment Terms | Payment Amount | Incremental Borrowing Rate | Total Lease Receivable | Balance 9/30/2024 |
|-------------|----------|---------------|----------------|----------------------------|------------------------|-------------------|
| Tower Space | 3/1/2024 | 5 Years | 40,377 | 1.967% | \$184,950 | \$ 114,949 |

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

| Lease Related Revenues | 2024 Balance |
|------------------------|--------------|
| Tower Space Rental | \$ 36,990 |

NOTE 11. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS – FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREMENT HEALTH INSURANCE SUBSIDY PROGRAM

A. Florida Retirement System

General Information - All of the City’s employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

B. Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024.

respectively, were as follows: Regular—11.91% and 13.57%; Special Risk Administrative Support—38.65% and 39.82%; Special Risk—27.83% and 32.67%; Senior Management Service—31.57% and 34.52%; Elected Officials—43.77% and 44.89%; and DROP participants—18.60% and 21.13%. These employer contribution rates include a 1.66% and 2.00% HIS Plan subsidy for the periods October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$ 22,084 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the City reported a liability of \$72,636 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the City's proportionate share was 0.000535069%, which was an decrease of 1.98% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2024, the City recognized pension expense of \$51,523. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 48,166 | \$ - |
| Changes in assumptions | 7,338 | - |
| Net difference between projected and actual earnings on Pension Plan investments | 9,955 | (4,828) |
| Changes in proportion and differences between County Pension Plan contributions and proportionate share of contributions | - | (77,431) |
| City's Pension Plan contributions subsequent to the measurement date | 2,650 | - |
| Total | \$ 68,109 | \$ (82,259) |

The deferred outflows of resources related to the Pension Plan, totaling \$ 2,650 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending | |
|--------------------|--------------------|
| September 30 | |
| 2025 | \$ 1,488 |
| 2026 | (16,166) |
| 2027 | (1,179) |
| 2028 | (56) |
| 2029 | (887) |
| Thereafter | - |
| | <u>\$ (16,800)</u> |

Actuarial Assumptions – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 6.70%, net of pension plan investment expense, including inflation |

Mortality rates were based on the generational RP-200 with Projection scale BB tables.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|-------------------|--------------------------|------------------------------------|--------------------|
| Cash | 1.00% | 2.10% | 2.10% | 1.10% |
| Fixed income | 20.00% | 3.80% | 3.70% | 3.30% |
| Global equity | 54.20% | 8.20% | 6.70% | 17.80% |
| Real estate | 10.30% | 7.10% | 6.20% | 13.80% |
| Private equity | 10.80% | 11.70% | 8.50% | 26.40% |
| Strategic investments | 3.70% | 5.70% | 5.40% | 8.40% |
| Total | <u>100.00%</u> | | | |
| Assumed Inflation - Mean | | | 2.40% | 1.20% |

Discount Rate - The discount rate used to measure the total pension liability was 6.7%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated

using the discount rate of 6.7%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.7% or one percentage point higher 7.7% than the current rate:

| | 1% Decrease 5.70% | Current Discount Rate 6.70% | 1% Increase 7.70% |
|---|----------------------|-----------------------------------|----------------------|
| City's proportionate share of the net pension liability | \$ 127,764 | \$ 72,636 | \$ 26,454 |

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

Payables to the Pension Plan - At September 30, 2024, the City had \$0 payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2024.

C. HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the HIS contribution for the period October 1, 2024 through June 30, 2024 and from July 1, 2024 through September 30, 2024 was 1.66% and 2.00%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City’s contributions to the HIS Plan totaled \$9,409 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the City reported a liability of \$80,266 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City’s proportionate share of the net pension liability was based on the City’s 2022-23 fiscal year contributions relative to the 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the City's proportionate share was 0.000187763%, which was an decrease of 16.49% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2024, the City recognized pension expense of \$11,487. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 775 | \$ (154) |
| Changes in assumptions | 1,421 | (9,502) |
| Net difference between projected and actual earnings on HIS Plan investments | - | (29) |
| Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions | 1,306 | (19,051) |
| Citys HIS Plan contributions subsequent to the measurement date | 1,131 | - |
| Total | \$ 4,633 | \$ (28,736) |

The deferred outflows of resources related to the HIS Plan, totaling \$1,131 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30 | |
|------------------------------------|--------------------|
| Ending | |
| 2025 | \$ (4,094) |
| 2026 | (5,051) |
| 2027 | (7,358) |
| 2028 | (5,145) |
| 2029 | (2,802) |
| Thereafter | (784) |
| | \$ (25,234) |

Actuarial Assumptions – The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|-------------------------------------|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Municipal bond rate | 3.65% |

Mortality rates were based on the PUB-2010 Base Table generational mortality using the gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Cooperative's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Cooperative's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the Cooperative's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

| | 1% Decrease 2.93% | Current Discount Rate 3.93% | 1% Increase 4.93% |
|---|----------------------|-----------------------------------|----------------------|
| City's proportionate share of the net pension liability | \$ 91,373 | \$ 80,266 | \$ 71,046 |

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

Payables to the Pension Plan - At September 30, 2024, the City had \$0 payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2024.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 13. INTERFUND TRANSFERS

| Major Funds | Interfund Transfer In | Interfund Transfer Out |
|---------------------|--------------------------|---------------------------|
| General Fund | 26,203 | 524,229 |
| Cemetery Fund | - | 2,999 |
| Transportation Fund | 533,749 | 23,203 |
| Water Utility Fund | 5,100 | - |
| Sanitation Fund | - | 14,621 |
| | <u>565,052</u> | <u>565,052</u> |

Transfers are related to the transfer of cash between the funds.

NOTE 14. CONTINGENT LIABILITIES

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

NOTE 15. OTHER POST-EMPLOYMENT BENEFITS

Pursuant to the provision of Section 112.08011, *Florida Statutes*, former employees and eligible dependents who retire from the City may continue to participate in the City's fully-insured health and hospitalization plan. These retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. Based upon prior experience, the assumed participation rate is zero percent and current insurance premiums are not affected by the requirement of Section 112.08011, *Florida Statutes*. An actuarial projection with a zero assumed participation rate, which is consistent with actual results, would result in an Other Post Employment Benefit (OPEB) obligation of zero. Accordingly, there is no OPEB obligation recorded in the financial statements.

Required Supplementary Information

CITY OF CENTER HILL, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND, CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 191,262 | \$ 191,262 | \$ 186,469 | \$ (4,793) |
| Local Option Gas Tax | 574,501 | 574,501 | 501,323 | (73,178) |
| Licenses, Permits, and Fees | 2,100 | 2,100 | 905 | (1,195) |
| Intergovernmental | 642,876 | 642,876 | 382,372 | (260,504) |
| Fines and Forfeitures | - | - | 1,371 | 1,371 |
| Leases | - | - | 36,990 | 36,990 |
| Miscellaneous | 20,050 | 20,050 | 21,862 | 1,812 |
| Total Revenues | 1,430,789 | 1,430,789 | 1,131,292 | (299,497) |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 761,450 | 761,450 | 308,106 | 453,344 |
| Public Safety | 173,900 | 173,900 | 173,909 | (9) |
| Recreation | 27,570 | 27,570 | 34,192 | (6,622) |
| Capital Outlay | 30,000 | 30,000 | 21,718 | 8,282 |
| Debt Service: | | | | |
| Principal | 18,500 | 18,500 | 21,815 | (3,315) |
| Interest | 4,550 | 4,550 | 2,917 | 1,633 |
| Total Expenditures | 1,015,970 | 1,015,970 | 562,657 | 453,313 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 414,819 | 414,819 | 568,635 | 153,816 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 26,203 | 26,203 |
| Transfers (out) | - | - | (524,229) | (524,229) |
| Total Other Financing Sources (Uses) | - | - | (498,026) | (498,026) |
| Net Change in Fund Balance | 414,819 | 414,819 | 70,609 | (344,210) |
| Fund Balances, Beginning of Year | | | 422,930 | |
| Fund Balances, End of Year | | | \$ 493,539 | |

See notes on page 50.

CITY OF CENTER HILL, FLORIDA
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Cemetery Lot Fees | \$ 2,000 | \$ 2,000 | \$ 8,800 | \$ 6,800 |
| Cemetery Donations | 5,700 | 5,700 | 5,365 | (335) |
| Interest on Cemetery CD's | 15,150 | 15,150 | 2 | (15,148) |
| Total Revenues | 22,850 | 22,850 | 14,167 | (8,683) |
| Expenditures | | | | |
| Operating Expenses | 11,335 | 11,335 | 12,050 | (715) |
| Total Expenditures | 11,335 | 11,335 | 12,050 | (715) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 11,515 | 11,515 | 2,117 | (9,398) |
| Other Financing Sources (Uses) | | | | |
| Transfers in (out) | - | - | (2,999) | (2,999) |
| Total Other Financing Sources (Uses) | - | - | (2,999) | (2,999) |
| Net Change in Fund Balances | 11,515 | 11,515 | (882) | (12,397) |
| Fund Balances, Beginning of Year | | | 223,855 | |
| Fund Balances, End of Year | | | \$ 222,973 | |

See notes on page 50.

CITY OF CENTER HILL, FLORIDA
TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 39,099 | \$ 39,099 | \$ 31,651 | \$ (7,448) |
| Intergovernmental | 9,651 | 9,651 | 12,351 | 2,700 |
| Miscellaneous | 3,000 | 3,000 | 3,500 | 500 |
| Total Revenues | 51,750 | 51,750 | 47,502 | (4,248) |
| Expenditures | | | | |
| Current: | | | | |
| Transportation | 285,435 | 285,435 | 321,561 | (36,126) |
| Capital Outlay | 10,000 | 10,000 | 215,684 | (205,684) |
| Debt Service: | | | | |
| Principal | 18,500 | 18,500 | 21,815 | (3,315) |
| Interest | 4,550 | 4,550 | 2,917 | 1,633 |
| Total Expenditures | 318,485 | 318,485 | 561,977 | (243,492) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (266,735) | (266,735) | (514,475) | (247,740) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 533,749 | 533,749 |
| Transfers (out) | - | - | (23,203) | (23,203) |
| Total Other Financing Sources (Uses) | - | - | 510,546 | 510,546 |
| Net Change in Fund Balance | (266,735) | (266,735) | (3,929) | 262,806 |
| Fund Balances, Beginning of Year | | | 4,712 | |
| Fund Balances, End of Year | | | \$ 783 | |

See notes on page 50.

**CITY OF CENTER HILL, FLORIDA
NOTES TO STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET ACTUAL
SEPTEMBER 30, 2024**

I. Stewardship, Compliance, and Accountability

A. Budgetary Information. The City, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The City prepares a tentative budget, which is used by the City at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the City's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the City Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the City Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

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

1. Prior to September 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the City Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

B. Budgetary Variances - General fund under expended budget expenditures by \$453,313 and received \$299,497 less than expected. The net effect was a favorable variance of \$153,816.

CITY OF CENTER HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City's Proportion of the FRS Net Pension Liability | 0.000535069% | 0.000224832% | 0.000433422% | 0.000641775% | 0.000695152% | 0.000667688% | 0.000657671% | 0.000625404% | 0.000647347% | 0.000603113% |
| City's Proportionate Share of the FRS Net Pension Liability | \$ 72,636 | \$ 89,588 | \$ 164,268 | \$ 48,479 | \$ 304,289 | \$ 229,943 | \$ 198,094 | \$ 184,990 | \$ 163,456 | \$ 77,900 |
| City's Proportion of the HIS Net Pension Liability | 0.000187763% | | | | | | | | | |
| City's Proportionate Share of the HIS Net Pension Liability | \$ 80,266 | | | | | | | | | |
| City's proportionate share of the total net pension liability | \$ 152,902 | | | | | | | | | |
| City's Covered Payroll | 231,804 | 38,110 | 64,990 | 132,439 | 140,169 | 257,299 | 258,378 | 249,273 | 239,207 | 263,909 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 31.34% | 235.08% | 248.14% | 36.60% | 214.95% | 89.37% | 76.67% | 74.21% | 68.33% | 29.52% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.79% | 82.38% | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92% |

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System.

See notes to financial statements for actuarial assumptions and charges.

CITY OF CENTER HILL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Contractually Required FRS Contribution | \$ 22,804 | \$ 4,152 | \$ 4,081 | \$ 26,224 | \$ 21,137 | \$ 20,703 | \$ 18,743 | \$ 16,281 | \$ 15,787 | \$ 14,704 |
| Contractually Required HIS Contribution | 9,409 | | | | | | | | | |
| Total Contractually Required Contributions | <u>32,213</u> | <u>4,152</u> | <u>4,081</u> | <u>26,224</u> | <u>21,137</u> | <u>20,703</u> | <u>18,743</u> | <u>16,281</u> | <u>16,281</u> | <u>1,704</u> |
| Contributions in Relation to the Contractually Required Contribution | (32,213) | 4,152 | 4,081 | 26,224 | 21,137 | 20,703 | 18,743 | 16,281 | 16,281 | 1,704 |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | (494) | - |
| City's Covered Payroll | 231,804 | 38,937 | 36,850 | 155,547 | 142,992 | 257,299 | 258,378 | 249,273 | 239,207 | 263,909 |
| Contributions as a Percentage of Covered Payroll | -13.90% | 10.66% | 11.07% | 16.86% | 14.78% | 8.05% | 7.25% | 6.53% | 6.81% | 5.57% |

See notes to financial statements for actuarial assumptions and charges.

OTHER REPORTS AND LETTERS



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Center Hill, Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Center Hill, Florida's basic financial statements, and have issued our report thereon dated March 9, 2026.

Internal Control Over Financial Reporting

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

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

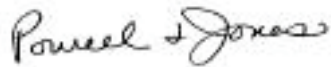
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified. We did identify the following deficiency in internal control, described in the accompanying schedule of audit findings as items 2024-001, 2024-002, 2024-003, and 2024-004 that we consider to be a significant deficiency's.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Center Hill, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
March 9, 2026



MANAGEMENT LETTER

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the basic financial statements of the City of Center Hill, Florida (the City) as of and for the year ended September 30, 2024, and have issued our report thereon dated March 9, 2026.

AUDITOR’S RESPONSIBILITY

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

OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant’s Report(s) on an examination conducted in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 9, 2026, should be considered in conjunction with this management letter.

PRIOR YEAR FINDINGS

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. See summary below for update on prior year findings.

Tabulation of Uncorrected Audit Findings

| Current Year Finding Number | Prior Year Finding Number | 2021-2022 FY Finding Number |
|-----------------------------|---------------------------|-----------------------------|
| 2024-001 | 2023-1 | N/A |
| 2024-002 | 2020-1 | 2020-1 |

AUDITOR GENERAL COMPLIANCE MATTERS

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.544(1)(i)5.a and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part in representations made by management and the review of financial information they provided.

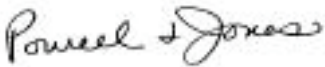
Financial Emergency Status - We determined that the City had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Property Assessed Clean Energy Programs (PACE) - As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, *Florida Statutes*, operated within the City's geographical boundaries during the fiscal year under audit.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

Again, we very much enjoyed the challenges and experiences associated with this year's audit of the City. We look forward to working with you to ensure continued fiscal progress of the City's operation.



Powell and Jones CPA
Lake City, Florida
March 9, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Center Hill, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during 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 and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. 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 year ended September 30, 2024.

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

Powell and Jones CPA
Lake City, Florida
March 9, 2026



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the City of Center Hill, Florida for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Center Hill, Florida are described Note 1 to the financial statements. As described in Note 11 to the financial statements, the City changed accounting policies related to the recognition of the net pension liability of its Defined Benefit Pension Plans by adopting Statement of Governmental Accounting Standards (GASB statement) No. 68, Accounting and Financial Reporting for Pension Plans, in 2024. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of net position. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the City of Center Hill, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 9, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

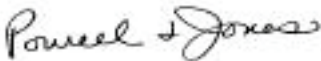
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor and management of the City of Center Hill, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
March 9, 2026

SCHEDULE OF FINDINGS

CURRENT YEAR FINDINGS

Significant Deficiencies

Finding 2024-001

2024-001: Violation of Vacation and Sick Leave Payout Policy

Criteria:

The City's Personnel Policy establishes requirements governing employee vacation and sick leave balances and payouts, including required supervisory and mayoral approvals for leave buybacks. Effective internal control over payroll and employee compensation requires accurate tracking of leave balances and documented authorization prior to processing leave payouts or compensation transactions.

Condition:

During audit testing, it was noted that vacation and sick leave buyouts were processed prior to obtaining the required supervisory and mayoral approvals. While approval documentation was completed, in several instances the approvals were obtained after the leave payout had already been processed. In addition, in some cases the same employee signed both the employee and supervisor approval sections of the authorization form. The City also does not consistently verify that sick leave balances recorded in the payroll system are properly updated after leave buyouts are processed. These conditions reduce the effectiveness of internal controls intended to ensure leave payouts are properly authorized and that leave balances remain accurate.

Effect:

Processing leave payouts without timely verification and approval reduces the effectiveness of internal controls over payroll expenditures and increases the risk that unauthorized or inaccurate compensation payments could occur and not be detected in a timely manner. Additionally, reliance on manual leave tracking increases the risk of errors in leave balances and payroll reporting.

Cause:

The condition resulted from reliance on manual leave tracking processes, the absence of leave monitoring within the accounting or payroll system, and the implementation of formal approval procedures after leave transactions had already occurred.

Recommendation:

We recommend the City strengthen internal controls over payroll and employee compensation by.

1. Implementing leave tracking within the payroll or accounting software system.
2. Reconciling employee leave balances on a periodic basis.
3. Performing management review procedures to ensure compliance with Personnel Policy requirements before payments are issued.

Finding 2024-002

2024-002: Lack of Segregation of Duties

Criteria:

Effective internal control requires that key financial duties be adequately segregated so that no single individual has control over the authorization, recording, processing, and reconciliation of financial transactions. Proper segregation of duties reduces the risk that errors or irregularities could occur and not be detected in a timely manner.

Condition:

During our audit, we noted that due to limited staffing, certain incompatible duties are performed by the same individual. Specifically, one employee is responsible for multiple financial functions, including processing cash receipts and disbursements, recording transactions within the accounting system, and participating in the bank reconciliation process. Independent review and oversight controls over these activities are limited.

Effect:

The lack of segregation of duties increases the risk that errors, misstatements, or unauthorized transactions could occur and remain undetected. Concentration of financial responsibilities within a single individual reduces the effectiveness of internal controls over financial reporting and safeguarding of assets.

Cause:

The condition is primarily the result of limited personnel and resources available to adequately separate accounting and financial reporting responsibilities.

Recommendation:

We recommend the City strengthen internal controls by segregating incompatible duties where practical. When staffing limitations prevent full segregation, compensating controls should be implemented, such as independent review and approval of transactions, periodic review of bank reconciliations by management or the governing body, and documented oversight of financial activity.

Finding 2024-003

2024-003: Inadequate Fund Accounting – Single Trial Balance Used for Multiple Funds

Criteria:

Governmental accounting standards require that financial transactions be recorded and reported by individual fund to demonstrate legal compliance and accountability for restricted resources. Each fund should maintain separate accounting records, including a trial balance, to ensure accurate financial reporting and proper classification of revenues, expenditures, assets, liabilities, and fund balances in accordance with generally accepted accounting principles (GAAP) for governmental entities.

Condition:

During our audit, we noted that the City maintains a single trial balance within its accounting system for all five funds rather than maintaining separate trial balances by individual fund. As a result, fund activity is not segregated within the accounting records, and financial information must be manually allocated and adjusted during financial statement preparation to present fund-level reporting.

Effect:

Maintaining one combined trial balance increases the risk of misclassification of revenues and expenditures among funds, inaccurate fund balances, and errors in financial reporting. This condition also reduces management's ability to monitor fund activity and compliance with legal and budgetary requirements and increases reliance on audit adjustments to produce accurate financial statements.

Cause:

The condition resulted from limitations in the City's accounting procedures and the absence of controls requiring transactions to be recorded and maintained separately by fund within the accounting system.

Recommendation:

We recommend the City modify its accounting procedures to maintain separate trial balances by fund within the accounting software. Transactions should be recorded using fund-level classifications to ensure accurate reporting, improve monitoring of fund activity, and reduce the risk of financial statement misstatements.

Finding 2024-004

2024-004 : Financial Statement Preparation

Criteria:

A system of internal control over financial reporting should include controls to ensure the accurate preparation of financial statements, including footnote disclosures, in accordance with generally accepted accounting principles (GAAP). While an auditor may assist in financial statement preparation, the ultimate responsibility for ensuring accuracy and compliance lies with management.

Condition:

During the audit, we identified that the City does not have the necessary expertise to prevent, detect, and correct misstatements in financial statements. Specifically, the City lacks the capability to draft financial statements and required footnote disclosures in accordance with GAAP without external assistance.

Effect:

The absence of internal expertise in financial statement preparation increases the risk of errors, misstatements, and non-compliance with GAAP. Without adequate internal controls, financial reporting may be inaccurate or incomplete, potentially impacting decision-making and regulatory compliance.

Cause:

The deficiency arises from a lack of personnel with the necessary skill, knowledge, and experience to prepare financial statements and disclosures independently. While management possesses the ability to review auditor-assisted financial statements, they do not have the technical expertise to prepare them in compliance with GAAP.

Recommendation:

We recommend hiring a contract or staff CPA who is qualified to prepare the financial statements of the City. We recommend that this person review year end records for accuracy before audit and also proof or prepare the financial statements. We are aware that you are a small City and this may not be feasible at this time with your current budgetary constraints. We also understand that even with a CPA on staff it may continue to be more efficient for the City to continue using its auditors to prepare these financial statements in future years.

PRIOR YEAR FINDINGS

Finding 2023-001 – Violation of Vacation and Sick Leave Payout Policy (Repeat Finding – See Finding 2024-001)

The City's Personnel Policy that was updated April 2022 establishes requirements governing employee vacation and sick leave balances and payouts, including the number of vacation and sick time allowed depending on length of service. Per the policy, employees are allowed to receive up to 240 hours of vacation depending on length of service. An employee may sell back accrued vacation hours "provided the resulting accrual hour balance is not reduced to below forty hours." For sick leave, the policy reads that employees may "buy back sick time with approval provided the resulting accrual hour balance is not reduced below eighty hours."

It was noted that three of four employees did not utilize any vacation time during the current fiscal year and one employee did not utilize any sick time during the current year.

Additionally, employees are required to have their buyout of vacation and sick time approved by their supervisor. The City Clerk is required to have the Mayor approve vacation and sick time payouts. It was noted that approval on file for the City Clerk's payouts was properly approved by the Mayor.

This condition was also noted during the current year audit and is reported as **Finding 2024-001**.

Finding 2020-1 – Segregation of Duties (Repeated as Finding 2024-002)

The City does not have the resources to expand its processes to lack of funds as well as current workflow. As a result, the City has implemented controls over the processing of accounting transactions to ensure more effective internal control structure.

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

This condition was also noted during the current year audit and is reported as **Finding 2024-002**.

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cntrhill@embarqmail.com

Date: 03/13/2026

To Mayor and City Council
City of Center Hill

This letter is in response to the following:

Finding 2024-001 – Violation of Vacation & Sick Payout Policy: The City has done this for a long period of time because there was not enough staff to cover the day-to-day operations of the City and also because prior Supervisor's felt that because the time was accrued a year in advance it was the employee's time and did not enforce making them take any time off. However, we have changed the policy for both sick and vacation pay to allow the employee to buy back a maximum of 120 hours vacation and requiring the employee to take at least 40 vacation and no sick time buy backs unless the employee leaves the City. We have also implemented a form to account for the leave of both vacation and sick time prior to the time being used.

Finding 2024-002 – Segregation of Duties: The City does not have the resources to expand its staff due to lack of funds as well as current workflow, however the City has implemented a process to have two people sign off on the processing of accounting transactions to ensure more effective internal control structure also we will be going to a new software that has different levels of authority that would require approvals on different levels.

Finding 2024-003 – Inadequate Fund Accounting – Single Trial Balance Used for Multiple Funds: The City has always used QuickBooks as their accounting software and it does not allow for multiple funds, However the City will be implementing a new accounting software in April of 2026 that will allow for fund accounting classification.

Finding 2024-004 – Financial Statement Preparation: The City does not have the resources to expand its staff due to lack of funds as well as current workflow, so this is

not feasible at this time. However, the city is currently looking at hiring a part time licensed CPA firm to help prepare these reports in the 2026/2027 audit year.

Sincerely

A handwritten signature in blue ink that reads "Diane Lamb". The signature is written in a cursive style with a large initial "D".

Diane Lamb, City Clerk
City of Center Hill