

CITY OF CHATTAHOOCHEE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**CITY OF CHATTAHOOCHEE, FLORIDA
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SEPTEMBER 30, 2024**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council,
City of Chattahoochee, Florida:

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chattahoochee, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified opinions on the General Fund and aggregate remaining fund information; and (2) qualified opinions on the governmental activities, business-type activities, and Utility Fund.

Unmodified Opinions on the General Fund and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General Fund and aggregate remaining fund information for the City, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, except for the effects of the matters described in the Basis for Qualified and Unmodified Opinions section, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and Utility Fund of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matters Giving Rise to Qualified Opinions on the Governmental Activities, Business-type Activities, and Utility Fund

As discussed in Note (13) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Utility Fund.

In addition, as discussed in Note (7) to the financial statements, the City has not implemented the provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, for its Municipal Firefighters' Pension Trust Fund. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

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

Management has omitted the Firefighters' Pension and other postemployment benefit information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements is not affected by this missing information.

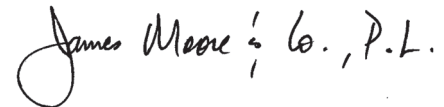
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida
July 7, 2025

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

As management of the City of Chattahoochee, Florida, we offer readers of this narrative overview and analysis of the financial activities of the City of Chattahoochee, Florida for the fiscal year ended September 30, 2024.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of Chattahoochee, Florida'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 of Chattahoochee, Florida is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 12 –13 of this report.

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 of Chattahoochee, Florida, 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 of Chattahoochee, Florida can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Chattahoochee, Florida maintains one individual governmental fund. 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 which is considered to be a major fund.

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

The basic governmental fund financial statements can be found on pages 14 – 17 of this report.

Proprietary funds. The City of Chattahoochee, Florida maintains a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Chattahoochee, Florida uses an enterprise fund to account for its water, sewer, gas and electric operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water, sewer, electric, and gas operations, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 18 – 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Chattahoochee, Florida's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 – 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 – 42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Chattahoochee, Florida's budgetary and pension information. Required supplementary information can be found on pages 44 –47 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chattahoochee, Florida, assets and deferred outflows exceeded liabilities and deferred inflows by \$10,965,231 at the close of the most recent fiscal year.

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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

City of Chattahoochee, Florida's Net Position

	2024		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,831,898	\$ 4,100,369	\$ 5,932,267
Capital assets	6,858,247	7,683,807	14,542,054
Total assets	<u>8,690,145</u>	<u>11,784,176</u>	<u>20,474,321</u>
Deferred outflows	<u>552,987</u>	<u>163,383</u>	<u>716,370</u>
Long-term liabilities outstanding	329,763	3,853,018	4,182,781
Net pension liability	2,166,330	640,052	2,806,382
Other liabilities	1,933,438	915,822	2,849,260
Total liabilities	<u>4,429,531</u>	<u>5,408,892</u>	<u>9,838,423</u>
Deferred inflows	<u>315,552</u>	<u>71,485</u>	<u>387,037</u>
Net position:			
Net investment in capital assets	6,642,411	3,889,500	10,531,911
Restricted	10,941	-	10,941
Unrestricted	(2,155,303)	2,577,682	422,379
Total net position	<u>\$ 4,498,049</u>	<u>\$ 6,467,182</u>	<u>\$ 10,965,231</u>
	2023		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,266,257	\$ 4,627,143	\$ 5,893,400
Capital assets	3,840,850	6,736,430	10,577,280
Total assets	<u>5,107,107</u>	<u>11,363,573</u>	<u>16,470,680</u>
Deferred outflows	<u>479,962</u>	<u>148,352</u>	<u>628,314</u>
Long-term liabilities outstanding	379,236	3,911,091	4,290,327
Net pension liability	2,185,401	675,488	2,860,889
Other liabilities	830,267	1,064,009	1,894,276
Total liabilities	<u>3,394,904</u>	<u>5,650,588</u>	<u>9,045,492</u>
Deferred inflows	<u>209,063</u>	<u>36,814</u>	<u>245,877</u>
Net position:			
Net investment in capital assets	3,542,809	5,862,889	9,405,698
Restricted	13,901	-	13,901
Unrestricted	(1,573,608)	(38,366)	(1,611,974)
Total net position	<u>\$ 1,983,102</u>	<u>\$ 5,824,523</u>	<u>\$ 7,807,625</u>

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

An additional portion of the City of Chattahoochee, Florida's net position (0.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is an *unrestricted net position* of \$422,379. At the end of the current fiscal year, the City of Chattahoochee, Florida is able to report a positive balance in net position for its governmental and business-type activities.

Governmental activities Governmental activities increased the City of Chattahoochee, Florida's net position by \$2,514,947.

Key element of this increase are as follows:

- The City had a significant increase in capital grants and contributions that was a key element of the increase in net position.

City of Chattahoochee, Florida's Changes in Net Position

	2024		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 490,866	\$ 4,452,659	\$ 4,943,525
Operating grants and contributions	70,055	-	70,055
Capital grants and contributions	3,236,373	1,186,036	4,422,409
General revenues:			
Property taxes	126,648	-	126,648
Sales and use taxes	109,647	-	109,647
Infrastructure surtax	204,201	-	204,201
Communications service tax	52,270	-	52,270
Utility tax	159,931	-	159,931
Other taxes	6,584	-	6,584
Intergovernmental and other	251,034	159,424	410,458
Transfers	1,550,000	(1,550,000)	-
Total revenues	<u>6,257,609</u>	<u>4,248,119</u>	<u>10,505,728</u>
Expenses:			
General government	658,281	-	658,281
Public Safety	1,509,545	-	1,509,545
Physical environment	76,003	-	76,003
Transportation	1,195,673	-	1,195,673
Culture and recreation	303,160	-	303,160
Electric, gas, water & sewer	-	3,605,460	3,605,460
Total expenses	<u>3,742,662</u>	<u>3,605,460</u>	<u>7,348,122</u>
Change in net position	2,514,947	642,659	3,157,606
Net position, beginning of year	1,983,102	5,824,523	7,807,625
Net position, end of year	<u>\$ 4,498,049</u>	<u>\$ 6,467,182</u>	<u>\$ 10,965,231</u>

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

City of Chattahoochee, Florida's Changes in Net Position (Continued)

	2023		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 640,116	\$ 4,308,389	\$ 4,948,505
Operating grants and contributions	555,915	-	555,915
Capital grants and contributions	-	755,115	755,115
General revenues:			-
Property taxes	104,397	-	104,397
Sales and use taxes	353,419	-	353,419
Infrastructure surtax	206,440	-	206,440
Communications service tax	50,769	-	50,769
Utility tax	179,868	-	179,868
Other taxes	6,964	-	6,964
Intergovernmental and other	298,660	258,834	557,494
Transfers	1,175,000	(1,175,000)	-
Total revenues	<u>3,571,548</u>	<u>4,147,338</u>	<u>7,718,886</u>
Expenses:			
General government	1,015,935	-	1,015,935
Public safety	1,229,379	-	1,229,379
Physical environment	72,323	-	72,323
Transportation	1,091,354	-	1,091,354
Culture and recreation	317,961	-	317,961
Electric, gas, water & sewer	-	3,598,689	3,598,689
Total expenses	<u>3,726,952</u>	<u>3,598,689</u>	<u>7,325,641</u>
Change in net position	(634,356)	548,649	(85,707)
Net position , beginning of year	2,617,458	5,275,874	7,893,332
Net position , end of year	<u>\$ 1,983,102</u>	<u>\$ 5,824,523</u>	<u>\$ 7,807,625</u>

Business-type activities Business-type activities increased the City of Chattahoochee, Florida's net position by \$642,659.

Key element of this increase are as follows:

- The City had a significant increase in capital grants and contributions that was a key element of the increase in net position.

Financial Analysis of the Government's Funds

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

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

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

As of the end of the current fiscal year, the City of Chattahoochee, Florida’s governmental fund reported ending fund deficit of (\$175,142), a decrease of \$520,770 in comparison with the prior year. The \$520,770 loss can be contributed to higher-than-expected expenditures in Capital Outlay and Public Safety with not enough . Of this total amount, \$(208,760) constitutes *unassigned fund deficit*, which results in no funds available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Chattahoochee, Florida. At the end of the current fiscal year, unassigned and total fund deficit of the general fund was (\$208,760) and (\$175,142), respectively. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 3 percent of total general fund expenditures.

Proprietary fund – The City of Chattahoochee, Florida’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility fund at the end of the year amounted to \$2,577,682. The total increase in net position for the fund was \$642,659. Other factors concerning the finances of this Utility fund have already been addressed in the discussion of the City of Chattahoochee, Florida’s business-type activities.

General Fund Budgetary Highlights

The City had no amendments to the budget during the 2024 fiscal year. Variances in the budget and actual resulted mainly from not budgeting for potential grant expenses and revenues.

Capital Asset and Debt Administration

Capital assets – The City of Chattahoochee, Florida’s investment in capital assets and right-of-use lease asset for its governmental and business type activities as of September 30, 2024, amounts to \$14,542,054 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads.

Additional information on the City of Chattahoochee, Florida’s capital assets can be found in Note (9) on pages 33 – 34 of this report.

Long-term debt – At the end of the current fiscal year, the City of Chattahoochee, Florida had debt outstanding of \$3,981,836.

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

City of Chattahoochee, Florida's Long-term Outstanding Debt

	2024		
	Governmental activities	Business-type activities	Total
Revenue bond	\$ -	\$ 766,000	\$ 766,000
Note payable	215,836	3,000,000	3,215,836
Leases	-	28,307	28,307
Total	\$ 215,836	\$ 3,794,307	\$ 4,010,143
	2023		
	Governmental activities	Business-type activities	Total
Revenue bond	\$ -	\$ 790,000	\$ 790,000
Note payable	296,066	3,000,000	3,296,066
Leases	1,975	55,235	57,210
Total	\$ 298,041	\$ 3,845,235	\$ 4,143,276

Additional information on the City of Chattahoochee, Florida's long-term debt can be found in Note (10) on pages 34 - 35 of this report.

Economic Factors and Next Year's Budgets and Rates

During fiscal year 2020-2021, the economic effects of the COVID-19 Pandemic began to lessen as the World began to reopen for business and travel. In response to the economic effects of the pandemic, Congress passed the American Rescue Plan (ARPA) which was signed into law on March 11, 2021, by the President. The law is designed to reach the most vulnerable communities and businesses and strived to limit the economic damage of the pandemic. State and local governments were allocated a portion of the \$1.9 trillion to be used for financial relief and recovery. Of these funds, the City of Chattahoochee was allocated approximately \$1.6 over fiscal years 2021 and 2022. The City will use these funds a revenue replacement as a result of COVID, with a majority to be used for infrastructure purposes.

As of September 30, 2024, the City still had \$917,460 in ARPA funds that will be spent in future periods.

Management continues to take a conservative approach to budgeting in order to strive to build and maintain the status quo of the City of Chattahoochee's reserves and finances.

Requests for Information

This financial report is designed to provide a general overview of the City of Chattahoochee, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Clerk, P.O. Box 188, Chattahoochee, Florida 32324.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 526,589	\$ 549,574	\$ 1,076,163
Receivables, net	355	870,713	871,068
Investments	-	1,765,251	1,765,251
Due from other governments	1,176,915	812,146	1,989,061
Internal balances	11,871	(11,871)	-
Inventory	-	34,851	34,851
Prepays and other assets	22,677	9,230	31,907
Restricted assets:			
Cash and cash equivalents	10,941	-	10,941
Certificates of deposit	-	70,475	70,475
Lease receivable:			
Due within one year	15,736	-	15,736
Due in more than one year	66,814	-	66,814
Capital assets, not being depreciated	4,031,822	1,157,466	5,189,288
Capital assets, being depreciated, net	2,826,425	6,526,341	9,352,766
Total assets	<u>\$ 8,690,145</u>	<u>\$ 11,784,176</u>	<u>\$ 20,474,321</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 552,987</u>	<u>\$ 163,383</u>	<u>\$ 716,370</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 1,203,053	\$ 349,993	\$ 1,553,046
Accrued interest payable	-	18,464	18,464
Customer deposits	-	360,290	360,290
Unearned revenue	730,385	187,075	917,460
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	84,042	25,000	109,042
Lease liability	-	28,307	28,307
Compensated absences	22,785	11,742	34,527
Due in more than one year:			
Bonds and notes payable	131,794	3,741,000	3,872,794
Compensated absences	91,142	46,969	138,111
Net pension liability	2,166,330	640,052	2,806,382
Total liabilities	<u>\$ 4,429,531</u>	<u>\$ 5,408,892</u>	<u>\$ 9,838,423</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 241,950	\$ 71,485	\$ 313,435
Deferred inflows related to leases	73,602	-	73,602
Total deferred inflows	<u>\$ 315,552</u>	<u>\$ 71,485</u>	<u>\$ 387,037</u>
NET POSITION			
Net investment in capital assets	\$ 5,596,396	\$ 3,757,694	\$ 9,354,090
Restricted			
Gadsden County Senior Citizens Council	10,941	-	10,941
Debt service	-	70,475	70,475
Unrestricted	(1,109,288)	2,639,013	1,529,725
Total net position	<u>\$ 4,498,049</u>	<u>\$ 6,467,182</u>	<u>\$ 10,965,231</u>

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

**CITY OF CHATTAHOOCHEE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2024**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 252,731
Investments	273,858
Receivables, net	355
Lease receivable	82,550
Due from other governments	1,176,915
Due from other funds	11,871
Prepays and other assets	22,677
Restricted assets:	
Cash and cash equivalents	10,941
Total Assets	<u><u>\$ 1,831,898</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 1,203,053
Unearned revenue	730,385
Total liabilities	<u><u>1,933,438</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	73,602
Total deferred inflows	<u><u>73,602</u></u>
FUND BALANCE (DEFICIT)	
Nonspendable:	
Prepays	22,677
Restricted:	
Gadsden County Senior Citizens Council	10,941
Unassigned	(208,760)
Total fund balance (deficit)	<u><u>(175,142)</u></u>
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)	<u><u>\$ 1,831,898</u></u>

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

**CITY OF CHATTAHOOCHEE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Fund balance (deficit) - total governmental funds \$ (175,142)

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets not being depreciated	4,031,822	
Capital assets being depreciated	6,012,586	
Accumulated depreciation	<u>(3,186,161)</u>	6,858,247

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Deferred outflows	552,987	
Net pension liability	(2,166,330)	
Deferred inflows	<u>(241,950)</u>	(1,855,293)

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

Bonds and notes payable	(215,836)	
Compensated absences	<u>(113,927)</u>	(329,763)

Net position of governmental activities \$ 4,498,049

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund
Revenues	
Taxes, licenses and permits	\$ 553,983
Intergovernmental	3,588,393
Charges for services	401,086
Investment income	17,361
Miscellaneous	146,786
Total revenues	4,707,609
Expenditures	
Current:	
General government	616,536
Public safety	1,399,363
Physical environment	74,694
Transportation	1,071,815
Culture and recreation	236,900
Capital outlay	3,283,620
Debt service:	
Principal	82,205
Interest	13,246
Total expenditures	6,778,379
Deficiency of revenues over (under) expenditures	(2,070,770)
Other financing sources (uses)	
Transfer in	1,550,000
Change in fund balance	(520,770)
Fund balance, beginning of year	345,628
Fund balance (deficit), end of year	\$ (175,142)

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

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

Net change in fund balance - governmental fund \$ (520,770)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Loss on disposal of assets	(1,500)	
Amortization expense	(2,284)	
Depreciation expense	(262,843)	
Capital outlay	3,283,620	3,016,993

Net pension liability expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (30,749)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt		82,205
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences and other		(32,732)
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Change in net position of governmental activities \$ 2,514,947

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2024

	<u>Enterprise Utility Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 549,574
Investments	1,765,251
Receivables, net of allowance for uncollectible accounts	870,713
Due from other governments	812,146
Prepaid items	9,230
Inventory	34,851
Restricted assets:	
Certificates of deposit	70,475
Total current assets	<u>4,112,240</u>
Noncurrent assets:	
Capital assets, not being depreciated	1,157,466
Capital assets, net of accumulated depreciation	6,526,341
Total noncurrent assets	<u>7,683,807</u>
Total assets	<u><u>\$ 11,796,047</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u><u>\$ 163,383</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 349,993
Customer deposits	360,290
Due to other funds	11,871
Unearned revenue	187,075
Accrued interest payable	18,464
Current portion of revenue bonds and notes payable	25,000
Current portion of lease liability	28,307
Compensated absences, current portion	11,742
Total current liabilities	<u>992,742</u>
Noncurrent liabilities:	
Net pension liability	640,052
Revenue bonds and notes payable, long-term portion	3,741,000
Compensated absences, long term	46,969
Total noncurrent liabilities	<u>4,428,021</u>
Total liabilities	<u><u>\$ 5,420,763</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u><u>\$ 71,485</u></u>
NET POSITION	
Net investment in capital assets	\$ 3,757,694
Restricted:	
Debt service	70,475
Unrestricted	2,639,013
Total net position	<u><u>\$ 6,467,182</u></u>

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

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

	Enterprise Utility Fund
Operating revenues	
Charges for services	\$ 4,369,163
Penalties	83,496
Miscellaneous	40,134
Total operating revenues	4,492,793
Operating expenses	
Personnel services	838,370
Operating expenses	2,312,451
Depreciation and amortization	302,564
Total operating expenses	3,453,385
Operating income	1,039,408
Nonoperating revenues (expenses)	
Interest income	119,290
Interest expense	(152,075)
Total nonoperating revenues (expenses)	(32,785)
Income (loss) before capital contributions and transfers	1,006,623
Capital grants	1,186,036
Transfers out	(1,550,000)
Change in net position	642,659
Total net position, beginning of year	5,824,523
Total net position, end of year	\$ 6,467,182

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

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

	Enterprise Utility Fund
Cash flows from operating activities	
Cash received from customers and others	\$ 3,605,000
Cash paid to suppliers	(2,270,020)
Cash paid to employees	(861,311)
Net cash provided by (used in) operating activities	473,669
Cash flows from noncapital financing activities	
Transfers to other funds	(1,550,000)
Interfund loans	6,233
Net cash provided by (used in) noncapital financing activities	(1,543,767)
Cash flows from investing activities	
Sales of investments and certificates of deposits	383,044
Interest received	119,290
Net cash provided by (used in) investing activities	502,334
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(851,436)
Capital grants	787,531
Principal payments of long-term debt	(24,000)
Principal payments of leases	(26,928)
Interest paid	(150,509)
Net cash provided by (used in) capital and related financing activities	(265,342)
Net change in cash and cash equivalents	(833,106)
Cash and cash equivalents, beginning of year	1,382,680
Cash and cash equivalents, end of year	\$ 549,574
Reconciliation of operating income to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 1,039,408
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	302,564
Changes in asset and liabilities:	
Accounts receivable	(99,700)
Due from other government	(618,432)
Prepays	22,523
Accounts payable and accrued expenses	10,503
Customer deposits	9,405
Unearned revenue	(169,661)
Compensated absences	(7,145)
Net pension liability	(15,796)
Total adjustments	(565,739)
Net cash provided by (used in) operating activities	\$ 473,669

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

**CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024**

	Firefighters' Pension Plan Trust Fund
Assets	
Cash and cash equivalents	\$ 119,152
Certificates of deposit	374,920
Due from state	20,916
Total assets	514,988
Liabilities	
Accounts payable and accrued expenses	-
Total liabilities	-
Net Position	
Restricted for pensions	\$ 514,988

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Firefighters' Pension Plan Trust Fund</u>
Additions	
Contributions	
Employer	\$ 14,202
Plan members	1,659
State of Florida and City	24,564
Total contributions	<u>40,425</u>
Investment earnings	
Interest	18,041
Total additions	<u><u>58,466</u></u>
Deductions	
Benefit payments	36,166
Total deductions	<u>36,166</u>
Change in net position	<u>22,300</u>
Net position restricted for pensions, beginning of year	492,688
Net position restricted for pensions, end of year	<u><u>\$ 514,988</u></u>

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

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

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Chattahoochee, Florida (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—City of Chattahoochee, Florida is a municipal corporation operating under the council-manager form of government and provides the following services: public safety, transportation, sanitation, culture and recreation, and general administration services. Other public utility services include electric, gas, water, and sewer.

Chattahoochee Main Street, Inc. (Organization) is operated by a separate nonprofit corporation. The Organization was approved in 2014 as a participant in the Florida Main Street Program. No City officials serve on the board and the organization is not fiscally dependent on the City. Furthermore, while the Organization is a tax-exempt organization and the economic resources are almost entirely for the benefit of the City constituents, the City does not have the ability to otherwise access or control the resources received by the Organization. As such, the Organization is not considered a component unit of the City.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

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

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

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The accounts of the City are organized on the basis of funds, each of which is considered 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 balance, revenues, and expenditures. Government 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.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental fund:

General Fund—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

The City reports the following major proprietary fund:

Utility Fund—The Utility fund accounts for the activities of the government’s electric distribution operations, gas distribution operations, water collection operations, and sanitation operations.

Additionally, the City reports the following fiduciary fund:

Firefighters’ Pension Plan Trust Fund—The Firefighters’ Pension Plan Trust Fund accounts for the assets, contributions, and benefit payments to plan members.

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

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

As a general rule, the effect of the City's interfund activity has been eliminated from the government-wide financial statements, though interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, interest revenue, and other miscellaneous revenues.

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

(d) **Budgets and budgetary accounting**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is adopted by fund and department. The legal level of budgetary control is at the fund level with exception of the General Fund at the department level, since the City Manager may transfer funds between line items within a department. The City cannot legally exceed the budget; however, at any time during the year, the Board of Commissioners may, by Resolution, transfer part or all of any unencumbered appropriation balance between departments or funds. The Board of Commissioners may also amend the adopted budget to provide supplemental appropriations or to revise budgeted estimates.

(e) **Deposits and investments**—The City's cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents and are reported at fair value.

(f) **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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported 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 trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at September 30, to recognize the sales revenues earned between the last meter reading and bill dates in mid-September through the end of the fiscal year.

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

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

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

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

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

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

(h) **Inventories and prepaid items**—The cost of inventory is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost using first-in/first-out (FIFO).

Certain payments to vendors reflect costs applicable to future accounting periods and are recognized on the consumption method and recorded as prepaid items in both government-wide and fund financial statements.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

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

Assets	Years
Buildings	39
Public domain infrastructure	30 – 50
System infrastructure	7 – 50
Vehicles and other equipment	3 – 10
Office equipment	5
Computer equipment	5

Right-to-use lease equipment and subscription assets are amortized over the life of the associated contract.

(j) **Compensated absences**—It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested or accumulated vacation leave is recorded as an expense and liability of the appropriate fund as the benefits accrue to employees. No liability is recorded for the non-vesting accumulating right to receive sick pay benefits; however, a liability is recognized for that portion estimated to be paid at separation.

The enterprise funds report 100% of compensated absence liability in both the government-wide and the proprietary fund statements, because it is accrued when incurred. The General Fund reports 100% of the amount due in the government-wide statements because it is accrued when incurred, but only the amount the City estimates to be due and payable as of the balance sheet date is recorded as a liability in the governmental fund statements. The remaining amount is presented as assigned fund balance.

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

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only items in this category consisted of deferred amounts related to pensions, as discussed further in Note (12).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are deferred inflows relates to leases, as discussed further in Note (11) and deferred inflows of resources related to pensions, as discussed further in Note (12).

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

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

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes based on actions taken by the Board of Commissioners through ordinance.

Assigned – amounts the City intends to use for a specific purpose. Intent can be expressed by Board of Commissioners or by an official or body which the Board of Commissioners delegates authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Disbursements of fund balances will first be made from restricted amounts when both restricted and unrestricted fund balance is available. Additionally, the City will first use committed fund balance, following by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used.

(n) **Net position**—The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components – net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets consists of capital assets including leased assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any external bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted consists of amounts that have constraints placed on them either externally by third parties (e.g., creditors, grantors, and contributors) or by law through constitutional provisions or enabling legislation.

Unrestricted consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City’s policy to consider restricted net position to have been used before unrestricted net position is applied.

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

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

(o) **Property taxes**—Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Lien Date:	January 1
Levy Date:	October 1
Discount periods	November – February
No discount period	March
Delinquency Date:	April 1

(p) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

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

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

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

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

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

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

(3) Deposits and Investments:

Deposits: The City maintains cash and investment accounts for various other purposes or to segregate cash balances for amounts which are restricted or held on behalf of others. At September 30, 2024, all City cash deposits were held in qualified public depositories pursuant to Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act* (the Act), and, accordingly, are entirely insured by Federal Depository Insurance Corporation (FDIC) insurance or collateralized pursuant to the Act. The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125%, may be required if deemed necessary. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney. Under the Act, the City is authorized to deposit funds only in qualified public depositories.

Investments: The City invests temporarily idle resources in the Florida Prime Investment Pool (Florida PRIME) and certificates of deposit. The City held no assets or investments carried at fair value at September 30, 2024.

Florida PRIME is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME is similar to money market funds in which units are owned in the fund rather than the underlying investments. This investment is reported at amortized cost and meet the requirements of GASB Codification Section I50, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours. As of September 30, 2024, Florida PRIME had a weighted average maturity of 39 days and a credit quality rating of AAAM by Standards and Poor's. The City's carrying value of the investment in Florida PRIME as of September 30, 2024, was \$1,703,186.

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

(3) **Deposits and Investments:** (Continued)

As of September 30, 2024, the City held \$781,318 in certificates of deposit with original maturities of 10 to 12 months. Because the original terms exceed 90 days, these instruments are classified as investments carried at amortized cost, which approximates fair value because management does not expect their values to be materially affected by changes in market rates or credit quality. All principal and accrued interest are fully insured by the Federal Deposit Insurance Corporation (FDIC); therefore, no custodial-credit risk exposure existed at year-end.

The investment policy is designed to address the following risk factors:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. In accordance with investment policy, the government manages its exposure to declines in fair values by structuring the investment portfolio to meet ongoing debt service requirements.

Credit Risk: Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to fulfill its obligations. The City’s portfolio is held entirely with public depositories. The City invests only in certificate of deposits and local government investment pools with the highest credit quality ratings.

Concentration of Credit Risk: Concentration risk refers to the risk of loss resulting from over-exposure to a specific security or asset class. The City’s investment policy addresses concentration risk by requiring maximum allocations to specific investment sectors and issuers.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the City’s name, and are held by the party that either sells to or buys for the City. No investments held at year end were subject to custodial credit risk. All U.S. Government & Agency Bonds were held in the City’s name, therefore, these investments were not subject to custodial credit risk. Florida PRIME does not participate in securities lending, but the City owns shares of the Florida PRIME and not the underlying investments.

(4) **Receivables:**

The City’s receivable consisted of the following at September 30, 2024:

	Gross and Net Receivable	Due From Other Governments
Governmental Activities:		
General Fund	\$ 355	\$ 1,176,915
Total – Governmental Activities	355	1,176,915
Business-Type Activities:		
Utility Fund	870,713	812,146
Total – Business-Type Activities	870,713	812,146
Total Primary Government	\$ 871,068	\$ 1,989,061

There was no allowance for doubtful accounts at September 30, 2024:

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

(5) Interfund Loans, Advances, Fees and Transfers:

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables at September 30, 2024, are comprised of the following:

	Due From Other Funds	Due to Other Funds
Governmental Activities:		
General Fund	\$ 11,871	\$ -
Total Governmental Activities	11,871	-
Business-type Activities:		
Utility Fund	-	11,871
Total Business-type Activities	-	11,871
Total – All Funds	\$ 11,871	\$ 11,871

Transfers are used to move revenues from the Utility Fund to the General Fund for the operating activities of the primary government. For the year ended September 30, 2024, individual fund transfers to and from other funds were comprised of the following:

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ 1,550,000	\$ -
Total Governmental Activities	1,550,000	-
Business-type Activities:		
Utility Fund	-	1,550,000
Total Business-type Activities	-	1,550,000
Total – All Funds	\$ 1,550,000	\$ 1,550,000

(6) Unearned Revenue – American Rescue Plan Act (ARPA):

The City has been allocated approximately \$1,600,000 through the ARPA federal stimulus bill to aid in public health and economic recovery from COVID-19. At the end of the fiscal year, the City has unearned revenue of \$917,460 related to ARPA funds received and not yet expended.

(7) Municipal Firefighter’s Pension Trust Fund (MFPTF):

The Municipal Firefighters’ Retirement Trust Fund is a single-employer defined benefit pension plan that provides pensions for qualified firefighters pursuant to Florida Statute, Chapter 175. The City adopted a “chapter plan” that provides benefits based on years of service. The benefits are provided through a state contribution from collections of a Fire Insurance Premium Tax. The City is required to participate only when the State contributions are insufficient to fund the plan.

The City has not implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statements No. 67 and 68 establishes standards for the measurement, recognition, and display of pension expense/expenditures and related liabilities, note disclosures, and required supplementary information.

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

(8) Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

(9) Capital Assets:

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

Governmental activities:	Balance 9/30/2023	Increases	Decreases	Balance 9/30/2024
Capital assets not being depreciated:				
Land	\$ 632,537	\$ -	\$ -	\$ 632,537
Construction in progress	167,660	3,231,625	-	3,399,285
Total assets not being depreciated	<u>800,197</u>	<u>3,231,625</u>	<u>-</u>	<u>4,031,822</u>
Capital assets being depreciated and amortized:				
Buildings and improvements	1,896,865	-	-	1,896,865
Equipment, furniture, fixtures, and vehicles	1,424,963	51,995	(65,364)	1,411,594
Infrastructure	2,704,127	-	-	2,704,127
Right-to-use leased vehicles	13,164	-	(13,164)	-
Total assets being depreciated and amortized	<u>6,039,119</u>	<u>51,995</u>	<u>(78,528)</u>	<u>6,012,586</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements, equipment, furniture, fixtures, vehicles, and infrastructure	(2,987,182)	(262,843)	63,864	(3,186,161)
Right-to-use leased vehicles	(11,284)	-	11,284	-
Less: accumulated depreciation and amortization	<u>(2,987,182)</u>	<u>(262,843)</u>	<u>63,864</u>	<u>(3,186,161)</u>
Total capital assets being depreciated and amortized, net	<u>3,051,937</u>	<u>(210,848)</u>	<u>(14,664)</u>	<u>2,826,425</u>
Governmental activities capital assets, net	<u>\$ 3,852,134</u>	<u>\$ 3,020,777</u>	<u>\$ (14,664)</u>	<u>\$ 6,858,247</u>
Business-type activities:	Balance 9/30/2023	Increases	Decreases	Balance 9/30/2024
Capital assets not being depreciated:				
Land	\$ 47,377	\$ -	\$ -	\$ 47,377
Construction in progress	601,198	1,186,036	(677,145)	1,110,089
Total assets not being depreciated	<u>648,575</u>	<u>1,186,036</u>	<u>(677,145)</u>	<u>1,157,466</u>
Capital assets being depreciated and amortized:				
Buildings, utility systems, and improvements	12,131,543	677,145	-	12,808,688
Machinery and equipment	940,832	63,905	-	1,004,737
Right-to-use leased equipment	80,518	-	-	80,518
Total assets being depreciated and amortized	<u>13,152,893</u>	<u>741,050</u>	<u>-</u>	<u>13,893,943</u>
Less accumulated depreciation and amortization for:				
Buildings, utility systems, and improvements, machinery and equipment	(7,012,810)	(276,450)	-	(7,289,260)
Right-to-use leased equipment	(52,228)	(26,114)	-	(78,342)
Less: accumulated depreciation and amortization	<u>(7,065,038)</u>	<u>(302,564)</u>	<u>-</u>	<u>(7,367,602)</u>
Total capital assets being depreciated and amortized, net	<u>6,087,855</u>	<u>438,486</u>	<u>-</u>	<u>6,526,341</u>
Business-type activities capital assets, net	<u>\$ 6,736,430</u>	<u>\$ 1,624,522</u>	<u>\$ (677,145)</u>	<u>\$ 7,683,807</u>

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

(9) **Capital Assets:** (Continued)

Depreciation and amortization expense were charged to functions/programs as follows:

Governmental activities:	
General government	\$ 3,110
Street	105,723
Public safety	96,938
Culture/recreation	57,072
Total	\$ 262,843
Business-type activities:	
Water	\$ 66,884
Sewer	133,147
Gas	18,193
Electric	84,340
Total	\$ 302,564

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Note payable	\$ 296,066	\$ -	\$ (80,230)	\$ 215,836	\$ 84,042
Leases	1,975	-	(1,975)	-	-
Compensated absences	81,195	32,732	-	113,927	22,785
Governmental activity long-term liabilities	\$ 379,236	\$ 32,732	\$ (82,205)	\$ 329,763	\$ 106,827
Business-type activities:					
Revenue bonds	\$ 790,000	\$ -	\$ (24,000)	\$ 766,000	\$ 25,000
Revenue note	3,000,000	-	-	3,000,000	-
Total bonds and notes payable	3,790,000	-	(24,000)	3,766,000	25,000
Leases	55,235	-	(26,928)	28,307	28,307
Compensated absences	65,856	-	(7,145)	58,711	11,742
Business-type activity long- term liabilities	\$ 3,911,091	\$ -	\$ (58,073)	\$ 3,853,018	\$ 65,049

Notes payable in the City's governmental activities at September 30, 2024, were comprised of the following obligations:

\$1,200,000 note, payable to a financial institution in annual installments of \$93,455, through September 1, 2025, plus interest at 4.65%, collateralized by net revenues. Remainder of balance due on final payment during September 2026.	\$ 215,836
Less current portion	84,042
Note payable, less current portion	\$ 131,794

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

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

Debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 84,042	\$ 9,413	\$ 93,455
2026	131,794	5,420	137,214
	<u>\$ 215,836</u>	<u>\$ 14,833</u>	<u>\$ 230,669</u>

Bonds and notes payable in the City’s business-type activities at September 30, 2024, were comprised of the following obligations:

\$1,077,000 2005 Revenue Bond, payable in annual installments through September 1, 2044, plus interest at 4.25%, collateralized by net revenues of the sewer system.	\$ 766,000
\$3,000,000 Taxable Revenue Note, Series 2018, payable in annual installments through November 18, 2025, plus interest at 3.95%, collateralized by net revenues of the sewer system.	<u>3,000,000</u>
Bonds and notes payable at September 30, 2024	3,766,000
Less current portion	<u>25,000</u>
Bonds and notes payable, less current portion	<u>\$ 3,741,000</u>

Annual debt service requirements to maturity for the City’s business-type activities bonds, and notes payable, are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 25,000	\$ 151,445	\$ 176,445
2026	3,026,000	61,216	3,087,216
2027	27,000	30,388	57,388
2029	28,000	29,240	57,240
2029	30,000	28,050	58,050
2030-2034	168,000	120,149	288,149
2035-2039	207,000	81,303	288,303
2040-2044	255,000	33,364	288,364
	<u>\$ 3,766,000</u>	<u>\$ 535,155</u>	<u>\$ 4,301,155</u>

(11) **Leases:**

A. Lessee:

The City is a lessee in three lease agreements. A right-to-use asset was added to the City’s capital assets for each of the assets which are included as right-to-use leased vehicles in governmental activities and right-to-use leased equipment in business-type activities.

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

(11) **Leases:** (Continued)

In January 2019, the City entered into a lease agreement as lessee for a passenger van. The general fund is responsible for all payments on the lease, which are due in monthly installments of \$499, including imputed interest of 5.00%. The right-to-use asset, which has a 5-year useful life, and associated lease liability are included in governmental activities. During the year ended September 30, 2024, the lease ended and the right-to-use leased vehicle disposed of and the lease liability balance due became \$0.

In October 2021, the City entered into a lease agreement as lessee for a sewer cleaner. The Utility fund is responsible for all payments on the lease, which are due in annual installments of \$29,755, including imputed interest of 5.00%. The right-to-use asset, which has a 3-year useful life, and associated lease liability are included in business-type activities. As of September 30, 2024, the right-to-use leased equipment was recorded with a cost of \$80,518 and accumulated amortization of \$78,342, resulting in a net book value of \$2,176. The present value of the future minimum lease payments is \$28,307 at September 30, 2024.

Future minimum lease payments for the City’s business-type activities are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 28,307</u>	<u>\$ 1,448</u>	<u>\$ 29,755</u>
	<u>\$ 28,307</u>	<u>\$ 1,448</u>	<u>\$ 29,755</u>

B. Lessor:

The City is a lessor in a lease agreement involving a cell tower within the General Fund ending in 2029 with an imputed interest rate of 5.00%. As of and for the year ended September 30, 2024, the City recognized the following amounts of inflows of resources, including lease revenue and interest revenue.

	<u>General Fund</u>
Lease revenue:	
Land	\$ 16,356
Interest revenue	<u>4,461</u>
Total lease-related revenues	<u>\$ 20,817</u>
Lease receivable	\$ 82,550
Deferred inflows – leases	\$ 73,602

The future minimum lease payments receivable under lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 15,736	\$ 3,770	\$ 19,506
2026	17,140	2,951	20,091
2027	18,633	2,061	20,694
2028	20,222	1,093	21,315
2029	10,819	158	10,977
	<u>\$ 82,550</u>	<u>\$ 10,033</u>	<u>\$ 92,583</u>

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

(12) FRS Pension Plan:

Plan Description and Administration

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

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

(12) **FRS Pension Plan:** (Continued)

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

Financial Statements

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

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

Contributions

The entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2024, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2024	After June 30, 2024
Regular Class	13.57%	13.63%
Senior Management (SMSC)	34.52%	34.52%
Special Risk	32.67%	32.79%
DROP – Applicable to members above	21.13%	21.13%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2024, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 312,796
Entity Contributions – HIS	37,985
Employee Contributions – FRS	56,678

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

(12) **FRS Pension Plan:** (Continued)

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

At September 30, 2024, the City reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 2,136,887
HIS	669,495
Total	<u>\$ 2,806,382</u>

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 that date. The entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2024 and June 30, 2023, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2024</u>	<u>2023</u>
FRS	0.005523854%	0.005303706%
HIS	0.004463008%	0.004706973%

For the plan year ended June 30, 2024, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 345,002
HIS	23,441
Total	<u>\$ 368,443</u>

Deferred outflows/inflows related to pensions:

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

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 215,883	\$ -	\$ 6,464	\$ (1,286)
Changes of assumptions	292,880	-	11,848	(79,260)
Net difference between projected and actual investment earnings	-	(142,029)	-	(242)
Change in proportionate share	70,195	(33,781)	26,690	(56,837)
Contributions subsequent to measurement date	82,497	-	9,913	-
Total	<u>\$ 661,455</u>	<u>\$ (175,810)</u>	<u>\$ 54,915</u>	<u>\$ (137,625)</u>

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

(12) **FRS Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2025	\$ (29,634)	\$ (13,468)	\$ (43,102)
2026	355,717	(21,873)	333,844
2027	39,291	(24,648)	14,643
2028	14,433	(16,517)	(2,084)
2029	23,341	(12,246)	11,095
Thereafter	-	(3,871)	(3,871)
	\$ 403,148	\$ (92,623)	\$ 310,525

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018 through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2024, the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

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

(12) **FRS Pension Plan:** (Continued)

These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equities	45.0%	8.6%
Real estate	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
Total	100.0%	

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	\$ 3,758,709	\$ 2,136,887	\$ 778,267
HIS	3.93%	762,134	669,495	592,589

(13) **Other Postemployment Benefits:**

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits. The City contributes, along with its employees and retirees, to the Capital Health Plan (Plan) to provide certain healthcare benefits to active and retired employees and their dependents. The Plan is a single-employer plan administered by Capital Health Plan, Inc. and the City. The benefits, benefit levels, employee contributions and employer contributions are governed by the Plan.

Post-employment health care benefits are offered to retired employees and their dependents. All employees are eligible to receive benefits upon their retirement. All health care benefits are provided through the City’s Capital Health Plan employee health care plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; dental care; and prescriptions. Upon retirees reaching 65 years of age, Medicare becomes the primary insurer and the City’s plan will not pay benefits already paid by Medicare.

The City does not contribute any portion of the premiums for current retired employees. All premiums are paid entirely by the plan participant. The use of age-adjusted premiums results in an implicit rate subsidy funded by the City since the healthcare premiums for retirees and active employees are identical.

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

(13) **Other Postemployment Benefits:** (Continued)

The State of Florida's Division of Retirement contributes each month \$5 for each year of service, up to \$150 per month. The City's Capital Health Plan contract establishes the individual premium to be paid by the retired employees. The state of Florida prohibits the City from separately rating retired employees and active employees. As a result, the City's premium charges to retired employees can be no more than the premium cost applicable to active employees.

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

(14) **Commitments and Contingencies:**

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2024, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

(15) **Deficit Fund Balance:**

At September 30, 2024, the General Fund had a deficit fund balance of \$175,142. The General Fund's fund balance is at a deficit due to transfers in not being enough to support the fund as a whole, thereby leading to a fund deficit.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget -</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes, licenses and permits	\$ 605,521	\$ 605,521	\$ 553,983	\$ (51,538)
Intergovernmental	4,606,522	4,606,522	3,588,393	(1,018,129)
Charges for service	347,000	347,000	401,086	54,086
Investment income	5,000	5,000	17,361	12,361
Miscellaneous	177,100	177,100	146,786	(30,314)
Total revenues	<u>5,741,143</u>	<u>5,741,143</u>	<u>4,707,609</u>	<u>(1,033,534)</u>
Expenditures				
Current:				
General government	824,025	824,025	616,536	207,489
Public safety	1,392,086	1,392,086	1,399,363	(7,277)
Physical enviroment	98,869	98,869	74,694	24,175
Transportation	1,132,842	1,132,842	1,071,815	61,027
Culture and recreation	4,039,175	4,039,175	236,900	3,802,275
Capital outlay	-	-	3,283,620	(3,283,620)
Debt Service:				
Principal	57,000	57,000	82,205	(25,205)
Interest	36,350	36,350	13,246	23,104
Total expenditures	<u>7,580,347</u>	<u>7,580,347</u>	<u>6,778,379</u>	<u>801,968</u>
Deficiency of revenues over (under) expenditures	<u>(1,839,204)</u>	<u>(1,839,204)</u>	<u>(2,070,770)</u>	<u>(231,566)</u>
Other financing sources (uses)				
Transfer in	1,839,403	1,839,403	1,550,000	(289,403)
Net change in fund balance	<u>199</u>	<u>199</u>	<u>(520,770)</u>	<u>(520,969)</u>
Fund balance, beginning of year	345,628	345,628	345,628	-
Fund balance, end of year	<u>\$ 345,827</u>	<u>\$ 345,827</u>	<u>\$ (175,142)</u>	<u>\$ (520,969)</u>

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

**CITY OF CHATTAHOOCHEE, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

A. Budgetary Information:

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

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

1. Prior to October 1, the City Council prepares 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 October 1, the budget is legally enacted through passage of an ordinance.
4. Revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF JUNE 30

As of the Plan Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)										
Proportion of the net pension liability (asset)	0.005523854%	0.005303706%	0.005304407%	0.005289340%	0.005579271%	0.005749879%	0.004841453%	0.004680612%	0.005270693%	0.005159671%
Proportionate share of the net pension liability (asset)	\$ 2,136,887	\$ 2,113,359	\$ 1,973,666	\$ 399,550	\$ 2,418,138	\$ 1,980,178	\$ 1,458,271	\$ 1,384,494	\$ 1,330,854	\$ 666,441
Covered payroll	1,889,257	1,865,259	1,638,951	1,648,150	1,604,208	1,680,361	1,472,484	1,504,951	1,556,193	1,484,731
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	113.11%	113.30%	120.42%	24.24%	150.74%	117.84%	99.03%	92.00%	85.52%	44.89%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability (asset)	0.004463008%	0.004706973%	0.004496330%	0.004654517%	0.004621207%	0.005023316%	0.004507308%	0.004476736%	0.004781422%	0.004655236%
Proportionate share of the net pension liability (asset)	\$ 669,495	\$ 747,530	\$ 476,233	\$ 570,946	\$ 564,242	\$ 562,059	\$ 477,059	\$ 478,673	\$ 557,255	\$ 474,761
Covered payroll	1,889,257	1,865,259	1,638,951	1,648,150	1,604,208	1,680,361	1,472,484	1,504,951	1,556,193	1,484,731
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	31.81%	35.81%	31.98%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

**CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

As of the Year Ended September 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>Florida Retirement System (FRS)</u>										
Contractually required contribution	\$ 315,537	\$ 272,103	\$ 226,349	\$ 208,196	\$ 185,374	\$ 178,288	\$ 137,978	\$ 128,984	\$ 132,978	\$ 130,227
Contributions in relation to the contractually required contribution	(315,537)	(272,103)	(226,349)	(208,196)	(185,374)	(178,288)	(137,978)	(128,984)	(132,978)	(130,227)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,897,733	\$ 1,889,023	\$ 1,638,951	\$ 1,648,150	\$ 1,604,208	\$ 1,680,361	\$ 1,472,484	\$ 1,504,951	\$ 1,556,193	\$ 1,484,731
Contributions as a percentage of covered payroll	16.63%	14.40%	13.81%	12.63%	11.56%	10.61%	9.37%	8.57%	8.55%	8.77%
<u>Health Insurance Subsidy Program (HIS)</u>										
Contractually required contribution	\$ 37,955	\$ 33,014	\$ 27,207	\$ 27,683	\$ 26,630	\$ 27,894	\$ 24,443	\$ 24,982	\$ 25,833	\$ 18,708
Contributions in relation to the contractually required contribution	(37,955)	(33,014)	(27,207)	(27,683)	(26,630)	(27,894)	(24,443)	(24,982)	(25,833)	(18,708)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,897,733	\$ 1,889,023	\$ 1,638,951	\$ 1,648,150	\$ 1,604,208	\$ 1,680,361	\$ 1,472,484	\$ 1,504,951	\$ 1,556,193	\$ 1,484,731
Contributions as a percentage of covered payroll	2.00%	1.75%	1.66%	1.68%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

SUPPLEMENTARY INFORMATION

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

<u>Federal Grantor/Pass-Through Entity/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Contract Identification Number</u>	<u>Expenditures</u>
FEDERAL AGENCY			
U.S. Department of Treasury			
Passed through Florida Executive Office of the Governor:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5049	\$ 174,098
Total U.S. Department of Treasury			<u>174,098</u>
U.S. Department of Homeland Security			
Passed through Florida Department of Emergency Management:			
Hazard Mitigation Grant Program	97.039	DEM-21-HM-4399-20-00-H0612	770,858
Total U.S. Department of Homeland Security			<u>770,858</u>
U.S. Department of Housing and Urban Development			
Passed through Florida Department of Commerce:			
Community Development Block Grants/State's Program	14.228	22CV-S01	2,912,878
Community Development Block Grants/State's Program	14.228	M0040	120,485
Total Community Development Block Grants/State's Program			<u>3,033,363</u>
Total U.S. Department of Housing and Urban Development			<u>3,033,363</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,978,319</u></u>

The accompanying notes to schedule of expenditures of federal awards is an integral part of this schedule.

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

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant awards activity of City of Chattahoochee, Florida (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

(4) **Subrecipients:**

During the year ended September 30, 2024, the City provided no grant awards to subrecipients

(5) **Contingency:**

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

**CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTION COSTS
SEPTEMBER 30, 2024**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes none reported

Identification of major Federal programs:

Assistance Listing Number	Program Name
97.039	Hazard Mitigation Grant Program
14.228	Community Development Block Grants/State's Program

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

Auditee qualified as low-risk auditee? yes no

CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTION COSTS
SEPTEMBER 30, 2024

B. Financial Statement Findings:

2024-001 – Significant Adjustments (Repeat Comment)

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

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

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

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

Recommendation: We recommend that management implement policies and procedures that would prevent material adjustments being proposed to the financial statements by auditors.

C. Federal Programs Findings and Questioned Costs:

No findings or questioned costs were noted.

D. Summary Schedule of Prior Audit Findings:

See Summary Schedule of Prior Audit Findings, as listed in the table of contents.

E. Corrective Action Plan:

See Management’s Response to Findings, as listed in the table of contents.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor and members of City Council,
City of Chattahoochee, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

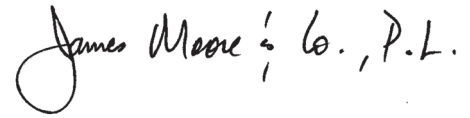
Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida
July 7, 2025

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

To the Honorable Mayor and Members of City Council,
City of Chattahoochee, Florida:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of 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, and have issued our report thereon dated July 7, 2025.

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

In addition, City has not implemented the provisions of Statement No. 67 *Financial Reporting for Pension Plans* and Statement No. 68 *Accounting and Financial Reporting for Pensions*, for its Municipal Firefighters' Pension Trust Fund. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities.

Report on Internal Control over Financial Reporting

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

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

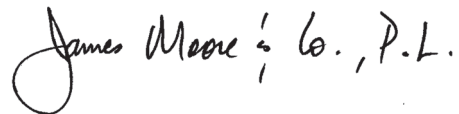
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Chattahoochee, Florida's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida
July 7, 2025

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

To the Honorable Mayor and Members of City Council,
City of Chattahoochee, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Chattahoochee, Florida (City), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated July 7, 2025.

As discussed in Note (13) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Utility Fund.

In addition, as discussed in Note (7) to the financial statements, the City has not implemented the provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, for its Municipal Firefighters' Pension Trust Fund. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated July 7, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2022-23 FY Finding #	2021-22 FY Finding #
Utility Billing	N/A	2023-001	N/A
Approval of Cash Disbursements	N/A	2023-002	N/A
Approval of Journal Entries	N/A	2023-003	N/A
Material Adjustments	2024-001	2023-004	N/A
Budgetary Compliance	N/A	2023-005	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government of the reporting entity is disclosed in Note (1)(a) of the basic financial statements. There are no component units of City of Chattahoochee, Florida to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. As noted below at item 2024-002, the result of our procedures indicated a deteriorating financial condition.

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

2024-002 – General Fund Deficit and Deteriorating Financial Condition – During our audit of the City's financial statements for the year ended September 30, 2024, we observed that the General Fund closed with a fund deficit of \$175,142, which, in turn, produced the same negative balance in total governmental fund balance. We performed certain financial condition assessment procedures pursuant to Section 10.556(8), Rules of the Auditor General. The results of these procedures indicated a deteriorating financial condition in the General Fund. Unrestricted net position is considered a key financial indicator in the determination of overall financial condition.

Our assessment procedures disclosed that the City is in a state of deteriorating financial condition as defined by Rule 10.556(8), Rules of the Auditor General. Specifically, the City's General Fund reported a net decrease in fund balance of \$520,770 during the fiscal year. Although this deficit was primarily the result of planned capital outlays and insufficient transfers in from the Utility Fund, the overall financial condition assessment remains unfavorable. Of the 24 applicable indicators evaluated, 13 (54%) were rated as unfavorable, including three of the four designated critical indicators.

We recommend that the City Council direct management to formally adopt and monitor a deficit-reduction plan that (1) amends the current-year budget to appropriate available one-time resources, (2) identifies sustainable revenue enhancements or expenditure reductions sufficient to offset the deficit, and (3) provides for regular reporting to the Council until a positive fund balance is restored. This course of action will help correct the deteriorating financial condition noted above and strengthen overall financial stewardship.

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Additional Matters

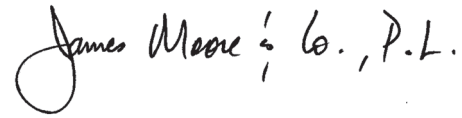
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention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

City of Chattahoochee, Florida's Response to Findings

The City's responses to the findings identified in our audit are outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, circular initial "J" at the beginning.

Tallahassee, Florida
July 7, 2025

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

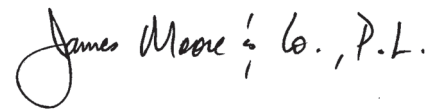
To the Honorable Mayor and Members of City Council,
City of Chattahoochee, Florida:

We have examined the City of Chattahoochee, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance during the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with those requirements, in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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



Tallahassee, Florida
July 7, 2025

**CITY OF CHATTAHOOCHEE, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Finding 2023-001 – Utility Billing: Corrective action taken.

Finding 2023-002 – Approval of Cash Disbursements: Corrective action taken.

Finding 2023-003 – Approval of Journal Entries: Corrective action taken.

Finding 2023-004 – Significant Adjustments: Corrective action not taken. See repeat comment 2024-001.

Finding 2023-005 – Budgetary Compliance: Corrective action taken.



CITY of CHATTAHOOCHEE

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UTILITY & PUBLIC WORKS
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Fax: (850) 663-4233


PUBLIC SAFETY
Telephone: (850) 663-4383
Fax: (850) 663-8510

PARKS & RECREATION
Telephone: (850) 663-2123
Fax: (850) 663-3800

CORRECTIVE ACTION PLAN

FINDING 2024-001: The City of Chattahoochee recognizes that material adjustments had to be made by James Moore & Co. We are working to rectify the situation by making proper adjustments, namely for grants.

FINDING 2024-002: The City of Chattahoochee recognizes that the General Fund closed with a fund deficit and ultimately the same negative fund balance in total Governmental Funds. The City is working on a deficit-reduction plan for the General Fund to rectify the situation.


Robert Presnell, City Manager