

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

**CITY OF GRETNA, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
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INDEPENDENT AUDITOR’S REPORT

To the City Council
City of Gretna, Florida:

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gretna, Florida (the “City”), as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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

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

Unmodified Opinion of the General Fund

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

Basis for Qualified and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted the schedule of changes in the City's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 1, 2026

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

As management of the City of Gretna, Florida (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024.

FINANCIAL HIGHLIGHTS

The assets of the City, as reported in the government-wide financial statements, exceeded the liabilities as of September 30, 2024, by \$6,354,717 (net position). This amount represents a decrease of \$504,932 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the 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 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 include general government, public safety, transportation, physical environment, and culture and recreation. The business-type activities of the City include water, sewer, and solid waste operations.

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

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

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information present 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.

The City maintains one individual governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

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

Proprietary Funds

The City maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its water, sewer, and solid waste 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 separate information for the water and sewer fund and solid waste fund operations, which are considered to be major funds.

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

Notes to the Basic 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 basic financial statements can be found on pages 21-39 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's budgetary information and pension liability. Required information can be found on pages 40-44 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$7,598,012 at the close of the most recent fiscal year.

A large portion of the City's net position (117%) 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 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET POSITION

	2024		
	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 359,632	\$ 642,466	\$ 1,002,098
Capital Assets, Net	5,364,412	4,343,646	9,708,058
Total Assets	<u>5,724,044</u>	<u>4,986,112</u>	<u>10,710,156</u>
Deferred Outflows	<u>225,072</u>	<u>96,447</u>	<u>321,519</u>
Current Liabilities	321,809	1,238,431	1,560,240
Long-term Liabilities	47,886	739,452	787,338
Net Pension Liability	892,336	382,380	1,274,716
Total Liabilities	<u>1,262,031</u>	<u>2,360,263</u>	<u>3,622,294</u>
Deferred Inflows	<u>(132,047)</u>	<u>(56,584)</u>	<u>(188,631)</u>
Net Position			
Net Investment in Capital Assets	5,332,044	3,561,883	8,893,927
Restricted for Debt Service	8,342	145,799	154,141
Unrestricted	<u>(521,254)</u>	<u>(928,802)</u>	<u>(1,450,056)</u>
Total Net Position	<u>\$ 4,819,132</u>	<u>\$ 2,778,880</u>	<u>\$ 7,598,012</u>

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

STATEMENT OF NET POSITION

	2023		
	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 329,233	\$ 677,667	\$ 1,006,900
Capital Assets, Net	5,113,908	4,013,484	9,127,392
Total Assets	<u>5,443,141</u>	<u>4,691,151</u>	<u>10,134,292</u>
Deferred Outflows	<u>175,310</u>	<u>75,123</u>	<u>250,433</u>
Current Liabilities	912,359	1,340,083	2,252,442
Long-term Liabilities	66,301	603,724	670,025
Net Pension Liabilities	883,840	378,736	1,262,576
Total Liabilities	<u>1,862,500</u>	<u>2,322,543</u>	<u>4,185,043</u>
Deferred Inflows	<u>(108,529)</u>	<u>(46,506)</u>	<u>(155,035)</u>
Net Position			
Net Investment in Capital Assets	5,039,512	3,371,724	8,411,236
Restricted for Debt Service	9,676	198,053	207,729
Unrestricted	<u>(1,184,708)</u>	<u>(1,079,540)</u>	<u>(2,264,248)</u>
Total Net Position	<u>\$ 3,864,480</u>	<u>\$ 2,490,237</u>	<u>\$ 6,354,717</u>

An additional portion of the City's net position, \$154,141, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental activities increased the City's net position by \$534,6529 in the most recent fiscal year before transfers.

A key element of this change was the recognition of previously deferred ARPA revenue in the current fiscal year.

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

STATEMENT OF CHANGES IN NET POSITION

	2024		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	\$ -	\$ 1,197,798	\$ 1,197,798
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	1,127,298	584,288	1,711,586
General Revenues:			
Taxes, Licenses and Permits	307,606	48,503	356,109
Intergovernmental	519,294	-	519,294
Miscellaneous and Other	264,422	132,198	396,620
Total Revenues	<u>2,218,620</u>	<u>1,962,787</u>	<u>4,181,407</u>
Expenses:			
General Government	840,084	-	840,084
Transportation	117,880	-	117,880
Public Safety	539,105	-	539,105
Physical Environment	9,076	-	9,076
Culture and Recreation	174,474	-	174,474
Interest on Long-term Debt	3,349	-	3,349
Business-type Activities	-	1,334,878	1,334,878
Total Expenses	<u>1,683,968</u>	<u>1,334,878</u>	<u>3,018,846</u>
Excess (Deficiency) of Revenues over (Under) expenditures	<u>534,652</u>	<u>627,909</u>	<u>1,162,561</u>
Other Financing Sources (Uses)			
Transfers In	420,000	-	420,000
Transfers Out	-	(420,000)	(420,000)
Insurance Proceeds	-	177,233	177,233
Loss on Disposal	-	(96,499)	(96,499)
Total Other Financing Sources (Uses)	<u>420,000</u>	<u>(339,266)</u>	<u>80,734</u>
Increase (Decrease) in Net Position	<u>954,652</u>	<u>288,643</u>	<u>1,243,295</u>
Net Position, Beginning of Year	<u>3,864,480</u>	<u>2,490,237</u>	<u>6,354,717</u>
Net Position, End of Year	<u>\$ 4,819,132</u>	<u>\$ 2,778,880</u>	<u>\$ 7,598,012</u>

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

STATEMENT OF CHANGES IN NET POSITION

	2023		Total
	Governmental Activities	Business-type Activities	
Revenues			
Program Revenues:			
Charges for Services	\$ -	\$ 911,748	\$ 911,748
Operating Grants and Contributions	46,000	-	46,000
Capital Grants and Contributions	15,730	238,823	254,553
General Revenues:			
Taxes, Licenses and Permits	263,775	49,461	313,236
Intergovernmental	578,517	-	578,517
Miscellaneous and Other	308,325	177,935	486,260
Total Revenues	<u>1,212,347</u>	<u>1,377,967</u>	<u>2,590,314</u>
Expenses:			
General Government	815,810	-	815,810
Transportation	161,272	-	161,272
Public Safety	512,033	-	512,033
Physical Environment	69,494	-	69,494
Culture and Recreation	134,346	-	134,346
Interest on Long-term Debt	4,460	-	4,460
Business-type Activities	-	1,397,831	1,397,831
Total Expenses	<u>1,697,415</u>	<u>1,397,831</u>	<u>3,095,246</u>
Excess (Deficiency) of Revenues over (Under) expenditures	<u>(485,068)</u>	<u>(19,864)</u>	<u>(504,932)</u>
Other Financing Sources (Uses)			
Transfers In	62,347	-	62,347
Transfers Out	-	(62,347)	(62,347)
Total Other Financing Sources (Uses)	<u>62,347</u>	<u>(62,347)</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>(422,721)</u>	<u>(82,211)</u>	<u>(504,932)</u>
Net Position, Beginning of Year	<u>4,287,201</u>	<u>2,572,448</u>	<u>6,859,649</u>
Net Position, End of Year	<u>\$ 3,864,480</u>	<u>\$ 2,490,237</u>	<u>\$ 6,354,717</u>

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

Business-type Activities

Business-type activities increased the City’s net position by \$627,909 in the most recent fiscal year.

The key element of this change was an increase in grant revenue for capitalized items.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City’s governmental fund reported an ending fund balance of \$52,899, an increase of \$593,997 in comparison with the prior year. The \$44,557 constitutes unassigned fund balance, which is available for spending at the government’s discretion and \$8,342 represents fund balance restricted for debt service. The general fund is the chief operating fund of the City.

Proprietary Funds

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

Unrestricted net position of the utility funds at the end of the year amounted to (\$9,28,802). The total decrease in net position for the fund was \$288,643. Other factors concerning the finances of the fund have already been addressed in the discussion of the City’s business-type activities.

GENERAL BUDGETARY HIGHLIGHTS

The City did not amend its budget during the current year. The City underspent the annual budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$8,893,927 (net of accumulated depreciation and debt). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and roads. The City’s investment in capital assets increased \$482,691 in the current year.

Additional information on the City’s capital assets can be found in Note 5, on pages 30-31 of this report.

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

Long-term Debt

At the end of the current fiscal year, the City had long-term debt related to bonds, notes, and lease payables outstanding of \$827,284.

	Schedule of Long-term Debt		
	Governmental	Business-type	
	Activities	Activities	Total
Revenue Bonds Payable	\$ -	\$ 478,582	\$478,582
Notes Payable	-	55,548	55,548
Leases Payable	32,368	260,786	293,154
Total	\$ 32,368	\$ 794,916	\$827,284

Additional information on the City’s long-term debt can be found in Note 6 on pages 31-33 of this report.

NEXT YEAR’S BUDGETS AND ECONOMIC FACTORS

In the development and execution of the City of Gretna’s fiscal year 2023–2024 budget, the City Commission and management maintained a conservative fiscal approach, emphasizing prudent revenue projections and controlled expenditure growth. This cautious strategy was intended to preserve financial stability while continuing to meet the operational and service needs of the community.

Looking ahead to the preparation of the fiscal year 2024–2025 budget, management anticipates moderate growth in revenues, primarily attributable to increases in ad valorem property tax collections and state revenue sharing, reflecting improving economic conditions at both the local and state levels. These expected revenue enhancements are projected to support continued municipal operations without compromising fiscal discipline.

The City also expects ongoing financial growth within its water and wastewater enterprise funds, driven by the implementation of a long-term financial sustainability plan adopted by the City Commission in fiscal year 2021. This plan established an automatic minimum annual rate increase of 2 percent across all customer classifications to ensure adequate funding for system maintenance, capital improvements, and debt service obligations.

Consistent with this plan and in response to rising operational costs, bond reserve requirements, and increasing personnel benefit expenses, the City Commission anticipates adopting rate adjustments for the upcoming fiscal year. Proposed changes include a 3 percent increase to water and wastewater rates and a 5 percent increase to garbage collection rates. Management believes these adjustments are necessary to maintain the financial integrity of the City’s enterprise operations while continuing to provide reliable services to residents.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Gretna, 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 Manager, 14615 Main Street, Gretna, FL 32351-2328 or via email at ajefferon@mygretna.com.

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

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 54,025	\$ 200	\$ 54,225
Equity in Pooled Cash	3,116	138,022	141,138
Receivables, Net	-	111,983	111,983
Due from Other Governments	266,638	273,973	540,611
Interfund Receivable/(Payable)	27,511	(27,511)	-
Restricted Cash	8,342	145,799	154,141
Capital Assets not Being Depreciated	1,444,207	264,383	1,708,590
Buildings, Net	471,299	-	471,299
Infrastructure, Net	2,350,808	2,853,114	5,203,922
Furniture and Equipment, Net	1,098,098	1,226,149	2,324,247
Total Assets	5,724,044	4,986,112	10,710,156
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	225,072	96,447	321,519
Liabilities			
Accounts Payable and Accrued Expenses	172,802	182,888	355,690
Unearned Revenues	133,931	903,233	1,037,164
Customer Deposits	-	66,549	66,549
Due Within One Year:			
Loans Payable	15,076	35,672	50,748
Bonds Payable	-	37,000	37,000
Leases Payable	-	13,089	13,089
Due In More Than One Year:			
Compensated Absences	30,594	30,297	60,891
Loans Payable	17,292	267,572	284,864
Bonds Payable	-	441,583	441,583
Net Pension Liability	892,336	382,380	1,274,716
Total Liabilities	1,262,031	2,360,263	3,622,294
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	(132,047)	(56,584)	(188,631)
Net Position			
Net Investment in Capital Assets	5,332,044	3,561,883	8,893,927
Restricted for Debt Service	8,342	145,799	154,141
Unrestricted	(521,254)	(928,802)	(1,450,056)
Total Net Position	\$ 4,819,132	\$ 2,778,880	\$ 7,598,012

See accompanying Notes to Financial Statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General Government	\$ 840,084	\$ -	\$ -	\$ 758,355	\$ (81,729)	\$ -	\$ (81,729)
Transportation	117,880	-	-	257,456	139,576	-	139,576
Public Safety	539,105	-	-	25,062	(514,043)	-	(514,043)
Physical Environment	9,076	-	-	-	(9,076)	-	(9,076)
Culture and Recreation	174,474	-	-	86,425	(88,049)	-	(88,049)
Interest Expense	3,349	-	-	-	(3,349)	-	(3,349)
Total Governmental Activities	1,683,968	-	-	1,127,298	(556,670)	-	(556,670)
Business- Type Activities							
Water and Wastewater	1,195,271	998,202	-	584,288	-	387,219	387,219
Solid Waste	139,607	199,596	-	-	-	59,989	59,989
Total Business Activities	1,334,878	1,197,798	-	584,288	-	447,208	447,208
Total Primary Government	\$ 3,018,846	\$ 1,197,798	\$ -	\$ 1,711,586	(556,670)	447,208	(109,462)
		General Revenues					
					163,209	-	163,209
					124,033	48,503	172,536
					20,364	-	20,364
					519,294	-	519,294
					264,422	132,198	396,620
					-	177,233	177,233
					-	(96,499)	(96,499)
					420,000	(420,000)	-
					1,511,322	(158,565)	1,352,757
					954,652	288,643	1,243,295
					3,864,480	2,490,237	6,354,717
					\$ 4,819,132	\$ 2,778,880	\$ 7,598,012

See accompanying Notes to Financial Statements

**CITY OF GRETNA, FLORIDA
BALANCE SHEET-GOVERNMENTAL
SEPTEMBER 30, 2024**

	General Fund
Assets	
Cash & Cash Equivalents	\$ 57,141
Restricted Cash	8,342
Interfund Receivable/(Payable)	27,511
Due from Other Governments	266,638
Total Assets	359,632
 Liabilities and Fund Balance	
Liabilities	
Accounts Payable and Accrued Expenses	172,802
Deferred Revenue	133,931
Total Liabilities	306,733
 Fund Balance	
Unassigned	44,557
Restricted	8,342
Total Fund Balance	52,899
 Total Liabilities and Fund Balance	 \$ 359,632

See accompanying Notes to Financial Statements

**CITY OF GRETNA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Total Fund Balances of Governmental Funds	\$ 52,899
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Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

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

Governmental capital assets	7,615,655
Less accumulated depreciation	(2,251,243)

Long Term Liabilities and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred outflows	225,072
Net pension liability	(892,336)
Deferred inflows	132,047

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

Compensated absences and other long-term accrued liabilities	(30,594)
Notes and lease payable	(32,368)

Total Net Position of Governmental Activities	\$ 4,819,132
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CITY OF GRETNA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund
Revenues	
Ad Valorem	\$ 163,209
Utility Taxes	123,821
Licenses and Permits	20,364
Intergovernmental	519,294
Grants	1,127,298
Fines and Forfeitures	212
Rent	15,820
Interest Income	125
Miscellaneous	248,477
Total Revenues	2,218,620
Expenditures	
Current:	
General Government	793,903
Transportation	117,880
Public Safety	506,815
Physical Environment	9,076
Culture and Recreation	160,496
Debt Service:	
Principal	42,028
Interest	3,349
Capital Outlay	411,076
Total Expenditures	2,044,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	173,997
Other Financing Sources (Uses)	
Transfers In	420,000
Total Other Financing Sources (Uses)	420,000
Net Change in Fund Balances	593,997
Fund (Deficit) Balance, Beginning of Year	(541,098)
Fund (Deficit) Balance, End of Year	\$ 52,899

See accompanying Notes to Financial Statements

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

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

Net Change in Fund Balances - Total Governmental Funds	\$	593,997
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:

Capital outlay	411,076	
Depreciation expense	<u>(160,572)</u>	250,504

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

Changes in:

Net pension liability	(8,496)	
Deferred outflows related to net pension liability	49,762	
Deferred inflows related to net pension liability	<u>23,518</u>	64,784

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. This amount is the net effect of the differences in the treatment of long-term debt in the current period:

Notes Payable - Equipment	42,028	
Accrued Annual Leave	<u>3,339</u>	<u>45,367</u>

Change in Net Position of Governmental Activities	\$	<u><u>954,652</u></u>
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CITY OF GRETNA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2024

	Business-Type Activities		
	Water and Sewer Fund	Solid Waste Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 200	\$ -	\$ 200
Equity in Pooled Cash	73,022	65,000	138,022
Receivables (Net)	92,557	19,426	111,983
Interfund Receivable/(Payable)	(27,430)	(81)	(27,511)
Due from Other Governments	273,973	-	273,973
Total Current Assets	412,322	84,345	496,667
Noncurrent Assets			
Restricted Assets			
Cash and Cash Equivalents	119,522	26,277	145,799
Capital Assets, Net	4,108,265	235,381	4,343,646
Total Noncurrent Assets	4,227,787	261,658	4,489,445
Total Assets	4,640,109	346,003	4,986,112
Deferred Outflows			
Deferred Outflows Related to Pensions	96,447	-	96,447
Liabilities			
Accounts Payable and Accrued Expenses	182,888	-	182,888
Customer Deposits	44,350	22,199	66,549
Deferred Grant Revenue	903,233	-	903,233
Due Within One Year:			
Loans Payable	3,394	32,278	35,672
Bonds Payable	37,000	-	37,000
Leases Payable	13,089	-	13,089
Due in More Than One Year:			
Compensated Absence	26,858	3,439	30,297
Loans Payable	64,405	203,167	267,572
Bonds Payable	441,583	-	441,583
Net Pension Liability	382,380	-	382,380
Total Liabilities	2,099,180	261,083	2,360,263
Deferred Inflows			
Deferred Inflows Related to Pensions	(56,584)	-	(56,584)
Net Position			
Net Investment in Capital Assets	3,561,883	-	3,561,883
Restricted for Debt Service	119,522	26,277	145,799
Unrestricted	(987,445)	58,643	(928,802)
Total Net Position	\$ 2,693,960	\$ 84,920	\$ 2,778,880

See accompanying Notes to Financial Statements

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

	Business-Type Activities		
	Water and Sewer	Solid Waste	Total
	Fund	Fund	
Operating Revenues			
Charges for Services	\$ 998,202	\$ 199,596	\$ 1,197,798
Tax Revenues	48,503	-	48,503
Miscellaneous Revenues	158,520	-	158,520
Total Operating Revenue	<u>1,205,225</u>	<u>199,596</u>	<u>1,404,821</u>
Operating Expenses			
Salaries and Benefits	464,423	87,768	552,191
Operating Expenses	93,248	20,737	113,985
Professional Services	79,792	26,251	106,043
Utilities	132,212	1,306	133,518
Repairs and Maintenance	73,716	3,321	77,037
Depreciation	351,880	224	352,104
Total Operating Expenses	<u>1,195,271</u>	<u>139,607</u>	<u>1,334,878</u>
Operating Income (Loss)	<u>9,954</u>	<u>59,989</u>	<u>69,943</u>
Nonoperating Revenues (Expenses)			
Grant Revenue	584,288	-	584,288
Insurance Proceeds	-	177,233	177,233
Gain/(Loss) on Disposal	-	(96,499)	(96,499)
Interest Income	377	130	507
Interest Expense	(25,506)	(1,323)	(26,829)
Total Nonoperating Revenues (Expenses)	<u>559,159</u>	<u>79,541</u>	<u>638,700</u>
Income (Loss) Before Transfers	569,113	139,530	708,643
Transfers			
Transfers Out	(281,633)	(138,367)	(420,000)
Total Transfers	<u>(281,633)</u>	<u>(138,367)</u>	<u>(420,000)</u>
Change in Net Position	287,480	1,163	288,643
Net Position, Beginning of Year	<u>2,406,480</u>	<u>83,757</u>	<u>2,490,237</u>
Net Position, End of Year	<u>\$ 2,693,960</u>	<u>\$ 84,920</u>	<u>\$ 2,778,880</u>

See accompanying Notes to Financial Statements

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

	Business-type Activities Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,202,200	\$ 205,899	\$ 1,408,100
Cash paid to employees	(464,423)	(87,768)	(552,191)
Cash paid to suppliers	(452,038)	(60,737)	(512,775)
Net Cash Provided by (Used in) Operating Activities	285,739	57,394	343,134
Cash Flows from Noncapital and Related Financing Activities			
Operating Transfers Out	(281,633)	(138,367)	(420,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	(281,633)	(138,367)	(420,000)
Cash Flows from Capital and Related Financing Activities			
Grants	584,288	-	584,288
Insurance Proceeds		177,233	
Interest income	377	130	507
Principal paid on long-term debt	(51,523)	(30,766)	(82,289)
Interest paid on long-term debt	(25,506)	(1,323)	(26,829)
Purchase of fixed assets	(543,319)	-	(543,319)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(35,683)	145,274	(67,642)
Net Increase (Decrease) in Pooled Cash and Cash Equivalents	(31,577)	64,301	(144,508)
Pooled Cash and Cash Equivalents, Beginning of Year	224,321	26,976	251,297
Pooled Cash and Cash Equivalents, End of Year	\$ 192,744	\$ 91,277	\$ 106,789
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ 9,954	\$ 59,989	\$ 69,943
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	351,880	224	352,104
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease)			
Accounts receivable, net	3,025	(6,303)	(3,278)
Due from other funds	(3,816)	9,535	5,719
Due from other governments	37,725	-	37,725
Accounts payable and accrued liabilities	(43,988)	(3,539)	(47,527)
Customer deposits	4,438	(1,382)	3,056
Deferred revenue	(72,875)	-	(72,875)
Compensated absences	(604)	(1,130)	(1,734)
Total adjustments	275,785	(2,595)	273,190
Net Cash Provided by (Used in) Operating Activities	\$ 285,739	\$ 57,394	\$ 343,133

See accompanying Notes to Financial Statements

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

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

Note 1 – Summary of Significant Accounting Policies

The City of Gretna, Florida (the “City”) in Gadsden County, Florida (the “County”) was incorporated in 1909. The City operates under a Commission/City Manager form of government and provides municipal services to its residents, including general government, public safety, transportation, public works, and recreation. The City also operates an industrial park, water and sewer, and solid waste enterprises.

The following summary of the City’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the primary government is not financially accountable to determine whether the relationship is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Component units would be included in the reporting entity either as blended or as discretely presented component units. All funds/departments are regarded as one legal entity; therefore, the financial position and results of operations of the funds/departments are reported as part of the primary government.

Based upon the application of the criteria, the financial statements include only the financial statements of the City of Gretna, Florida.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same, or substantially the same, as the City Commission or the component units provides services entirely to the City or the component unit debt is expected to be repaid entirely or almost entirely by the primary government. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes, franchise fees, communications taxes, 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. All other revenue items are measurable and available only when received by the City.

The City reports the following major governmental fund:

The **general fund** is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. Many of the more important activities of the City, including operation of the City's public works departments; street and highway maintenance; public safety, and recreation programs, are accounted for in this fund.

The City reports the following major proprietary funds:

The **water and sewer fund** is used to account for the provision of water and sewer services to the residents and commerce of the City.

The **solid waste fund** is used to account for the provision of solid waste collection, disposal, and recycling for all residential and commercial customers within the City.

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally, dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund, function, and department. The City's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

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

Assets, Liabilities and Net Position

Cash, Equity in Pooled Cash and Investments

Cash includes amounts in demand deposit as well as short-term investments with maturity dates, within three months from the dates acquired by the City.

The City pools substantially all cash. Each fund's equity share of the total pooled cash is included in the accompanying statement of net position under the caption "cash and equity in pooled cash."

Investments, consisting of U.S. Governmental and agency securities, bonds, equity securities and mutual funds, are stated as fair value. The City did not have any investments during fiscal year 2024.

Allowance for Doubtful Accounts

The City calculates its allowance for doubtful accounts using historical collection data, specific account analysis, and management's judgement. As of September 30, 2024, the allowance for doubtful accounts for the enterprise funds was \$25,341.

Inter-fund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Transactions, which constitute the transfer of resources from a fund receiving revenues to a funds through which the revenues are to be expended, are separately reported in the respective funds’ operating statements.

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds” or “advances 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.”

Non-current portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Capital Assets

Capital assets, which include land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. During 2024, there was no interest to capitalize.

Building, improvements, infrastructure, and equipment assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure systems	35
Utility plant, equipment, and improvements	40
Buildings and improvements	10-50
Improvements other than building	10-50
Equipment and other depreciable assets	5-20

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Sick leave credits are not payable upon employees' termination or retirement.

For government-wide statements and proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. There were no matured compensated absences as of September 30, 2024.

Net Position and Fund Balance

Net position is the result of assets and deferred outflows of resources, less liabilities, and deferred inflows of resources. Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted.

The first category represents net position related to property, plant, equipment, and infrastructure reduced by depreciation and outstanding debt used to construct or purchase capital assets, and deferred inflow/outflow of resources that are attributed to the acquisition of those assets.

The restricted category represents the balance of assets by requirements of revenue bonds and other externally imposed constraints or by enabling legislation in excess of the related liabilities payable from restricted assets. All remaining amounts are considered to be unrestricted.

In the fund financial statements, governmental fund balance is categorized as non-spendable, restricted, committed, assigned and unassigned. These categories are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in fund balances can be spent.

The City's fund balance classification policies and procedures are as follows:

Nonspendable funds are funds that cannot be spent because they are either not in spendable form (e.g., inventories and prepaids) or are legally or contractually required to be maintained intact.

Restricted funds are funds that have constraints placed on their use either externally by creditors, grantors, contributors, laws or regulations or other governments or by law through constitutional provisions or enabling legislation.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Committed funds are funds that have constraints placed on their use through the passage of a formal action by the City Commission, which is the City’s highest level of decision-making authority. The City Commission has the authority to set aside funds for specific purposes and requires the passage of a resolution or ordinance. Resolutions and ordinances are considered an equally binding form of the City’s highest level of formal action. The passage of a resolution or ordinance must take place prior to September 30th of the applicable fiscal year but the amount can be determined at a later date. A resolution or ordinance would also be required to modify or rescind the specific use or amount.

Assigned funds are funds that are constrained by the City’s intent to be used for specific purposes but neither restricted nor committed are classified as assigned fund balances. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the City’s Finance Director for the purpose of reporting these amounts in the annual financial statements.

Unassigned fund balance is the residual classification for the general funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then by unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The City will strive to maintain an economic uncertainty reserve of at least 3% of total General Fund operating expenditures (including other financing). The primary purpose of this reserve is to avoid the need for service level reductions in the event of an economic downturn causing revenue to come in lower than budget. This reserve may be increased from time to time in order to address specific anticipated revenue shortfalls.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless there are legal contracts that prohibit doing so, then unrestricted resources as they are needed. Similarly, when an expenditure is incurred for purposes which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and the unassigned amounts. This policy is in place to provide a measure of protection for the City against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy or procedure superseded the authority and provision of this policy.

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

Note 1 – Summary of Significant Accounting Policies (Concluded)

Property Taxes

Property values are assessed as of January 1 each year, at which time taxes become an enforceable lien on property. Tax bills are mailed in October and are payable upon receipt. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by the sale of interest-bearing tax certificated and the seizure of personal property to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

No accruals for the property tax levy becoming due in November 2023 are included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2023, and such taxes are collected to finance expenditures for the fiscal year ending September 20, 2024.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows for proprietary fund types, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

NOTE 2 – Cash, Equity in Pooled Cash, and Investments

As of September 30, 2024, the value of the City’s deposits and investments in non-pension activities, with their respective credit ratings, were as follows:

	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Maturity</u>
Pooled Cash	\$ 141,138	N/A	N/A
Savings Cash	54,225	N/A	N/A
Restricted Cash	154,141	N/A	N/A
Total Cash and Investments	<u>\$ 349,504</u>		

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

Note 2 – Cash, Equity in Pooled Cash, and Investments (Concluded)

As of September 30, 2024, the City had no investments. All deposits with financial institutions are fully insured or collateralized as required by the City Commission. The deposits are also covered by federal depository insurance and, for the amount more than such depository insurance, by the State of Florida’s Public Deposits Act (the “Act”). The provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

Restricted cash represents the following:

Fines and Forfeitures	\$	8,342
Debt Service		145,799
		\$ 154,141

Note 3 – Accounts Receivable and Due from Other Governments

Accounts receivable in the business-type activities were \$137,324 with an allowance of doubtful accounts of \$25,341 for a net accounts receivable of \$111,983. The accounts receivable represent approximately one month of billings for the enterprise funds.

The general fund had a due from other governments receivable of \$266,638. This receivable is comprised of grant receivables of \$244,674 and state tax receivables of \$21,965. The enterprise funds had a due from other governments receivable of \$273,973 which is all related to grants.

Note 4 – Interfund Receivables/Payables and Transfers

Interfund receivable and payable activity balances for the City as of and for the fiscal year ended September 30 are summarized as follows:

	Due To	Due From	Net
General Fund	\$ 51,466	\$ (23,955)	\$ 27,511
Water and Sewer Fund	845,683	(873,113)	(27,430)
Solid Waste Fund	4,361	(4,442)	(81)
Net Due To/From	\$ 901,510	\$ (901,510)	\$ -

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

Note 4 – Interfund Receivables/Payables and Transfers (Concluded)

Interfund transfer activity balances for the City as of and for the fiscal year ended September 30 are summarized as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net Transfers</u>
General Fund	\$ 420,000	\$ -	\$ 420,000
Water and Sewer Fund	-	(281,633)	(281,633)
Solid Waste Fund	-	(138,367)	(138,367)
Net Transfers	<u>\$ 420,000</u>	<u>\$ (420,000)</u>	<u>\$ -</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them or (2) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authority.

Note 5 – Capital Assets

	<u>Balance</u> <u>September 30,</u> <u>2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>September 30,</u> <u>2024</u>
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,444,207	\$ -	\$ -	\$ 1,444,207
Construction in Process	37,280	319,831	-	357,111
Total Capital Assets, Not Being Depreciated	<u>1,481,487</u>	<u>319,831</u>	<u>-</u>	<u>1,801,318</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,268,471	44,631	-	1,313,102
Infrastructure	2,544,621	-	-	2,544,621
Equipment and Other	1,910,000	46,614	-	1,956,614
Total Capital Assets, Being Depreciated	<u>5,723,092</u>	<u>91,245</u>	<u>-</u>	<u>5,814,337</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(811,525)	(30,278)	-	(841,803)
Infrastructure	(513,560)	(37,364)	-	(550,924)
Equipment and Other	(765,586)	(92,930)	-	(858,516)
Total Accumulated Depreciation	<u>(2,090,671)</u>	<u>(160,572)</u>	<u>-</u>	<u>(2,251,243)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,632,421</u>	<u>(69,327)</u>	<u>-</u>	<u>3,563,094</u>
Total Governmental Capital Assets, Net	<u><u>\$ 5,113,908</u></u>	<u><u>\$ 250,504</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,364,412</u></u>

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

Note 5 – Capital Assets (Concluded)

	Balance		Balance
	September 30,		September 30,
	2023	Increase	Decrease
			2024
<u>Business-Type Activities:</u>			
Capital Assets, Not Being Depreciated:			
Construction in Process	\$ 99,375	\$ 165,008	\$ -
Total Capital Assets, Not Being Depreciated	99,375	165,008	-
Capital Assets, Being Depreciated			
Infrastructure	8,871,009	25,562	-
Furniture, Fixtures and Equipment	2,250,493	588,194	(383,065)
Total Capital Assets, Being Depreciated	11,121,502	613,756	(383,065)
Less Accumulated Depreciation for:			
Infrastructure	(5,798,708)	(244,749)	-
Furniture, Fixtures and Equipment	(1,408,684)	(107,355)	286,566
Total Accumulated Depreciation	(7,207,392)	(352,104)	286,566
Total Capital Assets, Being Depreciated, Net	3,914,110	261,652	(96,499)
Total Business-Type Capital Assets, Net	\$ 3,914,110	\$ 261,652	\$ (96,499)

Depreciation was charged to governmental functions as follows:

General Government	\$105,448	Water and Sewer	\$ 351,880
Public Safety	39,784	Solid Waste	224
Culture and Recreation	15,340	Total	\$ 352,104
Total	\$160,572		

Note 6 – Long-term Debt

Governmental Activities Long-term Debt

Enterprise Lease

On January 1, 2021, the City entered into lease agreements for two 2021 GMC trucks. Both leases are 60-month leases with monthly payments of \$549. At the end of the lease terms the City has the option to buy each truck for the remaining balance of the financed amount.

Business-type Activities Long-term Debt

Water and Sewer Revenue Bonds, Series 1995

On May 30, 1995, the City of Gretna issued \$800,000 of serial bonds all of which were purchased by the U.S. Department of Agriculture, Farmers Home Administration (“FMHA”). In May 1996, FMHA increased the loan by \$276,000. Proceeds were issued for improvements to the Water and Sewer System.

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

Note 6 – Long-term Debt (Continued)

Pledge Revenues – Net revenues of the system are pledged as collateral and retained in a “Revenue Fund” which is to be separate and apart from all other funds, for the payment of the revenue bond’s principal and interest.

Sinking Fund – On or before the 15th day of each month, the City is to transfer from the Revenue Fund and deposit into the “Reserve Account” which is to be held in the Sinking Fund, a sum equal to 1/12 of 1/10 of the “Maximum Bond Service Requirement.” The City is following the Maximum Bond Service Requirement.

Water and Sewer Revenue Bonds, Series 1996

On December 10, 1992, the U.S. Department of Agriculture, Farmers Home Administration (“FMHA”), approved the City’s \$1,530,000 (loan of \$800,000 and grant funds of \$730,000) grant and loan application for improvements to its wastewater disposal system. In connection therewith, the City entered into a purchase agreement to acquire property to extend the effluent disposal line into the southern portion of Gadsden County and purchase land for percolation ponds, and other necessary items aggregating \$100,000. FMHA’s approval of the application contained several special conditions and was based upon the needs of the City together with sewer needs of a new prison that will be using the City’s utilities. On May 1996, the FMHA increased the loan by \$276,000 and the grant by \$184,000. As of September 30, 2003, the City has drawn down the entire \$800,000 from the loan and \$730,000 from the grant. As of September 30, 2024, there were no outstanding construction commitments related to the wastewater treatment system.

Enterprise Lease

On January 1, 2021, the City entered into two lease agreements for two 2021 GMC trucks. Both leases are 60-month leases with monthly payments of \$445. At the end of the lease terms the City has the option to buy each truck for the remaining balance of the financed amount.

On May 7, 2024, the City entered into an agreement for a 2024 garbage truck. The agreement is for financing over 72-months with annual payments of \$48,873 and an interest rate of 6.66%. Payments start on April 18, 2025 and end on April 18, 2030.

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

Note 6 – Long-term Debt (Concluded)

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

	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
Governmental Activities:					
GMC Truck-City Hall	\$ 23,722	\$ -	\$ (7,538)	\$ 16,184	\$ 7,538
GMC Truck-Police	23,722	-	(7,538)	16,184	7,538
Ford Truck-Police	13,476	-	(13,476)	-	-
Ford Truck-Police	13,476	-	(13,476)	-	-
Total Governmental Activities	74,396	-	(42,028)	32,368	15,076
Business-type Activities:					
Series 1995	376,830	-	(27,000)	349,830	28,000
Series 1996	137,752	-	(9,000)	128,752	9,000
GMC Truck	18,782	-	(6,111)	12,671	6,111
GMC Truck	18,781	-	(6,111)	12,670	6,111
DEP Loan	46,349	-	(3,301)	43,048	3,394
Garbage Truck	30,766	-	(30,766)	-	-
Garbage Truck	-	235,445	-	235,445	32,278
DEP Loan 2020	12,500	-	-	12,500	867
Total Business-type Activities	641,760	235,445	(82,289)	794,916	85,761
Total Long-term Debt	\$ 716,156	\$ 235,445	\$ (124,317)	\$ 827,284	\$ 100,837

The annual requirements to pay principal on the outstanding obligations at September 30, 2024, are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 15,076	\$ 1,258	\$ 85,761	\$ 40,616
2026	17,292	-	92,263	35,103
2027	-	-	82,946	30,501
2028	-	-	87,962	25,640
2029	-	-	93,206	20,462
2030-2034	-	-	333,886	43,692
2035-2038	-	-	18,892	634
	\$ 32,368	\$ 1,258	\$ 794,916	\$ 196,648

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

Note 7 – Employee Retirement Plan

Defined Benefit Plans

Plan Description

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

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

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

Benefits Provided

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

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

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

Note 7 – Employee Retirement Plan (Continued)

Contributions

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

	Year Ended June 30, 2024		Year Ended June 30, 2025	
	FRS(2)	HIS	FRS(2)	HIS
Regular Class	11.51%	1.66%	13.63%	1.66%
Elected City Officers	56.62%	1.66%	58.68%	1.66%
Senior Management	32.46%	1.66%	34.52%	1.66%
DROP Plan Participants	19.13%	1.66%	21.13%	1.66%
Reemployment Retiree	(1)	(0)	(1)	(0)

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

The City’s contributions for the year ended September 30, 2024, were \$144,425 to FRS and \$16,258 to HIS.

Pension Liabilities and Pension Expense

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

	FRS	HIS
Net Pension Liability	\$ 986,653	\$ 288,063
Proportion at:		
Current Measurement Date	0.255049900%	0.001920297%
Prior Measurement Date	0.002418545%	0.001881846%
Pension Expense (Benefit)	\$ 124,874	\$ 7,719

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

Note 7 – Employee Retirement Plan (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

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

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 99,678	\$ -
Changes of Assumptions	135,230	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(65,578)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	38,724	(73,271)
Employer Contributions Subsequent to the Measurement Date	29,027	-
Total	\$ 302,659	\$ (138,849)

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,781	\$ (553)
Changes of Assumptions	5,098	(34,103)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(104)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,555	(15,022)
Employer Contributions Subsequent to the Measurement Date	3,426	-
Total	\$ 18,860	\$ (49,782)

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

Measurement period ending June 30,	FRS	HIS
2025	\$ (36,662)	\$ (7,892)
2026	148,020	(8,144)
2027	7,563	(8,909)
2028	4,539	(6,280)
2029	11,323	(2,592)
Thereafter	-	(529)
Total	\$ 134,783	\$ (34,346)

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

Note 7 – Employee Retirement Plan (Continued)

Actuarial Assumptions

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

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

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

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

The following changes in key actuarial assumptions occurred in 2024:

- FRS: The long-term expected rate of return remained at 6.70% and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 3.54% to 3.65%.
- The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. For FRS, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate (Property)	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investmens	2.0%	6.6%	6.2%	8.7%
	<u>100.0%</u>			
			2.4%	1.5%
Assumed Inflation Median				

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

Note 7 – Employee Retirement Plan (Concluded)

Discount Rate

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

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

Sensitivity Analysis

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

	FRS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's Proportionate Share of the Net Pension Liability	\$ 1,735,488	\$ 986,653	\$ 359,345
	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's Proportionate Share of the Net Pension Liability	\$ 327,923	\$ 288,063	\$ 254,973

Pension Plans’ Fiduciary Net Position

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

Defined Contribution Plan

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

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

Note 8 – Other Postemployment Benefits

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

Note 9 – Contingent and Commitments

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government obtained general liability insurance at a cost it considered to be economically justifiable. The government pays an annual premium for its general insurance coverage to the Florida League of Cities Florida Municipal Insurance Trust.

The government continues to carry commercial insurance for all other risks of loss, including settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City continues to implement and monitor various risk control techniques to minimize accidents and losses to City personnel and property. The Worker's Compensation program is administered by Florida Municipal Insurance Trust.

Litigation

As of September 30, 2024, there exists no matters involving claims, unasserted possible claims, contingent liabilities or assessments for which there is any reasonable possibility that a City asset may be impaired, or litigation incurred.

Note 11 – Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 1, 2026, the date in which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

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

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

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Ad Valorem	\$ 159,186	\$ 159,186	\$ 163,209	\$ 4,023
Utility and Other Taxes	82,450	82,450	123,821	41,371
Licenses and Permits	27,100	27,100	20,364	(6,736)
Intergovernmental Revenues	584,845	584,845	519,294	(65,551)
Grants and Contributions	6,422,962	6,422,962	1,127,298	(5,295,664)
Fines and Forfeitures	1,500	1,500	212	(1,288)
Interest Income	-	-	125	125
Miscellaneous Revenues	283,120	283,120	264,297	(18,823)
Total Revenues	<u>7,561,163</u>	<u>7,561,163</u>	<u>2,218,620</u>	<u>(5,342,543)</u>
Expenditures				
Current:				
General Government	796,508	796,508	793,903	2,605
Transportation	3,601,841	3,601,841	117,880	3,483,961
Public Safety	596,699	596,699	506,815	89,884
Physical Environment	5,000	5,000	9,076	(4,076)
Culture and Recreation	2,893,500	2,893,500	160,496	2,733,004
Debt Service:				
Principal	29,143	29,143	42,028	(12,885)
Interest	-	-	3,349	(3,349)
Capital Outlay	-	-	411,076	(411,076)
Total Expenditures	<u>7,922,691</u>	<u>7,922,691</u>	<u>2,044,623</u>	<u>5,878,068</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(361,528)</u>	<u>(361,528)</u>	<u>173,997</u>	<u>535,525</u>
Other Financing Sources (Uses)				
Transfers In	235,281	235,281	420,000	184,719
Total Other Financing Sources (Uses)	<u>235,281</u>	<u>235,281</u>	<u>420,000</u>	<u>184,719</u>
Net Change in Fund Balance	(126,247)	(126,247)	593,997	720,244
Fund Balance, Beginning of Year	126,247	126,247	(541,098)	(667,345)
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,899</u>	<u>\$ 52,899</u>

**CITY OF GRETNA, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1 – Budgetary Information

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

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

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

CITY OF GRETNA, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

	2024	2023	2022	2021	2020
Florida Retirement System (FRS)					
Proportion of the net pension liability (asset)	0.002550499%	0.002418545%	0.002664317%	0.002627174%	0.002927681%
Proportionate share of the net pension liability (asset)	\$ 986,653	\$ 963,714	\$ 991,340	\$ 198,453	\$ 1,268,900
Covered-employee payroll	\$ 871,956	\$ 793,428	\$ 833,738	\$ 752,254	\$ 721,112
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	113.15%	121.46%	118.90%	26.38%	175.96%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%
Health Insurance Subsidy Program (HIS)					
Proportion of the net pension liability (asset)	0.001920297%	0.001881846%	0.001996983%	0.001961072%	0.002024641%
Proportionate share of the net pension liability (asset)	\$ 288,063	\$ 298,862	\$ 211,512	\$ 240,555	\$ 247,205
Covered-employee payroll	\$ 871,956	\$ 793,428	\$ 833,738	\$ 752,254	\$ 721,112
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.04%	37.67%	25.37%	31.98%	34.28%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30**

	2024	2023	2022	2021	2020
Florida Retirement System (FRS)					
Contractually required contribution	\$ 144,425	\$ 116,348	\$ 113,691	\$ 100,084	\$ 97,724
Contributions in relation to the contractually required contribution	(144,425)	(116,348)	(113,691)	(100,084)	(97,724)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 871,956	\$ 793,428	\$ 833,738	\$ 752,254	\$ 721,112
Contributions as a percentage of covered-employee payroll	16.56%	14.66%	13.64%	13.30%	13.55%
Health Insurance Subsidy Program (HIS)					
Contractually required contribution	\$ 16,258	\$ 12,379	\$ 12,083	\$ 11,527	\$ 11,667
Contributions in relation to the contractually required contribution	(16,258)	(12,379)	(12,083)	(11,527)	(11,667)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 871,956	\$ 793,428	\$ 833,738	\$ 752,254	\$ 721,112
Contributions as a percentage of covered-employee payroll	1.86%	1.56%	1.45%	1.53%	1.62%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF GRETNA, FLORIDA
OFFICIALS
SEPTEMBER 30, 2024**

Gary L. Russ, Jr.
Mayor

James Payne
Mayor Pro-Tem

Evelyn Riley Goldwire
Commissioner-Seat 1

Jeff McNealy
Commissioner-Seat 3

Anthony J. Baker
Commissioner-Seat 4

Antonio Jefferson
City Manager

CITY OF GRETNA, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2024

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

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>ALN</u>	<u>CONTRACT #</u>	<u>GRANT AMOUNT</u>	<u>TOTAL EXPENDITURES</u>
<i>U.S. Department of Housing and Urban Development</i>				
<i><u>Passed Through the Florida Department of Commerce</u></i>				
Community Development Block Grant (CDBG)	14.228	22CV-S22	\$ 2,253,500	\$ 86,425
Community Development Block Grant (CDBG)	14.228	M0103	1,958,928	46,650
Community Development Block Grant (CDBG)	14.228	M0137	102,003	60,018
<i>Total U.S. Department of Housing and Urban Development</i>			<u>4,314,431</u>	<u>193,093</u>
<i>U.S. Department of Treasury</i>				
<i><u>Passed Through the Florida Department of Environmental Protection</u></i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	WG065	1,790,000	107,233
<i><u>Passed Through the Executive Office of the Governor</u></i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5102	719,226	698,337
<i>Total U.S. Department of Treasury</i>			<u>2,509,226</u>	<u>805,570</u>
Total Federal Awards			<u>\$ 6,823,657</u>	<u>\$ 998,663</u>

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

Note 1 – General

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

Note 2 – Basis of Presentation

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

Note 3 – Indirect Cost Rate

The City elected not to use the up to 15% de minimis indirect cost rate.

Note 4 – Contingencies

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

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

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of auditor's report issued:

For the Governmental Activities, Business-type
Activities, and Utility Fund:
For the General Fund:

Qualified
Unmodified

2. Internal control over financial reporting:

Material weakness identified?
Significant deficiency identified?

<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none noted

3. Noncompliance material to financial statements noted?

<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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Federal Awards

1. Internal control over major federal programs:

Material weakness identified?
Significant deficiency identified?

<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none noted

2. Type of auditor's report issued on compliance for
major federal programs:

Unmodified

3. Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)?

<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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Identification of Major Federal Programs

Major Federal Programs	Assistance Listing Number
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between Type A and Type B programs:

Federal Programs	\$ 750,000
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Auditee qualified as low-risk auditee?

<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings

2024-001 – Prepare Financial Statements in Accordance with U.S. GAAP

CRITERIA: A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the accounting records in accordance with generally accepted accounting principles.

CONDITION: It was noted during the audit that material adjusting entries to various accounts were needed. Appropriate accounting principles were not followed, and proper cut-off procedures were not in place to ensure all year end accruals were recorded. This resulted in the material understatement of both revenue and expenses.

CAUSE: Accounting staff kept the City books on a cash basis throughout the year, and management relied on the auditors to propose adjustments that were not posted before the audit. Cash basis accounting is not an accepted accounting method under U.S. GAAP.

EFFECT: Failure to apply appropriate accounting principles caused various accounts to be materially misstated.

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

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Corrective Action Plan.

CLASSIFICATION: Material Weakness

2024-002 – Fixed Asset Records

CRITERIA: A documented physical inventory and inspection of property and equipment should be conducted annually as required by the state of Florida per rule 691-73. A reconciliation should also be completed between the current year’s additions to the property listing and the capital outlay accounts for the year. The inventory log should be reviewed for errors. Finally, a tag system should be implemented and used throughout the City to keep track of the City’s assets.

CONDITION: Property and equipment records were not complete per the requirements set by the state of Florida and the property and equipment are not being properly tagged. An inventory was not taken during the year ended September 30, 2024, that can be agreed to the general fixed asset records presented in the audit report.

CAUSE: The City does not maintain accurate property and equipment records.

EFFECT: By not tracking assets appropriately, the City may fail to detect and correct errors in property and equipment records in a timely manner. There is also a possibility of property theft or misplacement without the City’s knowledge or overstatement of property and equipment for assets not being disposed of in a timely manner. Finally, the City may not have the necessary records associated with funding sources to verify assets are disposed of as required by grantors, when applicable.

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

RECOMMENDATION: We recommend that the City work to improve procedures related to tracking assets, including their disposal in accordance with the requirements set forth in state of Florida Rule 691-73.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Corrective Action Plan.

CLASSIFICATION: Material Weakness

2024-003 – Required Supplementary Information Schedules

CRITERIA: Local governments are required to submit required supplementary information which includes schedule of changes in other postemployment benefits. These are required to be shown for the past ten years.

CONDITION: The City has not provided any of the required supplemental schedules as listed above. They have provided the schedules related to the pension plan for the current year, but they still need to go back and prepare them for the previous years.

CAUSE: The City is not preparing the required supplemental schedules for the previous years as required.

EFFECT: The City is not in compliance with GASB requirements.

RECOMMENDATION: We recommend that the City contact an actuary to acquire a report for their other postemployment benefits.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Corrective Action Plan.

CLASSIFICATION: Material Weakness

2024-004 – Untimely Submission of Grant Reimbursement Requests

CRITERIA: Sound financial management practices require that reimbursement requests for grant expenditures be submitted in a timely manner after eligible costs are incurred. Reimbursement requests should also be recorded as receivables in the accounting records to ensure accurate financial reporting and proper monitoring of amounts due from granting agencies.

CONDITION: The City administers multiple grant programs under which expenditures are incurred and later reimbursed. While expenditures are recoded when paid, reimbursement requests are not consistently submitted in a timely manner. In several instances, requests were delayed for months, and in some cases, more than one year after expenditures were incurred. Additionally, the City does not record receivables when reimbursement requests are submitted. As a result, outstanding amounts due from granting agencies are not reflected in the accounting records until cash is received.

CAUSE: The condition appears to be the result of inadequate internal controls over grant administration and financial reporting, including the absence of formal procedures to monitor expenditures, submit reimbursement requests times, and record related receivable.

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

EFFECT: Delays in submitting reimbursement requests negatively impact cash flow and increase the risk of missed reimbursement deadlines. The failure to record receivables results in understated assets and reduces accuracy of financial reporting.

RECOMMENDATION: We recommend that the City implement formal procedures to ensure reimbursement requests are prepared and submitted promptly after eligible expenditures are incurred. The City should also record receivables when reimbursement requests are submitted to accurately reflect amounts due from granting agencies. Additionally, management should periodically monitor grant activity to ensure timely reimbursement and proper tracking and collection of grant related receivables.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Corrective Action Plan.

CLASSIFICATION: Material Weakness

Section III – Findings and Questioned Costs – Federal Award Programs

2024-005 – Late Submission of Data Collection Form

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

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

CAUSE: The City's financial records were not provided to the auditor until a year after the fiscal year end.

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

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

VIEW OF RESPONSIBLE OFFICIALS: See Management's Corrective Action Plan.

CLASSIFICATION: Significant Deficiency

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

No prior year findings.

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as item 2024-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2024-005 to be a significant deficiency.

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.

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

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 1, 2026

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

To the Honorable City Council,
City of Gretna, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of City of Gretna, Florida (the “City”), as of and for the year ended September 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated April 1, 2026.

Because the City’s management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability as of September 30, 2024 in its financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds. The impact of such departure from generally accepted accounting principles would affect the deferred inflows, liabilities, deferred outflows, net position, and expenses in the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, and 2024-004 that we consider to be material weaknesses.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described as findings 2024-002 and 2024-003, in the schedule of findings and questioned cost as noted in the table of contents.

City of Gretna, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Gretna, Florida's response to the findings identified in our audit and described in the accompany schedule of findings and questioned costs. The City of Gretna, Florida'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 1, 2026

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES**

To the Honorable City Council,
City of Gretna, Florida:

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination involves performing procedures to obtain evidence about the City’s compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of noncompliance, 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 the engagement.

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

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

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

Moran & Smith LLP

Moran & Smith LLP

Tallahassee, Florida

April 1, 2026

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

To the Honorable City Council,
City of Gretna, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Gretna, Florida (the “City”) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated April 1, 2026.

Because the City’s management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability as of September 30, 2024 in its financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds. The impact of such departure from generally accepted accounting principles would affect the deferred inflows, liabilities, deferred outflows, net position, and expenses in the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent’s Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Account’s Report on an Examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 1, 2026, 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 report. Corrective actions have not been taken to address the findings and recommendations made in the preceding annual financial audit report.

Tabulation of Uncorrected Audit Findings		
Curent Year Finding No.	2022-23 FY Finding No.	2021-22 FY Finding No.
2024-001	2023-001	2020-001
2024-002	2023-008	2020-008
2024-003	2023-009	2020-009
2024-004	N/A	N/A
2024-005	N/A	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 the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority is disclosed in the notes to the financial statements.

Financial Condition

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

- The City’s current liabilities exceed their current assets, resulting in insufficient resources to meet current obligations.

We recommend the City develop and implement a plan to improve its liquidity position, including increasing current assets and/or reducing current liabilities, to ensure sufficient resources are available to meet short-term obligations.

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City of Gretna, Florida is required to provide a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City’s geographical boundaries during the fiscal year under audit. A PACE program was not operating within the City’s geographical boundaries during the fiscal year ended September 30, 2024.

Additional Matters

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

Purpose of this Letter

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 1, 2026



2024-001 – Prepare Financial Statements in Accordance with U.S. GAAP

CRITERIA: A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the accounting records in accordance with generally accepted accounting principles.

CONDITION: It was noted during the audit that material adjusting entries to various accounts were needed. Appropriate accounting principles were not followed, and proper cut-off procedures were not in place to ensure all year end accruals were recorded. This resulted in the material understatement of both revenue and expenses.

CAUSE: Accounting staff kept the City books on a cash basis throughout the year, and management relied on the auditors to propose adjustments that were not posted before the audit. Cash basis accounting is not an accepted accounting method under U.S. GAAP.

EFFECT: Failure to apply appropriate accounting principles caused various accounts to be materially misstated.

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

VIEW OF RESPONSIBLE OFFICIALS: See Management's Corrective Action Plan.

CLASSIFICATION: Material Weakness

Management Response and Corrective Action Plan – Finding 2024-001

Prepare Financial Statements in Accordance with U.S. GAAP

Management concurs with the audit finding.

The City acknowledges that during fiscal year 2024, accounting records were maintained primarily on a cash basis and that appropriate accruals and cutoff procedures were not consistently applied at year-end. As a result, material audit adjustments were required to properly state revenues and expenditures in accordance with U.S. generally accepted accounting principles (GAAP). Management recognizes that cash-basis accounting is not acceptable for GAAP financial reporting and that reliance on auditor-proposed adjustments does not represent an effective internal control environment.

Corrective Action Plan

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Management has implemented, and will continue to implement, the following corrective actions to address the identified deficiencies and prevent recurrence:

Addition of Certified Accounting Expertise

The City has retained a Certified Accountant who is actively working with internal accounting staff to oversee financial reporting, ensure compliance with GASB standards, and provide technical guidance related to accrual accounting, revenue recognition, and year-end reporting requirements. This role strengthens internal capacity and reduces reliance on external auditors for financial statement preparation.

Implementation of GAAP-Based Accounting Policies

The City has formally adopted accounting policies requiring that financial records be maintained on an accrual or modified accrual basis, as applicable, throughout the fiscal year. These policies clearly define requirements for revenue recognition, expenditure accruals, and proper cutoff procedures in accordance with GASB guidance.

Strengthened Month-End and Year-End Closing Procedures

Management has implemented standardized month-end and year-end closing checklists to ensure that all material accruals, deferrals, and adjustments are identified, reviewed, and recorded prior to the preparation of draft financial statements. These procedures are designed to improve accuracy, completeness, and timeliness of financial reporting.

Enhanced Management Review and Oversight

Financial statements and significant account balances will be subject to documented management review prior to submission to the auditors. This review will include reconciliation of key accounts, analytical procedures, and verification of compliance with GAAP and GASB requirements.

Ongoing Staff Training and Process Improvement

Internal accounting staff will receive ongoing training related to GAAP and GASB standards, with emphasis on accrual accounting, cutoff procedures, and financial statement preparation. Management will continue to evaluate staffing and system needs to support accurate and compliant financial reporting.

2024-002 – Fixed Asset Records

CRITERIA: A documented physical inventory and inspection of property and equipment should be conducted annually as required by the state of Florida per rule 691-73. A reconciliation should also be completed between the current year's additions to the property listing and the capital outlay accounts for the year. The inventory log should be reviewed for errors. Finally, a tag system should be implemented and used throughout the City to keep track of the City's assets.

CONDITION: Property and equipment records were not complete per the requirements set by the state of Florida and the property and equipment are not being properly tagged. An inventory was not taken during the year ended September 30, 2024, that can be agreed to the general fixed asset records presented in the audit report.

CAUSE: The City does not maintain accurate property and equipment records.

EFFECT: By not tracking assets appropriately, the City may fail to detect and correct errors in property and equipment records in a timely manner. There is also a possibility of property theft or misplacement without the

City's knowledge or overstatement of property and equipment for assets not being disposed of in a timely manner. Finally, the City may not have the necessary records associated with funding sources to verify assets are disposed of as required by grantors, when applicable.

RECOMMENDATION: We recommend that the City work to improve procedures related to tracking assets, including their disposal in accordance with the requirements set forth in state of Florida Rule 691-73.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Corrective Action Plan.

CLASSIFICATION: Material Weakness

Management Response and Corrective Action Plan – Finding 2024-002

Fixed Asset Records

Classification: Material Weakness

Management concurs with the audit finding.

The City maintains a property and equipment listing. We acknowledges that property and equipment records were not adequately maintained in accordance with the requirements of State of Florida Rule 691-73. Management further acknowledges that a comprehensive physical inventory was not completed during the fiscal year ended September 30, 2024. Fixed meeting the city capital asset policy are consistently tagged but not reconciled to the general ledger. As a result, the City's fixed asset records were incomplete and could not be fully substantiated during the audit.

Corrective Action Plan

Management has implemented, and will continue to implement, the following corrective actions to address the identified deficiencies and strengthen controls over property and equipment:

Establishment of Centralized Fixed Asset Oversight

The City has a fixed asset system through its enterprise resource planning system. The City has designated responsibility for fixed asset accounting and oversight to a Certified Accountant who is working directly with internal accounting staff. This individual is responsible for ensuring compliance with GASB standards and State of Florida requirements related to asset capitalization, tracking, depreciation, and disposal.

Comprehensive Physical Inventory and Reconciliation

The City will conduct a complete physical inventory of all property and equipment on an annual basis, as required by Rule 691-73. Inventory results will be reconciled to the general fixed asset records and capital outlay accounts to ensure accuracy, completeness, and proper classification of assets.

Improved Fixed Asset Records and Documentation

Fixed asset records will be updated to include required information such as acquisition date, cost, funding source, location, asset description, and disposition details when applicable. Management

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will also ensure that documentation supporting grant-funded assets is maintained to verify compliance with grantor disposal and retention requirements.

Formalized Policies and Procedures

Management is developing and implementing written policies and procedures governing the acquisition, tagging, inventory, reconciliation, and disposal of property and equipment. These procedures will be communicated to all departments to ensure consistent application across the City.

Ongoing Monitoring and Review

Management will perform periodic reviews of fixed asset records throughout the year to identify discrepancies, ensure timely disposal of assets no longer in service, and reduce the risk of misstatement, loss, or misappropriation.

2024-003 – Required Supplementary Information Schedules

CRITERIA: Local governments are required to submit required supplementary information which includes schedule of changes in other postemployment benefits. These are required to be shown for the past ten years.

CONDITION: The City has not provided any of the required supplemental schedules as listed above. They have provided the schedules related to the pension plan for the current year, but they still need to go back and prepare them for the previous years.

CAUSE: The City is not preparing the required supplemental schedules for the previous years as required.

EFFECT: The City is not in compliance with GASB requirements.

RECOMMENDATION: We recommend that the City contact an actuary to acquire a report for their other postemployment benefits.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Corrective Action Plan.

CLASSIFICATION: Material Weakness

Management Response and Corrective Action Plan– Finding 2024-003

Required Supplementary Information Schedules

Classification: Material Weakness

Management concurs with the audit finding.

The City acknowledges that required supplementary information (RSI) schedules, specifically the schedule of changes in other postemployment benefits (OPEB), were not prepared and presented in accordance with GASB requirements. While the City provided current-year pension-related schedules, the required historical schedules for OPEB covering the past ten fiscal years were not completed, resulting in noncompliance with applicable accounting standards.

Corrective Action Plan

Management has implemented, and will continue to implement, the following corrective actions to address the deficiency and ensure compliance with GASB reporting requirements:

Engagement of Actuarial Services

The City will engage a qualified actuarial firm to prepare an OPEB actuarial valuation in accordance with GASB standards. This valuation will provide the necessary data to prepare the required schedule of changes in OPEB and related RSI disclosures.

Preparation of Historical RSI Schedules

Upon receipt of actuarial information, management will work with the actuary and the City's Certified Accountant to prepare the required ten-year historical RSI schedules for OPEB, to the extent practicable, in compliance with GASB reporting requirements. These schedules will be incorporated into future annual financial reports.

Strengthened Financial Reporting Oversight

The City's Certified Accountant, in coordination with internal accounting staff, will oversee the preparation and review of all required supplementary information to ensure completeness, accuracy, and compliance with GASB standards prior to submission to the auditors.

Formalization of Financial Reporting Procedures

Management is developing written procedures to ensure all required supplementary information, including pension and OPEB schedules, is identified, prepared, and reviewed annually as part of the financial reporting process. These procedures will be integrated into the City's year-end closing checklist.

Ongoing Monitoring and Compliance Review

Management will periodically review GASB pronouncements and reporting requirements to ensure continued compliance with evolving standards and to prevent future omissions of required supplementary information.

2024-004 – Untimely Submission of Grant Reimbursement Requests

CRITERIA: Sound financial management practices require that reimbursement requests for grant expenditures be submitted in a timely manner after eligible costs are incurred. Reimbursement requests should also be recorded as receivables in the accounting records to ensure accurate financial reporting and proper monitoring of amounts due from granting agencies.

CONDITION: The City administers multiple grant programs under which expenditures are incurred and later reimbursed. While expenditures are recoded when paid, reimbursement requests are not consistently submitted in a timely manner. In several instances, requests were delayed for months, and in some cases, more than one year after expenditures were incurred. Additionally, the City does not record receivables when reimbursement requests are submitted. As a result, outstanding amounts due from granting agencies are not reflected in the accounting records until cash is received.

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CAUSE: The condition appears to be the result of inadequate internal controls over grant administration and financial reporting, including the absence of formal procedures to monitor expenditures, submit reimbursement requests times, and record related receivable.

Management Response and Corrective Action Plan – Finding 2024-004

Untimely Submission of Grant Reimbursement Requests

Classification: Material Weakness

Management concurs with the audit finding.

The City acknowledges that reimbursement requests for grant-funded expenditures were not consistently submitted in a timely manner and that grant receivables were not recorded in the accounting records when reimbursement requests were submitted. As a result, amounts due from granting agencies were not reflected in the City's financial records until cash was received, limiting management's ability to accurately monitor outstanding reimbursements and ensure timely recovery of eligible costs.

Corrective Action Plan

Management has implemented, and will continue to implement, the following corrective actions to address the identified deficiencies and strengthen controls over grant administration and financial reporting:

Assignment of Grant Oversight Responsibility

The City has assigned oversight of grant reimbursement activity to its Assistant City Manager who is working directly with a contract grant administrator to monitor grant expenditures, reimbursement timelines, and compliance with grant requirements.

Formal Grant Reimbursement Procedures

Management has developed and implemented a written procedures requiring reimbursement requests to be prepared and submitted within defined timeframes after eligible expenditures are incurred. These procedures will establish accountability, improve timeliness, and reduce the risk of delayed or forfeited reimbursements.

Recording of Grant Receivables

The City will record grant receivables in the accounting records when reimbursement requests are submitted, rather than when cash is received. This will ensure accurate financial reporting, proper recognition of amounts due from granting agencies, and improved monitoring of outstanding receivables in accordance with GAAP and GASB standards.

Grant Tracking and Reconciliation

Management will maintain a centralized grant tracking schedule that reconciles grant expenditures, reimbursement requests submitted, receivables recorded, and cash received. This schedule will be reviewed periodically by management to identify delays, discrepancies, or outstanding balances requiring follow-up.

Improved Coordination Between DepartmentsThe City will strengthen coordination between department heads that incurring grant-funded expenditures and the finance department to ensure expenditures are identified promptly and reimbursement requests are submitted without unnecessary delay.

Ongoing Monitoring and Management Review

Management will perform periodic reviews of grant activity throughout the fiscal year to ensure compliance with grant agreements, timely submission of reimbursement requests, and accurate recording of related receivables.

2024-005 – Late Submission of Data Collection Form

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

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

CAUSE: The City's financial records were not provided to the auditor until a year after the fiscal year end.

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

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

VIEW OF RESPONSIBLE OFFICIALS: See Management's Corrective Action Plan.

CLASSIFICATION: Significant Deficiency

Management Response – Finding 2024-005

Late Submission of Data Collection Form

Classification: Significant Deficiency

Management concurs with the audit finding.

The City acknowledges that the Data Collection Form (DCF) and related audit package were not submitted to the Federal Audit Clearinghouse within the timeframe required by Uniform Guidance 2 CFR 200.512(a). Management recognizes that the delayed submission resulted from the untimely completion of the audit process, which was caused in part by delays in providing complete financial records to the auditor.

Corrective Action Plan

Management has implemented, and will continue to implement, the following corrective actions to address the deficiency and ensure timely submission of future audit reporting requirements:

Improved Financial Reporting Timelines

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Management has established internal deadlines for the preparation and delivery of year-end financial records to the auditors to ensure sufficient time for audit completion and timely submission of the audit package and Data Collection Form.

Enhanced Oversight by Certified Accountant

The City's Certified Accountant, working in coordination with internal accounting staff, will oversee the year-end closeout process and audit coordination to ensure financial information is prepared, reviewed, and submitted to the auditors in a timely manner.

Formal Audit and Reporting Calendar

Management is implementing a formal audit calendar that includes key milestones for financial statement preparation, audit fieldwork, receipt of the auditor's report, and submission of the Data Collection Form to the Federal Audit Clearinghouse. This calendar will be monitored by management to ensure compliance with Uniform Guidance deadlines.

Defined Responsibility for Data Collection Form Submission

Management has designated responsibility for preparation and submission of the Data Collection Form to a specific staff position within the finance function to ensure accountability and timely filing once the audit report is issued.

Ongoing Monitoring and Compliance Review

Management will periodically review federal reporting requirements and submission deadlines to ensure continued compliance and to prevent future late filings.