

CITY OF MILTON, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council Members
The City of Milton, Florida

Report on the Audit of Financial Statements

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 Milton, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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 combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), is presented for purposes of additional analysis and is 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 by us and other auditors. In our opinion, based on our audit, the combining non-major fund financial statements and schedule of expenditures of federal awards are 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 May 13, 2025, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Pensacola, Florida
May 13, 2025

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

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$67 million (net position), which represents an increase of \$6 million from the prior year. Of this amount, \$28 million represents net investment in capital assets (e.g., land, infrastructure, building, machinery and equipment), \$19 million is restricted for future obligations and \$20 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The net position of the governmental-type activities of the City decreased by \$1 million from the prior year.
- The net position of the business-type activities of the City increased by \$7 million from the prior year.
- The City's governmental funds reported combined ending fund balances of \$12 million, an increase of \$461 thousand. Approximately \$3 million of the ending fund balances are nonspendable, restricted or assigned and \$8 million is available for spending at the City's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the financial statements is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year-to-year, government-to-government) and enhance the City's accountability.

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

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

Government-Wide Financial Statements

Designed to be corporate-like, the government-wide financial statements consolidate governmental and business-type activities into two columns, which add to a total for Primary Government. This provides 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/deferred outflows and liabilities/deferred inflows of resources, with the difference reported as net position. This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the City.

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 flow in future fiscal periods.

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 for services (business-type activities). The governmental activities of the City include general government (City Clerk, City Council, City Manager, human resources, finance, purchasing, fleet maintenance, service maintenance, administration, public works and non-departmental expenses), public safety (police and fire), transportation (streets), economic environment, culture and recreation (parks), special revenue (Police Special Investigations), capital projects and debt service. The business-type activities of the City include natural gas, water and sewer, sanitation, Sundial utilities and the non-major funds (marina and stormwater).

Fund Financial Statements

A fund is a grouping of related accounts 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 three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

FUNDS

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

Such information may be useful in evaluating a government's near-term financial requirements.

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

The City maintains the following individual governmental funds: General Fund, Community Redevelopment Agency (CRA) Fund, Police Special Investigation Fund, Capital Projects Fund and Debt Service 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 and Capital Projects Fund, which are considered major funds. Data from the other governmental funds (Police Special Investigation Fund, Community Redevelopment Agency Fund, and Debt Service Fund) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule is provided for the General Fund to demonstrate compliance with the budget.

Proprietary Funds

All proprietary funds of the City are maintained as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility operations (natural gas, water and sewer, sanitation, Sundial utilities, marina, and stormwater).

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City's fiduciary funds include the Pension Trust Funds (general employees, firefighters, and police) and the Retired Employees' Insurance Fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental and proprietary funds are presented immediately following the required supplementary information.

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 of resources exceeded liabilities and deferred inflows of resources by \$67 million (net position) at the end of the fiscal year, as reported in Table 1. As reported in Table 2, the overall increase in the City's net position was \$6 million during the fiscal year.

By far the largest portion of the City's net position, \$28 million, reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$19 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$20 million, may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Table 1
CITY OF MILTON, FLORIDA
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2024 AND 2023**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 16,717,486	\$ 17,286,726	\$ 39,249,866	\$ 36,987,677	\$ 55,967,352	\$ 54,274,403
Capital assets	12,809,778	12,134,428	19,831,603	16,892,192	32,641,381	29,026,620
Total assets	29,527,264	29,421,154	59,081,469	53,879,869	88,608,733	83,301,023
Total deferred outflows of resources	4,207,109	5,676,120	344,997	653,300	4,552,106	6,329,420
Long-term liabilities outstanding	10,167,251	9,714,623	6,021,887	6,787,054	16,189,138	16,501,677
Other liabilities	628,605	587,954	4,478,195	5,721,188	5,106,800	6,309,142
Total liabilities	10,795,856	10,302,577	10,500,082	12,508,242	21,295,938	22,810,819
Total deferred inflows of resources	4,850,633	5,276,982	356,273	490,605	5,206,906	5,767,587
Net position						
Net investment in capital assets	12,290,064	11,602,918	15,431,158	11,847,029	27,721,222	23,449,947
Restricted	2,291,797	2,165,300	16,342,834	15,114,776	18,634,631	17,280,076
Unrestricted	3,506,023	5,749,497	16,796,119	14,572,517	20,302,142	20,322,014
Total net position	\$ 18,087,884	\$ 19,517,715	\$ 48,570,111	\$ 41,534,322	\$ 66,657,995	\$ 61,052,037

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

Reported in Table 2 are the key elements of the changes during the year.

**Table 2
CITY OF MILTON, FLORIDA
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Charges for services	\$ 3,547,126	\$ 3,100,017	\$ 19,042,320	\$ 17,928,845	\$ 22,589,446	\$ 21,028,862
Grants and contributions	672,022	472,492	2,596,880	4,111,052	3,268,902	4,583,544
General revenues						
Property taxes	1,641,685	1,441,830	-	-	1,641,685	1,441,830
Other taxes	2,806,050	2,651,621	-	-	2,806,050	2,651,621
Other revenue	3,852,635	3,259,488	1,876,840	1,391,340	5,729,475	4,650,828
TOTAL REVENUES	12,519,518	10,925,448	23,516,040	23,431,237	36,035,558	34,356,685
EXPENSES						
Primary government						
General government	6,393,718	3,013,060	-	-	6,393,718	3,013,060
Public safety	6,364,899	4,986,547	-	-	6,364,899	4,986,547
Transportation	1,961,638	1,538,023	-	-	1,961,638	1,538,023
Economic environment	164,592	247,580	-	-	164,592	247,580
Culture and recreation	1,776,772	1,610,750	-	-	1,776,772	1,610,750
Debt service interest	10,856	14,590	-	-	10,856	14,590
Business-type activities						
Natural gas	-	-	4,113,454	3,756,607	4,113,454	3,756,607
Water and sewer	-	-	7,177,399	6,321,465	7,177,399	6,321,465
Sanitation	-	-	1,834,290	1,493,414	1,834,290	1,493,414
Sundial utilities	-	-	457,135	589,973	457,135	589,973
Non-major proprietary funds	-	-	174,847	162,134	174,847	162,134
TOTAL EXPENSES	16,672,475	11,410,550	13,757,125	12,323,593	30,429,600	23,734,143
Increase (decrease) in net position before transfers						
	(4,152,957)	(485,102)	9,758,915	11,107,644	5,605,958	10,622,542
Transfers	2,723,126	4,741,077	(2,723,126)	(4,741,077)	-	-
Change in net position	(1,429,831)	4,255,975	7,035,789	6,366,567	5,605,958	10,622,542
NET POSITION, BEGINNING						
	19,517,715	15,261,740	41,534,322	35,167,755	61,052,037	50,429,495
NET POSITION, ENDING	\$ 18,087,884	\$ 19,517,715	\$ 48,570,111	\$ 41,534,322	\$ 66,657,995	\$ 61,052,037

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

FINANCIAL IMPACTS

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

- **Economic Condition:** This can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, gas or other tax revenue.
- **Council Approved Rate Adjustments:** While certain tax rates are set by statute, the City Council has significant authority to impose and periodically adjust rates (water, wastewater, natural gas, sanitation, stormwater, impact fees, recreation user fees, etc.).
- **Changing Patterns in Intergovernmental Grant Revenue (Both Recurring and Non- Recurring):** Certain recurring revenues (e.g., state revenue sharing and community development block grants) may experience significant changes periodically, while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- **Market Impacts on Investment Income:** The current market conditions have a significant influence on the City's investment income, causing it to fluctuate greatly.

Expenses

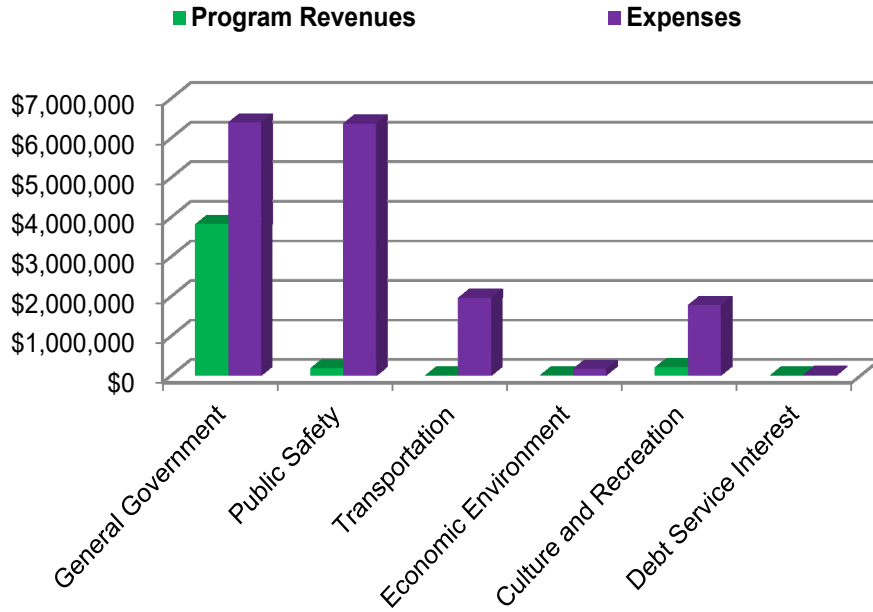
- **Introduction of New Programs:** Within functional expense categories (police, fire, public works, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.
- **Authorized Position Adjustments:** Changes in service demand may cause the City Council to change authorized staffing. Staffing costs (salary and related benefits) represent a significant portion of the City's operating costs.
- **Salary Adjustments:** The ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.
- **Inflation:** While overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities, such as paper, chemicals, supplies, fuel, oil and parts. Some fluctuations may experience commodity specific increases.

Current Year Impacts – Governmental Activities

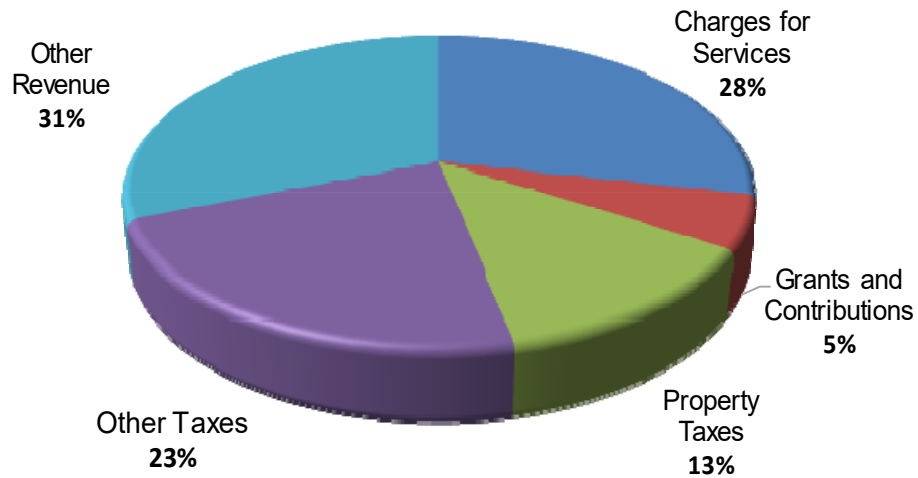
- Grants and contributions increased \$199 thousand due to grant funding utilized for the Milton SportsPlex project.
- Other income increased \$593 thousand due to the refund from the City's Retiree Health Care Plan of accumulated excess insurance premium contributions collected from prior years.
- General government and public safety expenses increased \$5 million related to increases in personnel costs as well as changes in actuarial estimates impacting the pension plans and City's Retiree Health Care Plan.

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

**CHART 1
EXPENSES AND PROGRAM REVENUES
Governmental Activities**



**CHART 2
REVENUES BY SOURCE
GOVERNMENTAL ACTIVITIES**

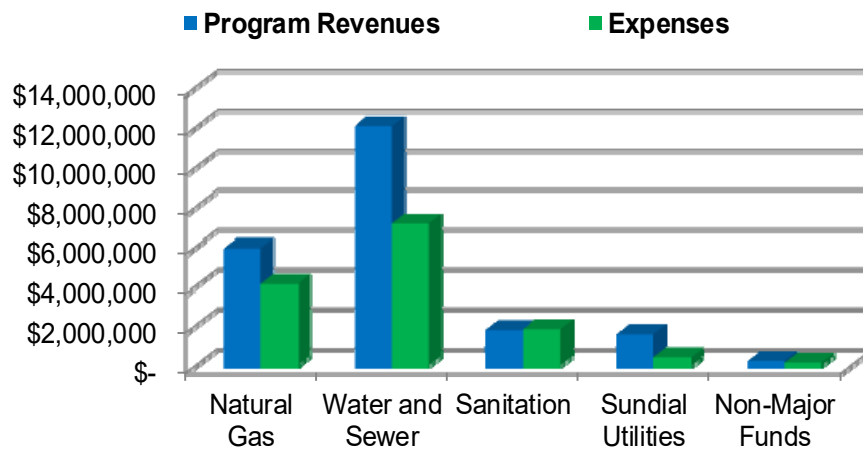


**CITY OF MILTON, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Current Year Impacts – Business-Type Activities

- Grants and contributions, which include impact fees, capital and operating grants, decreased by \$2 million, based on completion of several residential projects in the prior year with significant fees received in fiscal year 2023.
- Charges for services increased \$1 million, which is mostly related to an increase in utility rates.
- Other income increased due to the market performance and interest earnings received on cash and investments held during the year, as well as refund from the City's Retiree Health Care Plan of accumulated excess insurance premium contributions collected from prior years.

**CHART 3
EXPENSES AND PROGRAM REVENUES
*Business-Type Activities***



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

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 funds is to provide information on current 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 funds reported combined ending fund balances of \$12 million, an increase of \$461 thousand from the prior year. \$8 million constitutes unassigned fund balance, which is available for spending at the City Council's discretion. The remaining fund balance is nonspendable, restricted or assigned for various purposes and obligations.

The General Fund is the chief operating fund of the City. Unassigned fund balance represents approximately seven months of the General Fund expenditures.

During the current fiscal year, the fund balance of the City's General Fund increased by \$331 thousand. The factors concerning the finances of these governmental funds have been addressed in the discussion of the City's governmental activities.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but are more detailed.

Unrestricted net position of the proprietary funds totaled \$17 million at the end of the year. Proprietary funds net position increased by \$7 million. The factors concerning the finances of these proprietary funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budgeted expenditures were increased by \$263 thousand and budgeted revenues were decreased by \$71 thousand as presented in the final amended budget.

Actual results, when compared to the final budget, show a positive variance of \$918 thousand for expenditures based on additional sources of unbudgeted revenue received during the year.

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

CAPITAL ASSETS AND OUTSTANDING DEBT

Capital Assets

The City's investments in capital assets for its governmental and business-type activities, as of September 30, 2024, amounts to \$33 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water, wastewater and drainage system improvements, machinery and equipment, park facilities, roads and highways, etc.

**Table 3
CITY OF MILTON, FLORIDA
CAPITAL ASSETS
(Net of Depreciation)
AS OF SEPTEMBER 30, 2024 AND 2023**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,240,182	\$ 3,240,182	\$ 3,374,085	\$ 1,016,777	\$ 6,614,267	\$ 4,256,959
Construction in progress	429,731	2,813,658	6,976,152	5,121,749	7,405,883	7,935,407
Buildings	799,231	689,777	-	-	799,231	689,777
Improvements other than buildings	6,467,471	4,465,581	8,029,292	9,414,740	14,496,763	13,880,321
Machinery and equipment	1,873,163	925,230	1,452,075	1,338,926	3,325,238	2,264,156
Total	\$ 12,809,778	\$ 12,134,428	\$ 19,831,603	\$ 16,892,192	\$ 32,641,381	\$ 29,026,620

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

Outstanding Debt

All of the City's debt represents loans secured solely by specified revenue sources (i.e., utility and tax revenues). The City has no general obligation or special assessment debt. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts greater than one year, the City is required to conduct a voter referendum process for approval of this type of debt.

**Table 4
CITY OF MILTON, FLORIDA
LONG-TERM DEBT OUTSTANDING
AS OF SEPTEMBER 30, 2024 AND 2023**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes and loans payable	\$ 402,475	\$ 531,510	\$ 4,400,445	\$ 5,045,163	\$ 4,802,920	\$ 5,576,673
Compensated absences	686,781	683,203	173,539	147,043	860,320	830,246
Total	\$ 1,089,256	\$ 1,214,713	\$ 4,573,984	\$ 5,192,206	\$ 5,663,240	\$ 6,406,919

Additional information on the City's long-term debt can be found in Note 9 of this report.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State of Florida, by constitution, does not have a state personal income tax; therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely upon property and a limited array of permitted other taxes (sales, gasoline, utility service taxes, etc.) and fees (franchise and occupational license) for their governmental activities. There are a limited number of state shared revenues and recurring and non-recurring grants from both the State and Federal Governments, which provide funding for specific programs, projects or activities. For the business-type activities and certain governmental activities (permitting and recreational programs), the user pays a related fee or charge associated with the service.

The level of taxes, fees and charges for services (including development related impact fees) has an impact on the City's specific competitive ability to encourage development and redevelopment (office, retail, residential and industrial) for those businesses that choose to locate in our jurisdiction. As the City has limited growth potential, it places great emphasis on redevelopment, and it is essential for the continued financial and economic health of our community.

The military has a significant presence in our community with Whiting Field Naval Base employing military and civilian personnel. This installation is essential to the continued long-term economic vitality of this area. Combined, the military and defense-related industries have a significant annual impact on Florida's economy. The Governor's Office of Trade, Tourism & Economic Development (OTTED) is positioned closely with the military commanders in Florida, which may aid in limiting future base realignment and closures from negatively affecting this area.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's financial information. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Chief Accountant, 6738 Dixon Street, Milton, Florida 32572. The City's website address is www.ci.milton.fl.us. Inquiries may also be sent via email to the Finance Department at chiefaccountant@mymiltonflorida.com.

BASIC FINANCIAL STATEMENTS

**CITY OF MILTON, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,073,798	\$ 20,389,712	\$ 29,463,510
Receivables, net	200,918	1,985,329	2,186,247
Due from other governments	878,997	88,500	967,497
Interfund balances	272,022	(272,022)	-
Inventory	482,875	208,468	691,343
Leases receivable	3,466,143	-	3,466,143
Restricted assets			
Cash and cash equivalents	1,434,056	16,579,023	18,013,079
Net OPEB asset	908,677	270,856	1,179,533
Capital assets			
Non-depreciable	3,669,913	10,350,237	14,020,150
Depreciable, net	9,139,865	9,481,366	18,621,231
TOTAL ASSETS	29,527,264	59,081,469	88,608,733
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	221,188	65,930	287,118
Pension related	3,985,921	279,067	4,264,988
TOTAL DEFERRED OUTFLOWS	4,207,109	344,997	4,552,106
LIABILITIES			
Accounts payable	288,575	896,015	1,184,590
Accrued liabilities	277,984	88,706	366,690
Unearned revenue	62,046	3,493,474	3,555,520
Compensated absences	686,781	166,767	853,548
Lease liability	57,356	-	57,356
Notes and loans payable	131,667	661,184	792,851
Payable from restricted assets			
Customer deposits	-	943,965	943,965
Non-current liabilities			
Compensated absences	-	6,772	6,772
Notes and loans payable	270,808	3,739,261	4,010,069
Lease liability	59,883	-	59,883
Net pension liability	8,960,756	503,938	9,464,694
TOTAL LIABILITIES	10,795,856	10,500,082	21,295,938
DEFERRED INFLOWS OF RESOURCES			
OPEB related	1,119,997	333,846	1,453,843
Leases	3,377,039	-	3,377,039
Pension related	353,597	22,427	376,024
TOTAL DEFERRED INFLOWS	4,850,633	356,273	5,206,906
NET POSITION			
Net investment in capital assets	12,290,064	15,431,158	27,721,222
Restricted			
Debt service	-	803,427	803,427
Public safety	11,489	-	11,489
Capital projects	2,142,477	15,539,407	17,681,884
Unrestricted	3,506,023	16,796,119	20,302,142
TOTAL NET POSITION	\$ 18,087,884	\$ 48,570,111	\$ 66,657,995

See notes to the financial statements.

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

Function/program activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 6,393,718	\$ 3,154,381	\$ 672,022	\$ -	\$ (2,567,315)	\$ -	\$ (2,567,315)
Public safety	6,364,899	178,621	-	-	(6,186,278)	-	(6,186,278)
Transportation	1,961,638	-	-	-	(1,961,638)	-	(1,961,638)
Economic environment	164,592	6,910	-	-	(157,682)	-	(157,682)
Culture and recreation	1,776,772	207,214	-	-	(1,569,558)	-	(1,569,558)
Debt service interest	10,856	-	-	-	(10,856)	-	(10,856)
Total governmental activities	16,672,475	3,547,126	672,022	-	(12,453,327)	-	(12,453,327)
Business-type activities							
Natural gas	4,113,454	5,850,449	-	88,500	-	1,825,495	1,825,495
Water and sewer	7,177,399	9,928,392	-	2,141,029	-	4,892,022	4,892,022
Sanitation	1,834,290	1,785,969	-	-	-	(48,321)	(48,321)
Sundial utilities	457,135	1,208,032	-	367,351	-	1,118,248	1,118,248
Non-major proprietary funds	174,847	269,478	-	-	-	94,631	94,631
Total business-type activities	13,757,125	19,042,320	-	2,596,880	-	7,882,075	7,882,075
Total primary government	\$ 30,429,600	\$ 22,589,446	\$ 672,022	\$ 2,596,880	(12,453,327)	7,882,075	(4,571,252)
General revenues							
Taxes							
Property taxes					1,641,685	-	1,641,685
Sales taxes					1,126,253	-	1,126,253
Utility service taxes					1,679,797	-	1,679,797
Municipal revenue sharing					1,695,218	-	1,695,218
Investment earnings					337,509	1,145,501	1,483,010
Miscellaneous					1,819,908	731,339	2,551,247
Transfers					2,723,126	(2,723,126)	-
Total general revenues and transfers					11,023,496	(846,286)	10,177,210
CHANGE IN NET POSITION					(1,429,831)	7,035,789	5,605,958
NET POSITION, BEGINNING					19,517,715	41,534,322	61,052,037
NET POSITION, ENDING					\$ 18,087,884	\$ 48,570,111	\$ 66,657,995

See notes to the financial statements.

**CITY OF MILTON, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2024**

	<u>Major Funds</u>		Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects		
ASSETS				
Cash and cash equivalents	\$ 8,841,134	\$ -	\$ 232,664	\$ 9,073,798
Receivables, net	199,057	1,433	428	200,918
Due from other governments	286,275	592,722	-	878,997
Due from other funds	-	272,022	-	272,022
Inventory	482,875	-	-	482,875
Leases receivable	3,466,143	-	-	3,466,143
Restricted assets				
Cash and cash equivalents	-	1,283,650	150,406	1,434,056
TOTAL ASSETS	<u>\$ 13,275,484</u>	<u>\$ 2,149,827</u>	<u>\$ 383,498</u>	<u>\$ 15,808,809</u>
LIABILITIES				
Accounts payable	\$ 279,973	\$ 7,350	\$ 1,254	\$ 288,577
Accrued liabilities	277,984	-	-	277,984
Unearned revenue	62,046	-	-	62,046
Total liabilities	620,003	7,350	1,254	628,607
DEFERRED INFLOWS OF RESOURCES				
	3,377,039	-	-	3,377,039
FUND BALANCE				
Nonspendable - inventory	482,875	-	-	482,875
Restricted				
Capital projects	-	2,142,477	-	2,142,477
Public safety	-	-	11,489	11,489
Community redevelopment	-	-	137,831	137,831
Assigned	299,702	-	232,924	532,626
Unassigned	8,495,865	-	-	8,495,865
Total fund balance	<u>9,278,442</u>	<u>2,142,477</u>	<u>382,244</u>	<u>11,803,163</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,275,484</u>	<u>\$ 2,149,827</u>	<u>\$ 383,498</u>	<u>\$ 15,808,809</u>

See notes to the financial statements.

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

Fund balance, total governmental funds		\$ 11,803,163
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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 the governmental funds

Governmental non-depreciable assets	\$ 3,669,913	
Governmental depreciable assets	34,131,837	
Less accumulated depreciation	<u>(24,991,972)</u>	
		12,809,778

Deferred inflows of resources and deferred outflows of resources related to pensions and OPEB are not available/receivable or due/payable, respectively, in the current period and therefore, are not reported in the governmental funds.

Deferred outflows of resources - OPEB related	221,188	
Deferred inflows of resources - OPEB related	(1,119,997)	
Deferred outflows of resources - pension related	3,985,921	
Deferred inflows of resources - pension related	<u>(353,597)</u>	
		2,733,515

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

Lease liability	(117,238)	
Notes payable	(402,475)	
Compensated absences	(686,781)	
Net OPEB asset	908,677	
Net pension liability	<u>(8,960,755)</u>	
		<u>(9,258,572)</u>

Net position of governmental activities		<u>\$ 18,087,884</u>
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See notes to the financial statements.

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

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Community Redevelopment Agency	Capital Projects		
REVENUES					
Taxes	\$ 3,727,569	\$ -	\$ 228,524	\$ -	\$ 3,956,093
Licenses, fees, permits and assessments	1,012,451	-	-	-	1,012,451
Intergovernmental	1,372,854	-	1,465,121	161,663	2,999,638
Charges for services	2,176,627	-	-	6,910	2,183,537
Fines and forfeits	15,306	-	-	250	15,556
Miscellaneous	2,326,681	-	19,031	6,530	2,352,242
Total revenues	10,631,488	-	1,712,676	175,353	12,519,517
EXPENDITURES					
Current					
General governmental	4,339,721	-	139,326	-	4,479,047
Public safety	4,887,884	-	-	-	4,887,884
Economic environment	84,600	-	-	79,992	164,592
Transportation	1,629,517	-	-	-	1,629,517
Culture and recreation	1,598,286	-	-	-	1,598,286
Capital outlay	301,022	-	1,698,956	-	1,999,978
Debt service					
Principal	161,368	-	-	-	161,368
Interest	10,856	-	-	-	10,856
Total expenditures	13,013,254	-	1,838,282	79,992	14,931,528
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,381,766)</u>	<u>-</u>	<u>(125,606)</u>	<u>95,361</u>	<u>(2,412,011)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of lease	149,572	-	-	-	149,572
Transfers in	4,256,216	-	310,000	-	4,566,216
Transfers out	(1,693,090)	-	(150,000)	-	(1,843,090)
Total other financing sources	2,712,698	-	160,000	-	2,872,698
NET CHANGE IN FUND BALANCE	330,932	-	34,394	95,361	460,687
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	8,947,510	46,137	2,108,083	240,746	11,342,476
Change within financial reporting entity (major to non- major fund)	<u>-</u>	<u>(46,137)</u>	<u>-</u>	<u>46,137</u>	<u>-</u>
FUND BALANCE, BEGINNING, AS ADJUSTED	8,947,510	-	2,108,083	286,883	11,342,476
FUND BALANCE, ENDING	<u>\$ 9,278,442</u>	<u>\$ -</u>	<u>\$ 2,142,477</u>	<u>\$ 382,244</u>	<u>\$ 11,803,163</u>

See notes to the financial statements.

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

Net change in fund balance – governmental funds	\$	460,687
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated/amortized over the estimated useful lives of the assets.		
Expenditures for capital assets	\$ 1,999,978	
Less current year depreciation	<u>(1,324,628)</u>	
		675,350
The issuance of long-term debt provides current debt resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments		161,368
Proceeds from issuance of lease		<u>(149,572)</u>
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.		
Change in net OPEB liability and related deferred inflows and outflows of resources related to OPEB	(880,753)	
Change in net pension liability and related deferred inflows and outflows of resources related to pensions	(1,693,333)	
Change in long-term compensated absences	<u>(3,578)</u>	
		<u>(2,577,664)</u>
Change in net position of governmental activities	\$	<u><u>(1,429,831)</u></u>

See notes to the financial statements.

**CITY OF MILTON, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	Major Funds				Non-Major Enterprise Funds	Total
	Natural Gas Fund	Water & Sewer Fund	Sanitation Fund	Sundial Utilities Fund		
ASSETS						
Current assets						
Cash and cash equivalents	\$ 3,062,555	\$ 12,997,630	\$ 637,141	\$ 3,056,033	\$ 636,353	\$ 20,389,712
Receivables, net	428,322	1,257,921	173,880	82,487	42,719	1,985,329
Due from other governments	88,500	-	-	-	-	88,500
Due from other funds	-	-	-	367,351	-	367,351
Inventory	208,468	-	-	-	-	208,468
Restricted cash	236,189	15,539,407	-	803,427	-	16,579,023
Non-current - net OPEB asset - restricted	87,373	113,585	69,898	-	-	270,856
Total current and other assets	4,111,407	29,908,543	880,919	4,309,298	679,072	39,889,239
Capital assets						
Non-depreciable	94,075	8,543,477	-	788,698	923,987	10,350,237
Depreciable, net	991,393	7,536,096	239,570	422,904	291,403	9,481,366
Total capital assets	1,085,468	16,079,573	239,570	1,211,602	1,215,390	19,831,603
TOTAL ASSETS	5,196,875	45,988,116	1,120,489	5,520,900	1,894,462	59,720,842
DEFERRED OUTFLOWS OF RESOURCES						
OPEB related	21,268	27,648	17,014	-	-	65,930
Pension related	71,736	170,334	36,997	-	-	279,067
TOTAL DEFERRED OUTFLOWS	93,004	197,982	54,011	-	-	344,997
LIABILITIES						
Current liabilities						
Accounts payable	404,296	431,770	47,678	3,619	8,652	896,015
Compensated absences	51,674	78,492	36,601	-	-	166,767
Due to other funds	-	639,373	-	-	-	639,373
Accrued wages	23,343	51,094	14,269	-	-	88,706
Notes and loans payable	78,326	429,856	-	153,002	-	661,184
Restricted: customer deposits	235,344	644,568	-	64,053	-	943,965
Unearned revenue	-	3,493,474	-	-	-	3,493,474
Total current liabilities	792,983	5,768,627	98,548	220,674	8,652	6,889,484
Non-current liabilities						
Compensated absences	3,349	1,580	1,843	-	-	6,772
Notes and loans payable	251,371	2,171,187	-	1,316,703	-	3,739,261
Net pension liability	129,540	307,589	66,809	-	-	503,938
Total non-current liabilities	384,260	2,480,356	68,652	1,316,703	-	4,249,971
TOTAL LIABILITIES	1,177,243	8,248,983	167,200	1,537,377	8,652	11,139,455
DEFERRED OUTFLOWS OF RESOURCES						
OPEB related	107,692	140,000	86,154	-	-	333,846
Pension related	5,765	13,689	2,973	-	-	22,427
TOTAL DEFERRED INFLOWS	113,457	153,689	89,127	-	-	356,273
NET POSITION						
Net investment in capital assets	755,771	13,478,530	239,570	(258,103)	1,215,390	15,431,158
Restricted: debt service	-	-	-	803,427	-	803,427
Restricted: capital projects	-	15,539,407	-	-	-	15,539,407
Unrestricted	3,243,408	8,765,489	678,603	3,438,199	670,420	16,796,119
TOTAL NET POSITION	\$ 3,999,179	\$ 37,783,426	\$ 918,173	\$ 3,983,523	\$ 1,885,810	\$ 48,570,111

See notes to the financial statements.

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

	Major Funds				Non-Major Enterprise Funds	Total
	Natural Gas Fund	Water & Sewer Fund	Sanitation Fund	Sundial Utilities Fund		
OPERATING REVENUES						
Charges for services	\$ 5,850,449	\$ 9,928,392	\$ 1,785,969	\$ 1,208,032	\$ 269,478	\$ 19,042,320
OPERATING EXPENSES						
Personal services	806,355	2,188,389	563,435	-	-	3,558,179
Operating	3,127,583	3,154,020	1,220,386	317,274	136,818	7,956,081
Depreciation	164,647	1,754,236	50,469	72,978	38,029	2,080,359
Total operating expenses	4,098,585	7,096,645	1,834,290	390,252	174,847	13,594,619
OPERATING INCOME (LOSS)	1,751,864	2,831,747	(48,321)	817,780	94,631	5,447,701
NON-OPERATING REVENUES (EXPENSES)						
Interest expense	(14,869)	(80,754)	-	(66,883)	-	(162,506)
Interest income	80,816	930,490	8,155	104,502	21,538	1,145,501
Miscellaneous	224,685	400,055	106,599	-	-	731,339
Total non-operating revenues	290,632	1,249,791	114,754	37,619	21,538	1,714,334
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	2,042,496	4,081,538	66,433	855,399	116,169	7,162,035
Capital contributions and grants	88,500	2,141,029	-	367,351	-	2,596,880
Transfers in	-	1,533,090	-	-	-	1,533,090
Transfers out	(1,341,073)	(2,826,326)	(88,817)	-	-	(4,256,216)
Total transfers and capital contributions	(1,252,573)	847,793	(88,817)	367,351	-	(126,246)
CHANGE IN NET POSITION	789,923	4,929,331	(22,384)	1,222,750	116,169	7,035,789
NET POSITION AT BEGINNING OF YEAR	3,209,256	32,854,095	940,557	2,760,773	1,769,641	41,534,322
NET POSITION AT END OF YEAR	<u>\$ 3,999,179</u>	<u>\$ 37,783,426</u>	<u>\$ 918,173</u>	<u>\$ 3,983,523</u>	<u>\$ 1,885,810</u>	<u>\$ 48,570,111</u>

See notes to the financial statements.

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

	Major Funds					Total
	Natural Gas Fund	Water & Sewer Fund	Sanitation Fund	Sundial Utilities Fund	Non-Major Funds	
CASH FLOWS FROM OPERATING						
ACTIVITIES						
Receipts from customers/users	\$ 5,836,660	\$ 9,852,250	\$ 1,780,987	\$ 1,199,943	\$ 273,489	\$ 18,943,329
Payments to suppliers	(2,881,290)	(2,966,970)	(1,217,097)	(319,891)	(131,843)	(7,517,091)
Payments to employees	(728,809)	(2,096,739)	(501,790)	-	-	(3,327,338)
Miscellaneous income	224,685	400,055	106,599	-	-	731,339
Net cash provided by operating activities	<u>2,451,246</u>	<u>5,188,596</u>	<u>168,699</u>	<u>880,052</u>	<u>141,646</u>	<u>8,830,239</u>
CASH FLOWS FROM NON-CAPITAL						
FINANCING ACTIVITIES						
Transfers in	-	1,533,090	-	-	-	1,533,090
Transfers out	(1,341,073)	(2,826,326)	(88,817)	-	-	(4,256,216)
Net cash used in non-capital financing activities	<u>(1,341,073)</u>	<u>(1,293,236)</u>	<u>(88,817)</u>	<u>-</u>	<u>-</u>	<u>(2,723,126)</u>
CASH FLOWS FROM CAPITAL AND						
RELATED FINANCING ACTIVITIES						
Acquisitions of capital assets	(372,800)	(4,202,619)	-	(63,618)	(380,734)	(5,019,771)
Capital contributions and grants	-	1,648,156	-	-	-	1,648,156
Principal paid on long-term debt	(75,743)	(418,412)	-	(150,563)	-	(644,718)
Interest paid on long-term debt	(14,869)	(80,754)	-	(66,883)	-	(162,506)
Net cash used in capital and related financing activities	<u>(463,412)</u>	<u>(3,053,629)</u>	<u>-</u>	<u>(281,064)</u>	<u>(380,734)</u>	<u>(4,178,839)</u>
CASH FLOWS FROM INVESTING						
ACTIVITIES						
Interest income	80,816	930,490	8,155	104,503	21,538	1,145,502
NET CHANGE IN CASH	<u>727,577</u>	<u>1,772,221</u>	<u>88,037</u>	<u>703,491</u>	<u>(217,550)</u>	<u>3,073,776</u>
CASH AND CASH EQUIVALENTS:						
AT BEGINNING OF YEAR	<u>2,571,167</u>	<u>26,764,816</u>	<u>549,104</u>	<u>3,155,969</u>	<u>853,903</u>	<u>33,894,959</u>
AT END OF YEAR	<u>\$ 3,298,744</u>	<u>\$ 28,537,037</u>	<u>\$ 637,141</u>	<u>\$ 3,859,460</u>	<u>\$ 636,353</u>	<u>\$ 36,968,735</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSIST OF:						
Cash and cash equivalents	\$ 3,062,555	\$ 12,997,630	\$ 637,141	\$ 3,056,033	\$ 636,353	\$ 20,389,712
Restricted cash	236,189	15,539,407	-	803,427	-	16,579,023
Total cash and cash equivalents	<u>\$ 3,298,744</u>	<u>\$ 28,537,037</u>	<u>\$ 637,141</u>	<u>\$ 3,859,460</u>	<u>\$ 636,353</u>	<u>\$ 36,968,735</u>

See notes to the financial statements.

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

	<u>Major Funds</u>				<u>Non-Major Enterprise Funds</u>	<u>Total</u>
	<u>Natural Gas Fund</u>	<u>Water & Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Sundial Utilities Fund</u>		
RECONCILIATION OF OPERATING INCOME						
(LOSS) TO NET CASH PROVIDED BY						
OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,751,864	\$ 2,831,747	\$ (48,321)	\$ 817,780	\$ 94,631	\$ 5,447,701
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	164,647	1,754,236	50,469	72,978	38,029	2,080,359
Miscellaneous revenue	224,685	400,055	106,599	-	-	731,339
Decrease (increase) in assets:						
Receivable, net	(23,184)	(109,761)	(4,982)	(13,849)	4,011	(147,765)
Inventory	96,619	-	-	-	-	96,619
Deferred outflows	89,605	164,884	53,814	-	-	308,303
(Decrease) increase in liabilities:						
Accounts payable	149,674	187,050	3,289	(2,617)	4,975	342,371
Compensated absences payable	9,108	10,750	6,638	-	-	26,496
Accrued wages	(4,848)	(27,761)	(2,300)	-	-	(34,909)
Customer deposits	9,395	33,619	-	5,760	-	48,774
Net pension liability	(56,943)	(109,732)	(34,819)	-	-	(201,494)
Net OPEB asset	84,194	109,452	67,356	-	-	261,002
Deferred inflows	(43,570)	(55,943)	(29,044)	-	-	(128,557)
Net cash provided by operating activities	<u>\$ 2,451,246</u>	<u>\$ 5,188,596</u>	<u>\$ 168,699</u>	<u>\$ 880,052</u>	<u>\$ 141,646</u>	<u>\$ 8,830,239</u>

See notes to the financial statements.

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

	Pension Trust Funds	Retired Employees' Insurance Trust Fund
ASSETS		
Investments, at fair value	\$ 38,839,189	\$ 401,952
Accounts receivable	73,551	-
TOTAL ASSETS	38,912,740	401,952
LIABILITIES		
Accounts payable	-	15,126
NET POSITION		
Restricted for pensions and OPEB	\$ 38,912,740	\$ 386,826

See notes to the financial statements.

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

	Pension Trust Funds	Retired Employees' Insurance Trust Fund
ADDITIONS		
Contributions		
Employer	\$ 1,226,236	\$ -
Plan members	561,096	-
State of Florida	255,712	-
Total contributions	<u>2,043,044</u>	<u>-</u>
Investment income	7,099,956	694,909
Less investment expense	<u>(400,803)</u>	<u>-</u>
Net investment income	<u>6,699,153</u>	<u>694,909</u>
TOTAL ADDITIONS	8,742,197	694,909
DEDUCTIONS		
Benefits and refunds paid	2,425,553	2,610,984
Administrative expenses – other	<u>6,477</u>	<u>41,098</u>
TOTAL DEDUCTIONS	<u>2,432,030</u>	<u>2,652,082</u>
NET CHANGE IN NET POSITION	6,310,167	(1,957,173)
NET POSITION, BEGINNING	<u>32,602,573</u>	<u>2,343,999</u>
NET POSITION, ENDING	<u>\$ 38,912,740</u>	<u>\$ 386,826</u>

See notes to the financial statements.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

1. DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of City

The City of Milton, Florida (the City), was originally incorporated under the Territorial Acts of 1844. The present charter was enacted in 1927 as Chapter 13105, Laws of Florida. The City is the county seat of Santa Rosa County and operates with a city manager-council form of government. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Manager appointed by the Council. As authorized by its charter, the City provides the following services: public safety (police, fire and inspection), roads and streets, water and sewer, sanitation, natural gas, culture and recreation, public improvements, planning and zoning and general administrative services. In addition, the City maintains several trust funds in a fiduciary capacity. The City does not provide educational or library facilities, as those services are provided by the Santa Rosa County School Board and the West Florida Regional Library System, respectively.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes.

The following is a summary of the more significant accounting policies of the City:

The Reporting Entity

An eight-member City Council and a Mayor govern the City, each elected at-large for four-year terms. The Council has no powers other than those expressly vested in it by State Statute and the City Charter, and their governmental powers cannot be delegated. As required by GAAP, the City is presented as the primary government. In evaluating the City as a reporting entity, management has considered all potential component units for which the City may be financially accountable and, as such, be included within the City's financial statements. Management utilized criteria set forth in GASB guidance for determining financial accountability of potential component units in evaluating all potential component units. Accordingly, the City (primary government) is financially accountable if it appoints a voting majority of the potential component unit's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Milton Community Redevelopment Agency (the Agency) was established by the City as a separate legal entity in accordance with Florida Statute 163, Section III. The Agency oversees the redevelopment of the downtown area. The Community Redevelopment Advisory Board is appointed by the City Council. The Mayor, City Manager and one City Councilmember sit on the Advisory Board. In addition, City employees manage the Agency's operations. The Agency is reported in the financial statements of the City as a "blended component unit". Separate financial statements of the Agency are prepared. This report, or requests for additional information should be addressed to the Office of the Chief Accountant, 6738 Dixon Street, Milton, Florida 32572. Inquiries may also be sent via email to the Finance Department at chiefaccountant@mymiltonflorida.com.

CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

The Milton Housing Authority (the Authority) is considered a related organization to the City rather than a component unit. The City Council appoints the board members of the Authority; however, the Authority's board operates independently of the City Council and does not create a financial burden or benefit to the City.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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. Pension plans recognize revenue when contributions are due as there is a statutory requirement to make the contribution. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within six months of the end of the current fiscal period, except for property taxes, for which the period is 60 days. 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.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Franchise taxes 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. Sales taxes, gasoline taxes and other intergovernmental revenues collected and held by the state at year-end on behalf of the City, are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Santa Rosa County Tax Collector bills and collects property taxes for the City in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

Lien Date	January 1
Levy Date	November 1
Due Date	November 1
Delinquent Date	April 1

Discounts of 1% for each month taxes are paid prior to March are granted.

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for ad-valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and therefore, are not recorded as a receivable on the balance sheet date.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources, as they are needed.

The following three broad classifications are used to categorize the fund types used by the City:

Governmental

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources) and not net income. The City has the following major governmental funds.

General Fund – This is the City's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – This fund is used for the acquisition and/or construction of capital facilities, except for those accounted for in proprietary funds.

Proprietary

Proprietary funds focus on the determination of net income, changes in net position, financial position and cash flows. All of the City's proprietary funds are enterprise funds, as fees are charged to external users for services. The following is a description of the major proprietary funds of the City.

Natural Gas Fund – Used to account for the sale of natural gas to the City's residents.

Water and Sewer Fund – Used to account for the water and sewer operations of the City, which provides distribution of potable water, sales, service, sanitary wastewater collection, treatment and disposal.

Sanitation Fund – Accounts for the operation of the City that provides for solid waste collection, disposal and/or recycling.

Sundial Utilities Fund – Accounts for wastewater services provided to residents of certain subdivisions around the Bagdad, Florida, area.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments or on behalf of other funds within the City. The City has the following fiduciary funds:

Pension Trust Funds – Used to report the resources that are required to be held in trust for the members and beneficiaries of the three defined benefit pension plans administered by the City: General Employees' Retirement Fund, Police Officers' Retirement Fund and Firefighters' Retirement Fund.

Retired Employees' Insurance Trust Fund – Used to report the resources that are required to be held in trust for post-employment healthcare benefits.

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

Cash and Cash Equivalents

Each fund's cash on hand, demand deposits and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased, are considered to be cash equivalents.

Deposits and Investments

Section 218.415, Florida Statutes, permits the investment of surplus public funds and prescribes the types of investments authorized, specifically the State of Florida Local Government Surplus Funds Trust Fund, direct obligations of the U.S. Government or other obligations unconditionally guaranteed by the U.S. Government, collateralized interest-bearing time deposits or savings accounts in state or federal banks or savings and loan associations, debt securities of the Federal Farm Credit Banks, the Federal Home Loan Mortgages Corporation, the Federal Home Loan Bank, the Government National Mortgage Association, the Federal National Mortgage Association and securities of or other interest in certain investment companies or investment trusts, the portfolio of which is limited to U.S. Government obligations or repurchase agreements fully collateralized by such obligations. The City adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, Florida Statutes, which requires the City to maintain deposits only with "Qualified Public Depositories." The City maintains cash, money market deposit accounts and certificates of deposit in each of the City's individual funds, which are stated at amortized cost. In addition, the City's General and Enterprise Funds have equity in a pooled cash bank account.

In addition, restricted cash accounts, certificates of deposit and other investments are separately maintained in accordance with retirement fund plan documents and other contractual agreements. Investments are stated at amortized cost.

Each Board of Trustees for the various pension trust funds has developed an investment policy according to Chapter 112.661, Florida Statutes. These plans provide written investment policies which must be structured to maximize the plans' financial returns, including diversification of the plans' assets.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Interfund Receivables and Payables

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balance." Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

Lease Receivable

The City recognizes a lease receivable and a corresponding deferred inflows of resources for lessor lease arrangements that fall under the scope of GASB Statement No.87, Leases.

Right-of-Use Asset and Lease Liability

The City is a sub lessee for noncancellable leases of office space. The City recognizes a lease liability and an right-to-use lease asset in the government-wide financial statements.

At the commencement of the lease, the City initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

The City uses the interest rate charged by the lessor as the discount rate or its incremental borrowing rate as the discount rate for the leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the City will reasonably be certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The City monitors changes in the circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Payments due under the lease contracts include fixed payments. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

- Amounts expected to be payable by the City under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain the option will be executed.
- Payments of penalties for terminating the lease, if the lease term reflects the City exercising that option.

Inventories

Inventory held by the General Fund is valued at cost and offset by nonspendable fund balance in the fund financial statements to indicate that it is not available for appropriation.

Inventory recorded in the Natural Gas Fund consists of gas held by the City for resale. The inventory is stated at cost and priced using the approved purchased gas adjustment (PGA) rates.

Restricted Assets

Certain resources of the governmental activities are classified as restricted due to external restrictions imposed on the City. The restricted assets include monies in the Police Special Investigation Fund, restricted for public safety purposes; monies in the Community Redevelopment Agency Fund, restricted for future downtown redevelopment costs; monies restricted for upcoming capital projects and monies restricted for retirement funding.

Certain resources of the Natural Gas Fund, Water and Sewer Fund and the Sundial Utilities Fund are classified as restricted assets because their use is limited by applicable bond covenants or loan agreements.

Additionally, water and sewer, natural gas and Sundial utility deposits received from customers are classified as restricted assets. This money is restricted for use as payment of the final customer bill, refund to a good-standing customer or returned to the customer upon settlement of the final bill.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, curbs and sidewalks, drainage systems, lighting systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial cost more than the following:

Land	All
Buildings and improvements	\$ 10,000
Infrastructure	\$ 10,000
Improvements – other	\$ 10,000
Equipment, vehicles and computers	\$ 5,000

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

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

Water and sewer system	5-50 Years
Natural gas distribution system	20-50 Years
System infrastructure	20-40 Years
Buildings and improvements	5-20 Years
Tools and equipment	3-20 Years
Vehicles	3-10 Years

Compensated Absences

Employees may accumulate earned but unused annual leave, sick pay and compensatory time. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave is accrued in the government-wide and proprietary fund financial statements based on a ratio of the sum of sick leave utilized over the last several years to the total balance of sick leave at the end of each fiscal year. A liability for the amounts of vacation and sick leave is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. The policy for accruing such time is as follows:

Annual Leave

<u>Years of Employment</u>	<u>Hours Accrued per Month (Firefighters/All Others)</u>
0-5 Years	12 hours/8 hours
5-10 Years	15 hours/10 hours
10-15 Years	18 hours/12 hours
15-20 Years	21 hours/14 hours
20+ Years	24 hours/16 hours

Sick Leave

Firefighters accrue 15 hours per month of sick leave and all other employees accrue sick leave at the rate of ten hours per month.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Compensatory Time

Compensatory time is accrued at time and a half for every hour worked in excess of 40 hours for the week. Employees may elect either to be paid these excess hours as overtime or to accrue them as comp time. In addition, on-call employees receive eight hours of compensatory time for every completed on-call period (one week). Employees must use on-call leave within the calendar year in which it is earned. A maximum of 40 hours of on-call time may be carried over to the next calendar year; however, the accumulated amounts may not be taken out as cash payments and are not paid if the employee is terminated.

Termination Policy

Upon termination of employment, an employee will be paid for accumulated annual leave up to 200 hours, 40% of sick leave hours in excess of 480 hours and compensatory time. However, firefighters may be paid for a maximum of 300 hours of annual leave and 40% of hours in excess of 720 hours of sick leave.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or enterprise fund statement of net position. Debt premiums and discounts are amortized over the life of the debt using the effective interest method. Debt is reported net of the applicable premium or discount. Debt issuance costs are reported as expenses in the period incurred. The face amount of debt issued is reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. As of September 30, 2024, the City has deferred outflows of resources related to pensions and OPEB.

In addition to liabilities, the statement of financial position will report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. As of September 30, 2024, the City has deferred inflows of resources related to pensions, OPEB and leases.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of each plan, and additions to/deductions from the fiduciary net position of each plan have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Administrative costs are financed from each respective fund's investment earnings.

CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Net Other Postemployment Benefits (OPEB) Asset

For the purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City's Retiree Health Care Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Governmental Fund Balances

The City classifies fund balances in the governmental funds as follows:

Nonspendable fund balances – cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances – can only be used for specific purposes, which are externally imposed by creditors, grantors, contributors or laws or regulations or are imposed by law through constitutional provisions or enabling legislation.

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

Assigned fund balances – can only be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed. Fund balances may be assigned by the City Council, City Manager or City Clerk for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the City Council.

Unassigned fund balances – represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use in the General Fund or any other governmental fund, it is the City's policy to use committed resources first, then assigned and then unassigned as needed. The City does not have a formal minimum fund balance requirement.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted by ordinance for all governmental and proprietary funds. However, budgets for proprietary funds are not legally required to be reported and are not included in these financial statements. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

The City Charter states the level of budgetary control (that is, the level at which expenditures cannot legally exceed appropriations) has been established at the department level. Any revisions to the budget during each fiscal year must be approved by the City Council.

Budget amounts reflected in the financial statements are originally adopted amounts as amended by action of the City Council by revision of department totals. All amendments to originally adopted amounts were made in a legally permissible manner.

3. DEPOSITS AND INVESTMENTS

Deposits

The investment of surplus funds is governed by the provisions of Florida Statute 218.415 as to the type of investments that can be made. Deposits may be subject to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned.

The City manages its custodial credit risk by maintaining its deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. The provisions of this statute allow Qualified Public Depositories to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All Qualified Public Depositories must deposit eligible collateral with the Treasurer of the State of Florida equal to or in excess of their required collateral pledging level. In the event of default by a qualified public financial institution, the Treasurer will pay public depositors all losses in excess of insurance and collateral through assessments among all Qualified Public Depositories. The City's deposits at September 30, 2024, were entirely covered by federal depository insurance or pooled collateral held by the State Treasurer and therefore, have no custodial credit risk.

Investments – Fiduciary Funds

As of September 30, 2024, the City's investments consist of those held in the fiduciary funds. The types of allowable investments are restricted by state statutes, retirement fund plan documents and other contractual agreements. A description of the requirements and the types of investments allowed can be found in the following paragraphs.

Each pension plan and trust fund have a separate Board of Trustees that governs the investments. The Board recognizes that the general investment objective is to maximize return consistent with the risks incumbent with each investment. The Board achieves its fiduciary responsibility regarding the investment objectives by practicing the Prudent Investment Rule, understanding that Section 112.661(4) of the Florida Statutes supersedes any conflicting provisions of law guiding the Plans' investments.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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A brief summary of the authorized investments include the following: cash instruments having a quality rating of Standard & Poor's A1, Moody's P1 or higher; obligations issued by the U.S. Government, or an agency or instrumentality of the U.S. Government, including mortgage-related securities; mortgage-related securities or asset-backed securities not issued by the U.S. Government or an agency or instrumentality thereof may also be purchased; bonds and other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the U.S.; stocks issued by a corporation organized under the laws of the U.S.; commingled stock and bond funds and mutual funds; international stocks; annuity and life insurance contracts of life insurance companies; bonds issued by the State of Israel; and investments in direct real estate investment partnerships.

In addition to authorizing investment instruments, the City's policies also identify various portfolio parameters addressing issuer diversification, term to maturity and liquidity.

Interest Rate Risk – The City's investment policy encourages matching investment maturities with known cash needs and anticipated cash flow requirements in order manage interest rate risk. The investment policies for the trust funds do not specifically address interest rate risk.

As of September 30, 2024, the City had the following investments and maturities:

	Fair Value	INVESTMENT MATURITIES (YEARS)			
		<1	1-5	6-10	>10
Investments subject to interest rate risk					
Corporate bonds	\$ 3,827,820	\$ 249,931	\$ 1,395,068	\$ 1,619,816	\$ 563,005
U.S. Government obligations	1,315,203	-	411,989	599,267	303,947
Municipal obligations	29,381	-	-	-	29,381
Mortgage backed securities	755,218	-	286,883	135,065	333,270
	5,927,622	<u>\$ 249,931</u>	<u>\$ 2,093,940</u>	<u>\$ 2,354,148</u>	<u>\$ 1,229,603</u>
Investments not subject to interest-rate risk	<u>33,313,519</u>				
Total	<u>\$ 39,241,141</u>				
Investments held by City:					
Pension Trust Funds	\$ 38,839,189				
Retired Employees' Insurance Trust Fund	<u>401,952</u>				
Total	<u>\$ 39,241,141</u>				

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Credit Risk – The structure of the pension portfolios is designed to minimize credit risk. The Plans limit investments in bonds to those for which the issuer has a Standard and Poor’s rating of AAA-BBB or Moody’s rating of Aaa-Baa. All pension funds were in compliance with the restrictive investment policies regarding credit rate risk as of September 30, 2024.

Concentration of Credit Risk – To limit the City's risk against possible credit losses, the policies state that the exposure of the portfolio to any one corporate issuer, other than securities of the U.S. Government or Agencies, shall not exceed 10% of the market value of the total fixed income portfolio.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly.
- Level 3 – Unobservable inputs for an asset.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market and mutual funds	\$ 20,381,336	\$ 20,363,311	\$ 18,025	\$ -
Corporate bonds	3,827,820	-	3,827,820	-
U.S. government obligations	1,315,202	-	1,315,202	-
Municipal obligations	29,381	-	29,381	-
Mortgage backed securities	755,218	-	755,218	-
Common stock	12,932,184	12,932,184	-	-
Total investments	<u>\$ 39,241,141</u>	<u>\$ 33,295,495</u>	<u>\$ 5,945,646</u>	<u>\$ -</u>

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

4. RECEIVABLES

Receivables at September 30, 2024, were as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>					<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Natural Gas</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Sundial Utilities</u>	<u>Non-Major</u>	
Utility taxes and franchise fees	\$ 165,741	\$ -	\$ 5,724	\$ -	\$ -	\$ -	\$ -	\$ 171,465
Accounts, less allowance for doubtful accounts	27,439	428	422,598	1,257,921	173,880	82,487	42,719	2,007,472
Other	7,310	-	-	-	-	-	-	7,310
	<u>\$ 200,490</u>	<u>\$ 428</u>	<u>\$ 428,322</u>	<u>\$ 1,257,921</u>	<u>\$173,880</u>	<u>\$82,487</u>	<u>\$ 42,719</u>	<u>\$ 2,186,247</u>

As of September 30, 2024, the City has estimated \$69,000 as an allowance for uncollectible accounts related to business-type activities.

Due from Other Governments

The City's receivables from other governments for governmental activities as of September 30, 2024, were \$1,151,019. The receivables consist primarily of amounts due from the State of Florida relating to intergovernmental revenues and various government agencies for grant reimbursements.

Lease as Lessor

The City leases space to multiple unrelated parties for cellular communications towers. The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term, including options reasonably certain to be exercised. These agreements have varying terms, including inception dates from January 1998 through May 2014 and have terms with renewals options through March 2065. During the year ended September 30, 2024, principal and interest received were \$203,210 and \$27,199, respectively. At September 30, 2024, the City reported \$3,466,163 for leases receivable in the governmental funds.

CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 3,240,182	\$ -	\$ -	\$ 3,240,182
Construction in progress	1,327,851	34,882	(933,002)	429,731
Total capital assets not being depreciated	4,568,033	34,882	(933,002)	3,669,913
Capital assets being depreciated:				
Buildings	9,671,840	11,404	-	9,683,244
Improvements other than buildings	14,342,258	1,268,648	933,002	16,543,908
Right-of-use assets	-	149,572	-	149,572
Machinery and equipment	7,398,249	535,472	(178,608)	7,755,113
Total capital assets being depreciated	31,412,347	1,965,096	754,394	34,131,837
Less accumulated depreciation:				
Buildings	(8,892,763)	(107,048)	-	(8,999,811)
Improvements other than buildings	(9,316,959)	(759,478)	-	(10,076,437)
Right-of-use assets	-	(33,774)	-	(33,774)
Machinery and equipment	(5,636,230)	(424,328)	178,608	(5,881,950)
Total accumulated depreciation	(23,845,952)	(1,324,628)	178,608	(24,991,972)
Total capital assets being depreciated, net	7,566,395	640,468	933,002	9,139,865
Governmental activities, net	<u>\$ 12,134,428</u>	<u>\$ 675,350</u>	<u>\$ -</u>	<u>\$ 12,809,778</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,016,777	\$ 2,357,308	\$ -	\$ 3,374,085
Construction in progress	5,121,749	1,863,453	(9,050)	6,976,152
Total capital assets not being depreciated	6,138,526	4,220,761	(9,050)	10,350,237
Capital assets being depreciated:				
Buildings	26,000	-	-	26,000
Improvements other than buildings	54,238,315	463,046	8,779	54,710,140
Machinery and equipment	4,124,767	336,235	(289,384)	4,171,618
Total capital assets being depreciated	58,389,082	799,281	(280,605)	58,907,758
Less accumulated depreciation:				
Buildings	(26,000)	-	-	(26,000)
Improvements other than buildings	(44,823,575)	(1,857,544)	271	(46,680,848)
Machinery and equipment	(2,785,841)	(223,086)	289,384	(2,719,543)
Total accumulated depreciation	(47,635,416)	(2,080,631)	289,655	(49,426,392)
Total capital assets being depreciated, net	10,753,666	(1,281,350)	9,050	9,481,366
Business-type activities, net	<u>\$ 16,892,192</u>	<u>\$ 2,939,411</u>	<u>\$ -</u>	<u>\$ 19,831,603</u>

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities

General government	\$ 783,420
Public safety	275,182
Transportation	223,452
Culture and recreation	42,574
	42,574

Total depreciation expense – governmental activities	\$ 1,324,628
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Business-type activities

Natural gas	\$ 164,647
Water and sewer	1,754,508
Sanitation	50,469
Sundial utilities	72,978
Non-major	38,029
	38,029

Total depreciation expense – business-type activities	\$ 2,080,631
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Construction Commitments

The City has ongoing projects related to the East Milton Wastewater Treatment Plant and other projects with varying remaining commitments.

6. DEFINED BENEFIT PENSION PLANS

The City administers three single-employer defined benefit pension plans: the General Employees' Retirement Plan (GERP), Police Officers' Retirement Plan (PORP) and the Firefighters' Retirement Plan (FRP). These plans provide benefits for all qualifying employees of the City. The financial activity of each plan is reported as a Pension Trust Fund in the City's financial statements. Detailed information about each of the pension plan's fiduciary net position is available in a separately issued plan actuarial report. A separately audited financial report for each of the plans is not available. Each plan's assets may be used only for the payment of benefits to members of that plan. A summary of significant accounting policies of the Pension Trust Funds can be found at Note 1.

General Employees' Retirement Plan (GERP)

Plan Description

The General Employees' Retirement Plan (GERP) is administered by a Board of Trustees (General Board) comprised of a) two legal residents appointed by the City Council and b) three members of the plan. All Members serve three-year terms. Full-time employees who are classified as fulltime General Employees of the City enter the Plan on January 1 or July 1 after six months of employment.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Plan Membership as of October 1, 2022:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	54
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	81
Total	145

Benefits Provided

The plan provides retirement, termination, disability and death benefits. A member may retire at age 55 with 10 years of credited service (early retirement) or at age 65 and 10 years of credited service or 25 years of credited service (normal retirement). Benefits become 100% vested upon completion of 10 years of credited service. Members will receive the vested portion of his or her accrued benefit payable at the otherwise normal retirement date or refund of member contributions. Non-vested terminated members receive a refund of member contributions. The plan provides a retirement benefit for normal retirement of 2.50% of average final compensation times credited service, with a maximum of 100% of average final compensation. Benefits for early retirement are accrued benefit, reduced actuarially to reflect early commencement of benefits. Varied benefits exist for disability and pre-retirement death.

Funding Policy and Contributions

Both the City and the employees (at a rate of 10.0% of payroll) make contributions to the Plan. For the fiscal year, employees contributed \$419,475 to the Plan. The City is required to contribute at an actuarially determined rate: the contribution rate for 2024 was 11.3% of payroll.

Net Pension Liability of the Sponsor – Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022, updated to September 30, 2023, using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.20%
Investment Rate of Return	7.20%

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Mortality rates were based on the tables below. The most recent actuarial experience study used to review the other significant assumptions was dated August 23, 2018.

Mortality Rate Healthy Active Lives:

Female: PubG.H-2010 (Below Median) for Employees.

Male: PubG.H-2010 (Below Median) for Employees, set back one year.

Mortality Rate Healthy Retiree Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Fixed Income	22%	2.50%
Domestic Equity	47%	7.50%
Real Estate	10%	4.50%
International Equity	10%	8.50%
Infrastructure	10%	4.50%
Cash	1%	2.50%
Total	<u>100%</u>	

Net Pension Liability of the Sponsor – Discount Rate

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Reporting Period Ending September 30, 2023	\$ 18,046,828	\$ 14,396,058	\$ 3,650,770
Changes:			
Service cost	556,739	-	556,739
Interest	1,315,504	-	1,315,504
Differences between projected and actual experience	(98,584)	-	(98,584)
Change of assumptions	183,676	-	183,676
Contributions – employer	-	535,500	(535,500)
Contributions – employee	-	419,141	(419,141)
Net investment income	-	1,501,138	(1,501,138)
Benefit payments, including refunds of employee contributions	(1,165,920)	(1,165,920)	-
Administrative expenses	-	(75,478)	75,478
Net changes	<u>791,415</u>	<u>1,214,381</u>	<u>(422,966)</u>
Reporting Period Ending September 30, 2024	<u>\$ 18,838,243</u>	<u>\$ 15,610,439</u>	<u>\$ 3,227,804</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Sponsor's Net Pension Liability	\$ 5,246,051	\$ 3,227,804	\$ 1,519,471

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$921,703. On September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City Contributions Subsequent to the Measurement Date	\$ 484,077	\$ -
Differences between Expected and Actual Experience	90,917	140,391
Changes in Assumptions	314,732	3,255
Net Difference between Projected and Actual Earnings on Pension Plan Investments	897,740	-
Total	\$ 1,787,466	\$ 143,646

Deferred outflows of resources related to pensions of \$484,077, resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/liability in the year ending September 30, 2025. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

Year Ended			
<u>September 30:</u>			
2025		\$	248,743
2026			313,271
2027			672,849
2028			(75,120)
		\$	1,159,743

Police Officers' Retirement Plan (PORP)

Plan Description

The Police Officers' Retirement Plan (PORP) is administered by a Board of Trustees (Police Board) comprised of a) two City Council appointees and b) two members of the department elected by the membership and c) a fifth member elected by the other four and appointed by the City Council.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Plan Membership as of October 1, 2022:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	17
Total	39

Benefits Provided

The plan provides retirement, termination, disability and death benefits. A member may retire at age 50 with 10 years of credited service (early retirement), at age 55 with 10 years of credited service or the completion of 20 years of credited service, regardless of age (normal retirement). Benefits become 100% vested upon completion of six years of credited service. Members will receive the vested portion of his or her accrued benefit payable at the otherwise normal retirement date. The plan provides a retirement benefit for normal retirement of 3.1% of average final compensation times credited service for the first 15 years of credited service and 3.75% average final compensation times credited service for all years of service after 15 years. Normal retirees only receive a \$200 per month supplement from date of retirement to age 65. Benefits for early retirement are accrued benefit, reduced 3% for each year prior to normal retirement. Varied benefits exist for disability and pre-retirement death.

Funding Policy and Contributions

The City, the State of Florida, and employees (at 8% of payroll) make contributions to the Plan. For fiscal year 2024, employees contributed \$79,674 to the Plan. The State of Florida makes contributions based on an actuarially determined rate of 10.8% of total projected payroll. For fiscal year 2024, the State contributed \$137,987 to the Plan. The City is required to contribute at an actuarially determined rate: the contribution rate for 2024 was 14.0% of payroll.

Net Pension Liability of the Sponsor – Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022, updated to September 30, 2023, using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	7.25%
Investment Rate of Return	7.25%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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The most recent actuarial experience study used to review the other significant assumptions was dated November 29, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50%	7.50%
International Equity	10%	8.50%
Domestic Fixed Income	30%	2.50%
Real Estate	10%	4.50%
Total	<u>100%</u>	

Net Pension Liability of the Sponsor – Discount Rate:

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Reporting period ending			
September 30, 2023	\$ 9,901,401	\$ 8,947,581	\$ 953,820
Changes:			
Service cost	215,970	-	215,970
Interest	713,016	-	713,016
Difference between projected and actual experience	246,874	-	246,874
Contributions – employer	-	126,442	(126,442)
Contributions – state	-	124,542	(124,542)
Contributions – employee	-	82,959	(82,959)
Net investment income	-	848,683	(848,683)
Changes in benefit terms	1,017,689	-	1,017,689
Benefit payments, including refunds of employee contributions	(460,214)	(460,214)	-
Administrative expenses	-	(47,486)	47,486
Net changes	<u>1,733,335</u>	<u>674,926</u>	<u>1,058,409</u>
Reporting period ending			
September 30, 2024	<u>\$ 11,634,736</u>	<u>\$ 9,622,507</u>	<u>\$ 2,012,229</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

	Current Discount		
	1% Decrease 6.25%	Rate 7.25%	1% Increase 8.25%
Sponsor's Net Pension Liability	\$ 3,366,728	\$ 2,012,229	\$ 898,184

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$1,660,164. On September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources to pension from the following sources:

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City Contributions Subsequent to the Measurement Date	\$ 369,374	\$ -
Differences between Expected and Actual Experience	175,220	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	493,263	-
Changes of Assumptions	-	-
Total	<u>\$ 1,037,857</u>	<u>\$ -</u>

Deferred outflows of resources related to pensions of \$369,374 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/liability in the year ending September 30, 2025. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

**Year Ended
September 30:**

2025	\$ 160,033
2026	191,197
2027	358,509
2028	<u>(41,256)</u>
	<u>\$ 668,483</u>

Firefighters' Retirement Plan (FRP)

Plan Description

The Firefighters' Retirement Plan (FRP) is administered by a Board of Trustees (Fire Board) comprised of a.) two legal residents appointed by the City Council, b.) two members of the Department elected by the membership and c.) a fifth member elected by the other four and appointed by City Council.

Plan Membership as of October 1, 2022:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	15
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	<u>15</u>
Total	<u>31</u>

Benefits Provided

The plan provides retirement, disability and death benefits. A member may retire at age 50 with 10 years of credited service (early retirement) or at age 54 and 10 years of credited service or 25 years

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

of credited service regardless of age (normal retirement). Benefits become 100% vested upon completion of 10 years of credit service. Members will receive the vested portion of his or her accrued benefit payable at the otherwise normal retirement date, or refund of member contributions. The plan provides a normal retirement benefit for normal retirement of 3.85% of average final compensation times credited service. In addition to the formula benefit, retirees receive \$165. Benefits for early retirement are accrued benefit, reduced by 3% per year for early commencement of benefits. Varied benefits exist for disability and pre-retirement death.

Funding Policy and Contributions

The City, the State of Florida, and employees (at 6.5% of payroll) make contributions to the Plan. For fiscal year 2024, employees contributed \$61,947 to the Plan. The State of Florida makes contributions based on an actuarially determined rate of 11.2% of total projected payroll. For fiscal year 2024, the State contributed \$117,725 to the Plan. The City is required to contribute at an actuarially determined rate; the contribution rate for 2024 was 61.1% of payroll.

Net Pension Liability of the Sponsor – Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022, updated to September 30, 2023, using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

The most recent actuarial experience study used to review the other significant assumptions was dated February 27, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Domestic Bonds	40%	2.50%
Total	<u>100%</u>	

Net Pension Liability of the Sponsor – Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Reporting period ending September 30, 2023	\$ 10,842,771	\$ 6,247,794	\$ 4,594,977
Changes:			
Service cost	206,448	-	206,448
Interest	838,949	-	838,949
Difference between expected and actual experience	119,037	-	119,037
Contributions – employer	-	589,243	(589,243)
Contributions – state	-	118,878	(118,878)
Contributions – employee	-	70,560	(70,560)
Net investment income	-	794,652	(794,652)
Benefit payments, including refunds of employee contributions	(447,188)	(447,188)	-
Administrative expenses	-	(38,583)	38,583
Net changes	<u>717,246</u>	<u>1,087,562</u>	<u>(370,316)</u>
Reporting period ending September 30, 2024	<u>\$ 11,560,017</u>	<u>\$ 7,335,356</u>	<u>\$ 4,224,661</u>

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 5,459,880	\$ 4,224,661	\$ 3,179,807

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$668,153. On September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City Contributions Subsequent to the Measurement Date	\$ 675,631	\$ -
Changes of Assumptions	-	200,266
Net Difference between Projected and Actual Earnings on Pension Plan Investments	466,739	-
Differences between Expected and Actual Experience	297,295	32,112
Total	\$ 1,439,665	\$ 232,378

Deferred outflows of resources related to pensions of \$675,631 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

**Year Ended
September 30:**

2025	\$ 131,713
2026	139,169
2027	296,787
2028	(36,013)
	\$ 531,656

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Combined Plan Reporting

Aggregate pension expense for all plans was \$3,250,020 for fiscal year 2024. Below is a combined summary of the deferred inflows, outflows and changes in net pension liability:

	Deferred Outflows of Resources	Deferred Inflows of Resources
General Employees' Retirement Plan	\$ 1,787,466	\$ 143,646
Police Officers' Retirement Plan	1,037,857	-
Firefighters' Retirement Plan	1,439,665	232,378
Total	\$ 4,264,988	\$ 376,024

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
General Employees' Retirement Plan	\$ 18,838,243	\$ 15,610,439	\$ 3,227,804
Police Officers' Retirement Plan	11,634,736	9,622,507	2,012,229
Firefighters' Retirement Plan	11,560,017	7,335,356	4,224,661
Balances at September 30, 2024	\$ 42,032,996	\$ 32,568,302	\$ 9,464,694

Pension Plan Fiduciary Net Position

Detailed information about the pension Plan's fiduciary net position is available for each plan in a separately issued Plan actuarial report. A separate audited financial report for each of the Plans are not available.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Fund Financial Statements

The following are the financial statements for the individual pension trust funds (GERP, PORP, FRP) for the year ended September 30, 2024:

	<u>Employee Retirement Funds</u>			<u>Total Employee Retirement Plans</u>
	<u>General Employees' Retirement Plan</u>	<u>Police Officers' Retirement Plan</u>	<u>Firefighters' Retirement Plan</u>	
ASSETS				
Investments, at fair value	\$ 18,206,925	\$ 11,532,440	\$ 9,099,824	\$ 38,839,189
Due from State of Florida	-	73,551	-	73,551
TOTAL ASSETS	<u>\$ 18,206,925</u>	<u>\$ 11,605,991</u>	<u>\$ 9,099,824</u>	<u>\$ 38,912,740</u>
FIDUCIARY NET POSITION	<u>\$ 18,206,925</u>	<u>\$ 11,605,991</u>	<u>\$ 9,099,824</u>	<u>\$ 38,912,740</u>
ADDITIONS				
Contributions				
Employer	\$ 465,091	\$ 229,360	\$ 531,785	\$ 1,226,236
Plan members	419,475	79,674	61,947	561,096
State of Florida	-	137,987	117,725	255,712
Total contributions	884,566	447,021	711,457	2,043,044
Investment income	3,069,187	2,100,306	1,930,463	7,099,956
Less investment expense	(132,464)	(150,053)	(118,286)	(400,803)
Net investment income	2,936,723	1,950,253	1,812,177	6,699,153
TOTAL ADDITIONS	<u>3,821,289</u>	<u>2,397,274</u>	<u>2,523,634</u>	<u>8,742,197</u>
DEDUCTIONS				
Benefits paid and administrative costs	1,224,805	437,625	769,600	2,432,030
NET CHANGE	2,596,484	1,959,649	1,754,034	6,310,167
FIDUCIARY NET POSITION, BEGINNING	<u>15,610,441</u>	<u>9,646,342</u>	<u>7,345,790</u>	<u>32,602,573</u>
FIDUCIARY NET POSITION, ENDING	<u>\$ 18,206,925</u>	<u>\$ 11,605,991</u>	<u>\$ 9,099,824</u>	<u>\$ 38,912,740</u>

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

7. DEFERRED COMPENSATION PLAN

The City offers employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan is a tax-deferred supplemental retirement program that allows City employees to contribute a portion of their salary, before federal income taxes, to a retirement account. The assets are held in trust for the employee's benefit. Individually, the Plan participants select and make changes in funding options made available by the independent plan administrator. Since Plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the City has no liability for investment losses. The City's fiduciary responsibility is to administer the Plan properly, and to assure the investment alternatives made available are reasonable.

The assets and liabilities of the Plan are not reflected in the City's financial statements since the City has no fiduciary responsibilities, other than administrative, in connection with the Plan.

Assets of the Plan have a fair value of \$1,468,443 as of September 30, 2024. Contributions and distributions made during the fiscal year ended September 30, 2024, were \$116,671 and \$30,858, respectively. The Plan had net earnings of \$198,263.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance through commercial carriers and coverage through Preferred Governmental Insurance Trust, which includes workers' compensation, comprehensive general liability, and automobile physical damage.

The remaining insurance coverage, which includes but is not limited to property, flood, inland marine, boiler and machinery and fiduciary, is purchased from various commercial carriers. The City maintains minimal deductibles for insurance policies purchased through these carriers.

There has been no significant reduction in insurance coverage from prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

9. LONG-TERM DEBT

Changes in Long-Term Debt Liabilities

The following is a summary of changes in long-term debt liabilities of the City:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Notes payable	\$ 531,510	\$ -	\$ (129,035)	\$ 402,475	\$ 131,667
Compensated absences	683,203	312,426	(308,848)	686,781	686,781
Total governmental activities	<u>\$ 1,214,713</u>	<u>\$ 312,426</u>	<u>\$ (437,883)</u>	<u>\$ 1,089,256</u>	<u>\$ 818,448</u>
Business-type activities					
<u>Natural Gas</u>					
Note payable	\$ 405,440	\$ -	\$ (75,743)	\$ 329,697	\$ 78,326
<u>Water and Sewer</u>					
Note payable	720,784	-	(134,654)	586,130	139,246
State revolving loans payable	2,298,671	-	(283,758)	2,014,913	290,610
<u>Sundial</u>					
Revenue note payable	1,620,268	-	(150,563)	1,469,705	153,002
<u>Accumulated, Vested Annual Compensation for Proprietary Funds</u>					
Compensated absences	147,043	105,249	(78,753)	173,539	166,767
Total business-type activities	<u>\$ 5,192,206</u>	<u>\$ 105,249</u>	<u>\$ (723,471)</u>	<u>\$ 4,573,984</u>	<u>\$ 827,951</u>

Description of Long-Term Debt Outstanding

All long-term debt is considered direct borrowings. All of the City's debt terms include provisions that in the event of default, which is defined as the City not paying according to terms of the agreements, then the entire amount of loan can be made current, debt payment schedule accelerated and/or the interest rate will be increased.

Governmental Activities

Notes payable – Financed equipment agreement bearing interest of 2.04% per annum. Principal and interest payments of \$139,891 will be made on an annual basis until January 29, 2027. The notes are collateralized by a fire truck.

Natural Gas Fund

Note payable – Note payable to finance the purchase and installation of advanced meter infrastructure radio read equipment. The loan bears interest of 3.41% per annum. Principal and interest payments of \$92,509 will be made on an annual basis until September 26, 2028. The note is secured by equipment.

CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Water and Sewer Fund

Note payable – Note payable to finance the purchase and installation of advanced meter infrastructure radio read equipment. The loan bears interest of 3.41% per annum. Principal and interest payments of \$164,560 will be made on an annual basis until September 26, 2028. The note is secured by equipment.

State revolving loans payable

State of Florida Department of Environmental Protection State Revolving Loan Fund for the purpose of improvements to the City's wastewater collection and treatment facilities; interest at 2.46%; semi-annual payments, including capitalized interest of \$77,931 through March 15, 2027. Amount outstanding includes capitalized interest of \$293,803. The note is secured by system revenues of the water and sewer fund.

State of Florida Department of Environmental Protection State Revolving Loan Fund for the purpose of improvements to the City's wastewater collection and treatment facilities; interest at 2.58%; semi-annual payments of \$47,412, including capitalized interest, began January 15, 2015, maturing March 15, 2035. Amount outstanding includes capitalized interest of \$109,651. The note is secured by system revenues of the water and sewer fund.

State of Florida Department of Environmental Protection State Revolving Loan Fund for the purpose of improvements to the City's wastewater collection and treatment facilities; interest at 2.09%, semi-annual payments of \$42,968, including capitalized interest, began March 15, 2015, maturing September 15, 2034. Amount outstanding includes capitalized interest of \$18,350. The note is secured by system revenues of the water and sewer fund.

Sundial Fund

Note payable – Revenue note payable incurred for the acquisition of Sundial Utilities, Inc. (utility system) in the Sundial Utilities Fund, bearing interest at 4.5%. Annual principal and interest payments of \$176,800 began June 15, 2014, and will be paid until maturity on June 5, 2033. The note is secured by revenues generated from the acquired utility system.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except accrued and annual leave as of September 30, 2024, are as follows:

Governmental Activities

Year Ending September 30	Notes Payable	
	Principal	Interest
2025	\$ 131,667	\$ 8,224
2026	134,353	5,538
2027	136,455	2,797
Total	<u>\$ 402,475</u>	<u>\$ 16,559</u>

Business-Type Activities

Year Ending September 30	State Revolving Loans		Revenue Notes Payable	
	Principal	Interest	Principal	Interest
2025	\$ 290,610	\$ 46,013	\$ 153,002	\$ 48,429
2026	297,628	38,994	155,481	43,387
2027	226,886	31,805	157,999	38,264
2028	153,431	27,329	160,559	33,148
2029	157,044	23,716	163,160	37,920
2030-2032	889,314	46,481	679,504	77,059
Total	<u>\$ 2,014,913</u>	<u>\$ 214,338</u>	<u>\$ 1,469,705</u>	<u>\$ 278,207</u>

Business-Type Activities

Year Ending September 30	Note Payable	
	Principal	Interest
2025	\$ 217,752	\$ 30,978
2026	225,114	23,614
2027	232,725	16,003
2028	240,236	8,134
Total	<u>\$ 915,827</u>	<u>\$ 78,729</u>

Lease Liability– In fiscal year 2024, the City entered into a lessee for office space. As of September 30, 2024, the City recognized a right to use asset of \$149 thousand and corresponding lease liability. The lease expires in September 2026.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

10. CAPITAL CONTRIBUTIONS

For the year ended September 30, 2024, the Water and Sewer Fund had \$1,229,947 of capital contributions related to impact fees and capital grant funding for engineering fees associated with the planned new wastewater treatment plant.

11. UNEARNED REVENUE

For the year ended September 30, 2024, approximately \$3,493,474 of unearned revenue was related to advanced funding from the American Rescue Plan Act (ARPA). The ARPA grant documents do not require the unspent funds to be held in a separate bank account and since the revenue is not earned it is not a component of net position at either the fund or government wide level. Since the terms of the grant require the funds to be expended within a set number of years and since unspent grant funds are not normally considered restricted assets of the governmental unit, we do not consider presentation of the unspent proceeds as restricted assets necessary at September 30, 2024.

12. INTERFUND BALANCES

The composition of interfund balances as of September 30, 2024, is as follows:

Transfers Out	Transfers In			Total
	General	Capital Projects	W/S	
General	\$ -	\$ 310,000	\$ 1,383,090	\$ 1,693,090
Capital Projects	-	-	150,000	150,000
Natural Gas	1,341,073	-	-	1,341,073
Water and Sewer	2,826,326	-	-	2,826,326
Sanitation	88,817	-	-	88,817
Total	\$ 4,256,216	\$ 310,000	\$ 1,533,090	\$ 6,099,306

Transfers occurred during the year on a routine basis and were consistent with activities of the fund making the transfer.

13. POST-EMPLOYEE HEALTHCARE BENEFITS

Plan Description

The City provides limited healthcare benefits for retired municipal employees under the City of Milton Retired Employees Medical Insurance Fund Plan (Plan). The Plan is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical and life insurance coverage as a participant in the City's plan.

City ordinance assigns the authority to establish and amend benefit provisions to the Plan. The Plan

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

does not issue a stand-alone financial report.

Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City are eligible to receive postemployment health care benefits.

Funding Policy

The City of Milton contributes 100% of the active health premium for a certain group of retirees participating in the City's group insurance plan. For the other current retirees and all future retirees hired on or before November 8, 2011, the City provides a credit of \$1/month for every year of credited service toward the premium of the City's group insurance plan. Employees hired after November 8, 2011 are not eligible for this credit. Once retirees are Medicare eligible, the City converts the health insurance to a Medicare Supplement policy. Retirees may purchase spouse coverage through the City's group insurance plan at their own expense. In future years, contributions are assumed to increase at the same rate as premiums. Life Insurance in the amount of \$12,000 may be purchased by the retiree at the active premium rate. This amount decreases to \$7,000 at age 65 and \$6,800 at age 70. Effective for fiscal year 2017, the Council voted to separate the life insurance policy from the active employees and retired employees such that retirees would be charged a higher premium than active employees.

Plan Membership as of October 1, 2023:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	44
Active Plan Members	98
Total	142

Investments

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of September 30, 2024:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	48%	7.5%
International equity	9%	8.5%
Domestic bonds	43%	2.5%
Total	100%	

Net OPEB Liability (Asset)

The City's Net OPEB Liability (asset) was measured as of September 30, 2023. The OPEB Liability (asset) used to calculate the OPEB Liability (asset) was determined as of the October 1, 2023 valuation.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

The components of the Net OPEB liability (asset) of the City were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Reporting Period Ending September 30, 2023	\$ 1,082,482	\$ 3,398,636	\$ (2,316,154)
Changes:			
Service cost	48,662	-	48,662
Interest	78,175	-	78,175
Differences from experience	(121,200)	-	(121,200)
Changes of assumptions	168,725	-	168,725
Explicit contributions - employer	-	(1,510,223)	1,510,223
Implicit contributions - employer	-	85,560	(85,560)
Change in benefit terms	-	-	-
Net investment income	-	496,686	(496,686)
Explicit benefit payments	(6,816)	(6,816)	-
Implicit benefit payments	(85,560)	(85,560)	-
Administrative expenses	-	(34,282)	34,282
Net changes	<u>81,986</u>	<u>(1,054,635)</u>	<u>1,136,621</u>
Reporting Period Ending September 30, 2024	<u>\$ 1,164,468</u>	<u>\$ 2,344,001</u>	<u>\$ (1,179,533)</u>

Actuarial Assumptions

Salary Increases	Varies
Discount Rate	7.10%
Investment Rate of Return	7.10%
Healthcare Cost Trend Rates	4.0%-8.50%

Mortality

All mortality rates were based on the Pub-2010 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2023 Florida Retirement System (FRS) valuation report with appropriate adjustments made based on plan demographics. All tables include fully generational adjustments for mortality improvements using gender-specific improvement scale MP-2018.

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Discount Rate

The projection of cash flows used to determine the Discount Rate assumed that current City contributions will be made at the historical contribution rate, which fully funds the actuarial determined contribution. Based on this assumption, the OPEB Plan's Fiduciary Net Position was projected to provide all future benefit payments. Therefore, the single equivalent discount rate was set equal to the investment rate of return assumption, 7.10%.

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
Net OPEB Asset	\$ (1,058,902)	\$ (1,179,532)	\$ (1,285,148)

Sensitivity of the Net OPEB Liability to changes in the Discount Rate

The following presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Rate	1% Increase
	3.00%-7.50%	4.00%-8.50%	5.00%-9.50%
Net OPEB Asset	\$ (1,294,085)	\$ (1,179,532)	\$ (1,045,316)

For the year ended September 30, 2024, the City will recognize a reduction in OPEB expense of \$332,260. On September 30, 2024, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 185,241	\$ 815,731
Net Difference between Projected and Actual Earnings on Pension Plan Investments	101,877	-
Differences between Expected and Actual Experience	-	638,112
Total	\$ 287,118	\$ 1,453,843

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

**CITY OF MILTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Year ended September 30:

2025	\$ (329,369)
2026	(237,267)
2027	(112,573)
2028	(285,825)
2029	(161,983)
Thereafter	<u>(39,708)</u>
	<u>\$ (1,166,725)</u>

14. COMMITMENTS AND CONTINGENCIES

Grants

The City participates in a number of federal and state assisted programs, such as the Disaster Funding Agreement, Disadvantaged Small Community Grants, Capitalization Grants for the State Revolving Fund and others. Amounts received or receivable from grantor agencies are subject to audit and adjustment by these grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Legal Issues

The City is a defendant in various lawsuits and claims. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's council that resolution of these matters will not have a material adverse effect on the financial condition of the City.

15. SUBSEQUENT EVENT

The City has evaluated events and transactions that occurred between September 30, 2024, and May 13, 2025, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

In March 2025, the City completed an early payoff off approximately \$3.2 million in debt related to the note payable for the fire truck, state revolving loans in the Water and Sewer fund, and the note payable in the Natural Gas fund.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (UNAUDITED)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,524,236	\$ 3,524,236	\$ 3,727,569	\$ 203,333
Licenses, fees, permits & assessments	1,072,726	1,072,726	1,012,451	(60,275)
Intergovernmental	1,918,824	1,857,064	1,372,854	(484,210)
Charges for services	1,667,536	1,688,536	2,176,627	488,091
Fines and forfeits	27,650	27,650	15,306	(12,344)
Miscellaneous	416,119	385,879	2,326,681	1,940,802
Total revenues	<u>8,627,091</u>	<u>8,556,091</u>	<u>10,631,488</u>	<u>2,075,397</u>
EXPENDITURES				
Current				
General governmental	4,586,472	4,700,929	4,339,721	361,208
Public safety	5,677,804	5,547,713	4,887,884	659,829
Transportation	1,584,728	1,602,903	1,629,517	(26,614)
Economic environment	135,799	105,799	84,600	21,199
Culture and recreation	1,641,819	1,655,819	1,598,286	57,533
Capital outlay	38,500	175,211	301,022	(125,811)
Debt service	2,500	142,391	172,224	(29,833)
Total expenditures	<u>13,667,622</u>	<u>13,930,765</u>	<u>13,013,254</u>	<u>917,511</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(5,040,531)	(5,374,674)	(2,381,766)	2,992,908
OTHER FINANCING SOURCES (USES)				
Issuance of lease	-	-	149,572	149,572
Transfers in	5,290,531	7,067,764	4,256,216	(2,811,548)
Transfers out	(250,000)	(1,693,090)	(1,693,090)	-
Total other financing sources	<u>5,040,531</u>	<u>5,374,674</u>	<u>2,712,698</u>	<u>(2,661,976)</u>
NET CHANGE IN FUND BALANCE	-	-	330,932	330,932
FUND BALANCE, BEGINNING	-	-	8,947,510	8,947,510
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,278,442</u>	<u>\$ 9,278,442</u>

See notes to the budgetary comparison schedule.

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE**

Budgetary data reflected in the financial statements are established by the following procedures:

Prior to October 1 of each year, proposed budgets are received by the City Council from the City Manager. These proposed expenditures, along with all estimated receipts, taxes to be levied and balances expected to be brought forward, are considered by the City Council. The City Council requires such changes as deemed necessary, sets proposed mileages, and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes.

Proposed budgets are advertised in a newspaper of general circulation in the City. Public hearings are conducted for the purposes of receiving input, responding to complaints and providing reasons and explanations for intended actions to all citizens participating.

Prior to October 1, the budget for all governmental and proprietary funds of the City is legally enacted through passage of an ordinance. Budget amendments are periodically passed through resolutions during the fiscal year. Budgeted beginning fund balance in the accompanying financial statements reflects planned utilization of prior years' unassigned fund balance to the level required to accomplish current year objectives.

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION
LIABILITY AND RELATED RATIOS – UNAUDITED**

Reporting Period Ending Measurement Date	9/30/24 9/30/23	9/30/23 9/30/22	9/30/22 9/30/21	9/30/21 9/30/20	9/30/20 9/30/19	9/30/19 9/30/18	9/30/18 9/30/17	9/30/17 9/30/16	9/30/16 9/30/15	9/30/15 9/30/14
Total Pension Liability										
Service cost	\$ 556,739	\$ 459,538	\$ 390,749	\$ 363,386	\$ 333,095	\$ 327,894	\$ 313,360	\$ 318,891	\$ 300,174	\$ 299,907
Interest	1,315,504	1,264,219	1,252,733	1,244,701	1,202,029	1,228,908	1,203,306	1,131,940	1,107,941	1,073,644
Differences between expected and actual experience	(98,584)	151,494	(74,062)	98	(191,391)	2,178	(198,798)	(39,135)	(64,838)	-
Changes of benefit terms	-	-	-	604,871	-	-	-	-	-	-
Changes of assumptions	183,676	172,509	160,713	(16,276)	-	368,084	-	444,060	-	-
Benefit payments, including refunds of employee contributions	(1,165,920)	(1,250,861)	(1,585,133)	(1,439,227)	(1,380,625)	(1,152,516)	(872,230)	(1,044,056)	(1,079,979)	(810,211)
Net change in total pension liability	791,415	796,899	145,000	757,553	(36,892)	774,548	445,638	811,700	263,298	563,340
Total pension liability – beginning	18,046,828	17,249,929	17,104,929	16,347,376	16,384,268	15,609,720	15,164,082	14,352,382	14,089,084	13,525,744
Total pension liability – ending (a)	\$ 18,838,243	\$ 18,046,828	\$ 17,249,929	\$ 17,104,929	\$ 16,347,376	\$ 16,384,268	\$ 15,609,720	\$ 15,164,082	\$ 14,352,382	\$ 14,089,084
Plan Fiduciary Net Position										
Contributions – employer	\$ 535,500	\$ 524,280	\$ 524,068	\$ 493,709	\$ 598,201	\$ 500,108	\$ 410,250	\$ 538,937	\$ 463,611	\$ 515,239
Contributions – member	419,141	367,130	308,087	275,815	261,223	227,322	212,565	229,488	211,695	216,487
Net investment income	1,501,138	(2,174,575)	2,965,611	1,195,781	449,252	1,160,753	1,332,803	938,420	173,587	1,056,606
Benefit payments, including refunds of employee contributions	(1,165,920)	(1,250,861)	(1,585,133)	(1,439,227)	(1,380,625)	(1,152,516)	(872,230)	(1,044,056)	(1,079,979)	(810,211)
Administrative expenses	(75,478)	(46,997)	(52,529)	(56,174)	(78,721)	(51,942)	(51,168)	(51,481)	(33,097)	(30,596)
Net change in plan fiduciary net position	1,214,381	(2,581,023)	2,160,104	469,904	(150,670)	683,725	1,032,220	611,308	(264,183)	947,525
Plan fiduciary net position – beginning	14,396,058	16,977,081	14,816,977	14,347,073	14,497,743	13,814,018	12,781,798	12,170,490	12,435,483	11,487,958
Plan fiduciary net position – ending (b)	\$ 15,610,439	\$ 14,396,058	\$ 16,977,081	\$ 14,816,977	\$ 14,347,073	\$ 14,497,743	\$ 13,814,018	\$ 12,781,798	\$ 12,171,300	\$ 12,435,483
Net pension liability – ending (a)-(b)	\$ 3,227,804	\$ 3,650,770	\$ 272,848	\$ 2,287,952	\$ 2,000,303	\$ 1,886,525	\$ 1,795,702	\$ 2,382,284	\$ 2,181,082	\$ 1,653,601
Plan fiduciary net position as a percentage of the total pension liability	82.87%	79.77%	98.42%	86.62%	87.76%	88.49%	88.50%	84.29%	84.80%	88.26%
Covered payroll	\$ 4,191,405	\$ 3,671,294	\$ 3,080,869	\$ 2,758,152	\$ 2,612,232	\$ 2,273,218	\$ 2,125,652	\$ 2,294,878	\$ 2,534,951	\$ 2,164,868
Net pension liability as a percentage of covered payroll	77.01%	99.44%	8.86%	82.95%	76.57%	82.99%	84.48%	103.81%	86.04%	76.38%

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
POLICE OFFICERS' RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION
LIABILITY AND RELATED RATIOS – UNAUDITED**

Reporting Period Ending Measurement Date	9/30/24 9/30/23	9/30/23 9/30/22	9/30/22 9/30/21	9/30/21 9/30/20	9/30/20 9/30/19	9/30/19 9/30/18	9/30/18 9/30/17	9/30/17 9/30/16	9/30/16 9/30/15	9/30/15 9/30/14
Total Pension Liability										
Service cost	\$ 215,970	\$ 140,262	\$ 182,566	\$ 209,596	\$ 159,912	\$ 179,528	\$ 193,067	\$ 179,035	\$ 188,061	\$ 207,626
Interest	713,016	678,834	652,003	620,470	632,386	628,999	581,666	527,269	516,585	481,214
Differences between expected and actual experience	246,874	31,914	233,865	366,667	(641,146)	(329,756)	197,192	75,137	(185,417)	-
Changes of assumptions	-	-	240,137	(204,532)	-	489,638	265,465	-	(44,471)	-
Changes in benefit terms	1,017,689	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(460,214)	(450,248)	(742,578)	(346,884)	(372,550)	(386,395)	(347,056)	(414,900)	(249,463)	(204,802)
Net change in total pension liability	1,733,335	400,762	565,993	645,317	(221,398)	582,014	890,334	366,541	225,295	484,038
Total pension liability – beginning	9,901,401	9,500,639	8,934,646	8,289,329	8,510,727	7,928,713	7,038,379	6,671,838	6,446,543	5,962,505
Total pension liability – ending (a)	\$ 11,634,736	\$ 9,901,401	\$ 9,500,639	\$ 8,934,646	\$ 8,289,329	\$ 8,510,727	\$ 7,928,713	\$ 7,038,379	\$ 6,671,838	\$ 6,446,543
Plan Fiduciary Net Position										
Contributions – employer	\$ 126,442	\$ 133,484	\$ 115,917	\$ 83,749	\$ 66,621	\$ 64,599	\$ 76,619	\$ 82,582	\$ 92,468	\$ 165,216
Contributions – state	124,542	72,154	96,437	97,973	92,349	90,590	90,756	89,139	80,630	79,290
Contributions – member	82,959	105,673	72,448	67,675	62,702	60,092	65,909	64,142	60,142	45,594
Net investment income	848,683	(1,252,646)	1,902,952	826,186	245,295	688,375	760,325	525,026	82,306	535,784
Benefit payments, including refunds of employee contributions	(460,214)	(450,248)	(742,578)	(346,884)	(372,550)	(386,395)	(347,056)	(414,900)	(249,463)	(204,802)
Administrative expenses	(47,486)	(44,876)	(45,064)	(45,116)	(57,526)	(47,116)	(42,971)	(45,128)	(43,647)	(38,805)
Net change in plan fiduciary net position	674,926	(1,436,459)	1,400,112	683,583	36,891	470,145	603,582	300,861	22,436	582,277
Plan fiduciary net position – beginning	8,947,581	10,384,040	8,983,928	8,300,345	8,263,454	7,793,309	7,189,727	6,888,866	6,866,530	6,284,253
Plan fiduciary net position – ending (b)	\$ 9,622,507	\$ 8,947,581	\$ 10,384,040	\$ 8,983,928	\$ 8,300,345	\$ 8,263,454	\$ 7,793,309	\$ 7,189,727	\$ 6,888,966	\$ 6,866,530
Net pension liability (asset) – ending (a)-(b)	\$ 2,012,229	\$ 953,820	\$ (883,401)	\$ (49,282)	\$ (11,016)	\$ 247,273	\$ 135,404	\$ (151,348)	\$ (217,128)	\$ (419,987)
Plan fiduciary net position as a percentage of the total pension liability	82.70%	90.37%	109.30%	100.55%	100.13%	97.09%	98.29%	102.15%	103.25%	106.51%
Covered employee payroll	\$ 1,036,984	\$ 901,920	\$ 905,606	\$ 845,939	\$ 783,772	\$ 751,149	\$ 823,863	\$ 801,776	\$ 892,823	\$ 733,479
Net pension liability (asset) as a percentage of covered employee payroll	194.05%	105.75%	-97.55%	-5.83%	-1.41%	32.92%	16.44%	-18.88%	-24.32%	-57.26%

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FIREFIGHTERS' RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION
LIABILITY AND RELATED RATIOS – UNAUDITED**

Reporting Period Ending Measurement Date	9/30/24 9/30/23	9/30/23 9/30/22	9/30/22 9/30/21	9/30/21 9/30/20	9/30/20 9/30/19	9/30/19 9/30/18	9/30/18 9/30/17	9/30/17 9/30/16	9/30/16 9/30/15	9/30/15 9/30/14
Total Pension Liability										
Service cost	\$ 206,448	\$ 219,556	\$ 195,554	\$ 172,898	\$ 158,852	\$ 152,457	\$ 138,442	\$ 120,267	\$ 112,024	\$ 114,365
Interest	838,949	780,876	748,217	742,067	699,358	661,185	617,110	584,392	567,389	544,624
Differences between expected and actual experience	119,037	227,683	(80,281)	196,366	118,836	94,780	220,939	64,117	105,996	-
Changes of benefit terms	-	-	-	-	(461)	-	-	239,044	-	-
Changes of assumptions	-	-	-	(600,796)	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(447,188)	(484,162)	(448,018)	(459,630)	(420,388)	(423,214)	(420,388)	(787,258)	(361,274)	(364,527)
Net change in total pension liability	717,246	743,953	415,472	50,905	556,197	485,208	556,103	220,562	424,135	294,462
Total pension liability – beginning	10,842,771	10,098,818	9,683,346	9,632,441	9,076,244	8,591,036	8,034,933	7,814,371	7,390,236	7,095,774
Total pension liability – ending (a)	\$ 11,560,017	\$ 10,842,771	\$ 10,098,818	\$ 9,683,346	\$ 9,632,441	\$ 9,076,244	\$ 8,591,036	\$ 8,034,933	\$ 7,814,371	\$ 7,390,236
Plan Fiduciary Net Position										
Contributions – employer	\$ 589,243	\$ 523,481	\$ 486,772	\$ 425,560	\$ 415,047	\$ 383,565	\$ 388,046	\$ 349,105	\$ 272,667	\$ 247,125
Contributions – state	118,878	94,531	82,069	70,686	71,083	75,115	77,460	81,560	77,020	85,115
Contributions – employee	70,560	66,328	63,613	62,755	61,550	56,922	54,714	50,925	44,832	43,983
Net investment income	794,652	(889,789)	839,352	461,216	301,313	497,296	527,323	414,969	(202,680)	427,274
Benefit payments, including refunds of employee contributions	(447,188)	(484,162)	(448,018)	(459,630)	(420,388)	(423,214)	(420,388)	(787,258)	(361,274)	(264,527)
Administrative expenses	(38,583)	(28,896)	(22,553)	(31,915)	(29,080)	(21,918)	(17,120)	(24,768)	(30,222)	(14,201)
Net change in plan fiduciary net position	1,087,562	(718,507)	1,001,235	528,672	399,525	567,766	610,035	84,533	(199,657)	524,769
Plan fiduciary net position – beginning	6,247,794	6,966,301	5,965,066	5,436,394	5,036,869	4,469,103	3,859,068	3,774,535	4,074,192	3,549,423
Plan fiduciary net position – ending (b)	\$ 7,335,356	\$ 6,247,794	\$ 6,966,301	\$ 5,965,066	\$ 5,436,394	\$ 5,036,869	\$ 4,469,103	\$ 3,859,068	\$ 3,874,535	\$ 4,074,192
Net pension liability – ending (a)-(b)	\$ 4,224,661	\$ 4,594,977	\$ 3,132,517	\$ 3,718,280	\$ 4,196,047	\$ 4,039,375	\$ 4,121,933	\$ 4,175,865	\$ 3,939,836	\$ 3,316,044
Plan fiduciary net position as a percentage of the total pension liability	63.45%	57.62%	68.98%	56.44%	55.50%	52.02%	48.03%	48.03%	49.58%	55.13%
Covered employee payroll	\$ 1,085,535	\$ 1,020,434	\$ 978,667	\$ 965,459	\$ 946,927	\$ 875,724	\$ 841,749	\$ 783,461	\$ 811,423	\$ 676,661
Net pension liability as a percentage of covered employee payroll	389.18%	450.30%	320.08%	385.13%	443.12%	461.26%	489.69%	533.00%	485.55%	490.06%

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS– UNAUDITED**

Measurement Period Ended September 30,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>General Employees' Retirement Plan</u>										
Actuarially determined contribution	\$ 493,352	\$ 498,777	\$ 532,338	\$ 523,748	\$ 493,709	\$ 598,201	\$ 500,108	\$ 410,250	\$ 493,399	\$ 463,611
Contributions in relation to the actuarially determined contributions	<u>484,077</u>	<u>535,500</u>	<u>524,280</u>	<u>524,068</u>	<u>493,709</u>	<u>598,201</u>	<u>500,108</u>	<u>410,250</u>	<u>538,937</u>	<u>463,611</u>
Contribution deficiency (excess)	<u>\$ 9,275</u>	<u>\$ (36,723)</u>	<u>\$ 8,058</u>	<u>\$ (320)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,538)</u>	<u>\$ -</u>
Covered employee payroll*	\$ 4,365,951	\$ 4,191,405	\$ 3,671,294	\$ 3,080,869	\$ 2,758,152	\$ 2,612,232	\$ 2,273,218	\$ 2,125,652	\$ 2,294,878	\$ 2,534,951
Net pension liability as a percentage of covered employee payroll	11.09%	12.78%	14.28%	17.01%	17.90%	22.90%	22.00%	19.30%	23.48%	18.29%
<u>Police Officers' Retirement Plan</u>										
Actuarially determined contribution	\$ 394,588	\$ 266,505	\$ 198,422	\$ 207,383	\$ 203,871	\$ 154,403	\$ 150,981	\$ 158,182	\$ 165,968	\$ 158,624
Contributions in relation to the actuarially determined contribution	<u>369,374</u>	<u>250,984</u>	<u>239,157</u>	<u>212,354</u>	<u>181,722</u>	<u>158,970</u>	<u>155,189</u>	<u>167,375</u>	<u>171,721</u>	<u>173,098</u>
Contribution deficiency (excess)	<u>\$ 25,214</u>	<u>\$ 15,521</u>	<u>\$ (40,735)</u>	<u>\$ (4,971)</u>	<u>\$ 22,149</u>	<u>\$ (4,567)</u>	<u>\$ (4,208)</u>	<u>\$ (9,193)</u>	<u>\$ (5,753)</u>	<u>\$ (14,474)</u>
Covered employee payroll*	\$ 1,066,455	\$ 1,036,984	\$ 901,920	\$ 905,606	\$ 845,989	\$ 783,772	\$ 751,149	\$ 823,863	\$ 801,776	\$ 892,823
Net pension liability as a percentage of covered employee payroll	34.64%	24.20%	26.52%	23.45%	21.48%	20.28%	20.66%	20.32%	21.42%	19.39%
<u>Firefighters' Retirement Plan</u>										
Actuarially determined contribution	\$ 667,438	\$ 638,498	\$ 604,068	\$ 553,926	\$ 496,190	\$ 496,190	\$ 467,637	\$ 470,538	\$ 406,616	\$ 349,687
Contributions in relation to the actuarially determined contributions	<u>675,631</u>	<u>708,121</u>	<u>618,012</u>	<u>568,841</u>	<u>496,246</u>	<u>486,130</u>	<u>458,680</u>	<u>465,506</u>	<u>430,665</u>	<u>349,687</u>
Contribution deficiency (excess)	<u>\$ (8,193)</u>	<u>\$ (69,623)</u>	<u>\$ (13,944)</u>	<u>\$ (14,915)</u>	<u>\$ (56)</u>	<u>\$ 10,060</u>	<u>\$ 8,957</u>	<u>\$ 5,032</u>	<u>\$ (24,049)</u>	<u>\$ -</u>
Covered employee payroll*	\$ 999,268	\$ 1,085,535	\$ 1,020,434	\$ 978,667	\$ 965,459	\$ 946,927	\$ 875,724	\$ 841,749	\$ 783,461	\$ 811,423
Net pension liability as a percentage of covered employee payroll	67.61%	65.23%	60.56%	58.12%	51.40%	51.34%	52.38%	55.30%	54.97%	43.10%

* The Covered Employee Payroll numbers shown are in compliance with GASB 82.

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL RETIREMENT PLAN
NOTES TO THE SCHEDULE OF CONTRIBUTIONS – UNAUDITED**

Valuation Date: October 1, 2022

Notes: Actuarially determined contribution rates are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method: Entry Age Normal Actuarial Cost Method

Amortization method: Amortization bases established are amortized over 15 years

Asset valuation method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Inflation: 2.5% per year

Salary increases: Service based

7.20% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Interest rate:

Payroll growth: 0.00%, utilized for amortizing the unfunded actuarial accrued liabilities.

Retirement age: Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

**CITY OF MILTON, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 POLICE EMPLOYEES' RETIREMENT PLAN
 NOTES TO THE SCHEDULE OF CONTRIBUTIONS – UNAUDITED**

Valuation Date: October 1, 2022

Notes: Actuarially determined contribution rates are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Funding method: Entry Age Normal Actuarial Cost Method
 Inflation: 2.5%
 Salary increases: Service Based
 Discount Rate 7.20%
 Long-Term Rate of Return 7.20%
 Cost-of-living increase: 2% per year (service retirees)

Mortality: Healthy Active Lives: Female: PubG.H-2010 (Below Median) for Employees.
 Male: PubG.H-2010 (Below Median) for Employees, set back one year.
 Healthy Retiree Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees.
 Male: PubG.H-2010 for Healthy Retirees, set back one year.
 Beneficiary Lives: Female: PubG.H-2010 for Healthy Retirees.
 Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
 Disabled Lives: PubG.H-2010 for Disabled Retirees, set forward three years.
 All rates are projected generationally with Mortality Improvement Scale MP-2018.
 The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS).

Changes in Assumptions

Total Pension Liability and Preliminary GASB 68 Pension Expense measured as of September 30, 2023 reflect the following assumption change:

~ The assumed investment rate of return was lowered from 7.30% to 7.20%.

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FIREFIGHTERS' RETIREMENT PLAN
NOTES TO THE SCHEDULE OF CONTRIBUTIONS – UNAUDITED**

Valuation Date: October 1, 2022

Notes: Actuarially determined contribution rates are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Funding method: Entry Age Normal Actuarial Cost Method

Asset valuation method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Inflation: 2.5% per year

Salary increases: Service based

Interest rate: 4.87% per year compounded annually, net of investment related expenses.

Payroll growth: 10-year historical average of the actual payroll growth, limited to 1.26% per year.

Retirement age: Earlier of age 54 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLANS
SCHEDULE OF INVESTMENT RETURNS – UNAUDITED**

Measurement Period Ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>General Employees' Retirement Plan</u>										
Annual Money-Weighted Rate of Return *Net of Investment Expense	10.50%	-13.01%	20.64%	8.54%	3.17%	8.64%	10.55%	7.77%	1.41%	9.19%
<u>Police Officers' Retirement Plan</u>										
Annual Money-Weighted Rate of Return *Net of Investment Expense	9.62%	-12.24%	21.89%	10.08%	3.02%	9.01%	10.73%	7.80%	1.21%	8.55%
<u>Firefighters' Retirement Plan</u>										
Annual Money-Weighted Rate of Return *Net of Investment Expense	12.53%	-12.70%	14.02%	8.48%	5.98%	11.15%	13.69%	11.21%	-5.08%	11.98%

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULES OF CHANGES IN THE CITY'S NET OPEB LIABILITY
AND RELATED RATIOS – UNAUDITED**

Reporting Period Ending Measurement Date	9/30/24 9/30/23	9/30/23 9/30/22	9/30/22 9/30/21	9/30/21 9/30/20	9/30/20 9/30/19	9/30/19 9/30/18	9/30/18 9/30/17
Total OPEB Liability							
Service cost	\$ 48,662	\$ 109,196	\$ 145,782	\$ 166,554	\$ 172,157	\$ 175,165	\$ 166,713
Change of benefit terms	-	(1,629,088)	-	-	-	-	-
Differences between expected and actual experience	(121,200)	(462,824)	(175,765)	(9,163)	(112,149)	(269,273)	-
Changes of assumptions	168,725	50,144	(754,996)	(488,945)	(40,938)	(613,804)	-
Interest	78,175	188,733	260,296	286,276	265,202	292,828	286,716
Explicit benefit payments	(6,816)	(7,416)	(9,830)	(26,734)	(18,096)	(13,246)	(15,054)
Implicit benefit payments	(85,560)	(78,515)	(115,216)	(76,110)	(80,494)	(102,618)	(91,488)
Net change in total OPEB liability	81,986	(1,829,770)	(649,729)	(148,122)	185,682	(530,948)	346,887
Total OPEB liability – beginning	1,082,482	2,912,252	3,561,981	3,710,103	3,524,421	4,055,369	3,708,482
Total OPEB liability – ending (a)	<u>\$ 1,164,468</u>	<u>\$ 1,082,482</u>	<u>\$ 2,912,252</u>	<u>\$ 3,561,981</u>	<u>\$ 3,710,103</u>	<u>\$ 3,524,421</u>	<u>\$ 4,055,369</u>
Plan Fiduciary Net Position							
Explicit contributions - employer	\$ (1,510,223)	\$ 92,202	\$ 107,877	\$ 211,416	\$ 95,570	\$ 103,169	\$ 201,812
Implicit contributions - employer	85,560	78,515	115,216	76,110	80,494	102,618	91,488
Net investment income	496,686	(570,318)	748,473	51,086	83,728	213,611	233,075
Explicit benefit payments	(6,816)	(7,416)	(9,830)	(26,734)	(18,096)	(13,246)	(15,054)
Implicit benefit payments	(85,560)	(78,515)	(115,216)	(76,110)	(80,494)	(102,618)	(91,488)
Administrative expenses	(34,283)	(38,033)	(76)	(37,405)	(35,250)	(33,602)	(32,389)
Net change in plan fiduciary net position	(1,054,636)	(523,565)	846,444	198,363	125,952	269,932	387,444
Plan fiduciary net position – beginning	3,398,636	3,922,201	3,075,757	2,877,394	2,751,442	2,481,510	2,094,066
Plan fiduciary net position – ending (b)	<u>\$ 2,344,000</u>	<u>\$ 3,398,636</u>	<u>\$ 3,922,201</u>	<u>\$ 3,075,757</u>	<u>\$ 2,877,394</u>	<u>\$ 2,751,442</u>	<u>\$ 2,481,510</u>
Net OPEB liability – ending (a)-(b)	<u>\$ (1,179,532)</u>	<u>\$ (2,316,154)</u>	<u>\$ (1,009,949)</u>	<u>\$ 486,224</u>	<u>\$ 832,709</u>	<u>\$ 772,979</u>	<u>\$ 1,573,859</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	201.29%	313.97%	134.68%	86.35%	77.56%	78.07%	61.19%
Covered employee payroll	\$ 6,026,099	\$ 5,948,390	\$ 6,169,525	\$ 6,195,221	\$ 5,477,286	\$ 5,350,280	\$ 5,245,372
Net OPEB liability as a percentage of covered employee payroll	19.57%	38.94%	16.37%	7.85%	15.20%	14.45%	30.00%

* This schedule is intended to present information for the last 10 fiscal years. Additional years will be added as they become available.

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF SPONSOR CONTRIBUTIONS – UNAUDITED**

Measurement Period Ended September 30,	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ -	\$ -	\$ 146,360	\$ 235,066	\$ 247,658	\$ 247,086	\$ 321,320
Contributions in relation to the actuarially determined contributions	<u>(1,510,223)</u>	<u>92,202</u>	<u>107,877</u>	<u>211,416</u>	<u>95,570</u>	<u>103,169</u>	<u>201,812</u>
Contribution deficiency (excess)	<u>\$ 1,510,223</u>	<u>\$ (92,202)</u>	<u>\$ 38,483</u>	<u>\$ 23,650</u>	<u>\$ 152,088</u>	<u>\$ 143,917</u>	<u>\$ 119,508</u>
Covered employee payroll	\$ 6,026,099	\$ 5,948,390	\$ 6,169,525	\$ 6,195,221	\$ 5,477,286	\$ 5,245,372	\$ 5,838,317
Net OPEB liability as a percentage of covered employee payroll	-25.06%	1.55%	1.75%	3.41%	1.74%	1.97%	3.46%

* This schedule is intended to present information for the last 10 fiscal years. Additional years will be added as they become available.

**CITY OF MILTON, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POST-EMPLOYMENT BENEFITS
 SCHEDULE OF INVESTMENT RETURNS – UNAUDITED**

Measurement Period Ended September 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return	21.18%	-15.80%	18.95%	8.18%	5.44%	8.23%	10.70%

*Net of Investment Expense

**This schedule is intended to present information for the last 10 years. Additional years will be added as they become available.*

**CITY OF MILTON, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
NOTES TO THE OPEB SCHEDULES**

Valuation Date: October 1, 2023

Notes: Actuarially determined contribution rates are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Funding method: Entry Age Normal Actuarial Cost Method

Amortization method: Level Percentage of Pay, Closed

Remaining amortization period: 30 Years

Interest rate: 7.1% per year, compounded annually, net of investment related expenses.

Healthcare inflation: Initial rate of 8.50% in fiscal 2024-2025 grading down to the ultimate trend rate of 4.00% in fiscal 2075.

Payroll growth: Varies by service

Inflation: 2.5% per year.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MILTON, FLORIDA

COMBINING FUND STATEMENTS

These financial statements provide a more detailed view of the "Basic Financial Statements" presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given fund type.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

Police Special Investigation Fund

To account for funds received from seized or forfeited property to be used for the purpose of defraying the cost of protracted or complex investigations to provide additional technical equipment or to provide matching funds to obtain federal grants.

Community Redevelopment Agency Fund

This fund is used to account for the revenues and expenditures of the redevelopment areas established within the City.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal and interest in accordance with bond ordinances.

**CITY OF MILTON, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2024**

	<u>Police Special Investigation</u>	<u>Community Redevelopment Agency</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 232,664	\$ 232,664
Receivables	13	155	260	428
Restricted cash	11,476	138,930	-	150,406
TOTAL ASSETS	<u>\$ 11,489</u>	<u>\$ 139,085</u>	<u>\$ 232,924</u>	<u>\$ 383,498</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ 1,254	\$ -	\$ 1,254
Fund balance				
Restricted				
Community redevelopment	-	137,831	-	137,831
Public safety	11,489	-	-	11,489
Assigned	-	-	232,924	232,924
Total fund balance	<u>11,489</u>	<u>139,085</u>	<u>232,924</u>	<u>383,498</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,489</u>	<u>\$ 139,085</u>	<u>\$ 232,924</u>	<u>\$ 383,498</u>

**CITY OF MILTON, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Police Special Investigation</u>	<u>Community Redevelopment Agency</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES				
Intergovernmental	\$ -	\$ 161,663	\$ -	\$ 161,663
Charges for services	-	6,910	-	6,910
Fines and forfeits	250	-	-	250
Miscellaneous	159	3,113	3,258	6,530
Total revenues	<u>409</u>	<u>171,686</u>	<u>3,258</u>	<u>175,353</u>
EXPENDITURES				
Current				
Economic environment	-	79,992	-	79,992
Total expenditures	<u>-</u>	<u>79,992</u>	<u>-</u>	<u>79,992</u>
NET CHANGE IN FUND				
BALANCE	409	91,694	3,258	95,361
FUND BALANCE, BEGINNING, AS PREVIOUSLY PRESENTED	11,080	-	229,666	240,746
Change within financial reporting entity (major to non-major fund)	-	46,137	-	46,137
FUND BALANCE, BEGINNING, AS ADJUSTED	<u>11,080</u>	<u>46,137</u>	<u>229,666</u>	<u>286,883</u>
FUND BALANCE, ENDING	<u>\$ 11,489</u>	<u>\$ 137,831</u>	<u>\$ 232,924</u>	<u>\$ 382,244</u>

NON-MAJOR PROPRIETARY FUNDS

The Proprietary Funds are used to account for operations that are financed in a manner similar to private business enterprise where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Stormwater Fund

To account for the income and expenses related to the operation of the stormwater utility system.

Marina Fund

To account for the income and expenses related to the operation of the Marina.

**CITY OF MILTON, FLORIDA
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	<u>Stormwater Fund</u>	<u>Marina Fund</u>	<u>Total Non- Major Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 400,813	\$ 235,540	\$ 636,353
Receivables, net	42,658	61	42,719
Total current assets	443,471	235,601	679,072
Capital assets			
Non-depreciable	404,583	519,404	923,987
Depreciable, net	291,403	-	291,403
Total capital assets	695,986	519,404	1,215,390
TOTAL ASSETS	<u>1,139,457</u>	<u>755,005</u>	<u>1,894,462</u>
LIABILITIES			
Current liabilities			
Accounts payable	3,568	5,084	8,652
NET POSITION			
Net investment in capital assets	695,986	519,404	1,215,390
Unrestricted	439,903	230,517	670,420
TOTAL NET POSITION	<u>\$ 1,135,889</u>	<u>\$ 749,921</u>	<u>\$ 1,885,810</u>

**CITY OF MILTON, FLORIDA
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Stormwater Fund	Marina Fund	Total Non-Major Funds
OPERATING REVENUES			
Charges for services	\$ 229,341	\$ 40,137	\$ 269,478
OPERATING EXPENSES			
Operating	120,750	16,068	136,818
Depreciation	38,029	-	38,029
Total operating expenses	158,779	16,068	174,847
OPERATING INCOME	70,562	24,069	94,631
NON-OPERATING REVENUES			
Interest income	14,249	7,289	21,538
CHANGE IN NET POSITION	84,811	31,358	116,169
NET POSITION, BEGINNING	1,051,078	718,563	1,769,641
NET POSITION, ENDING	<u>\$ 1,135,889</u>	<u>\$ 749,921</u>	<u>\$ 1,885,810</u>

**CITY OF MILTON, FLORIDA
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Stormwater Fund</u>	<u>Marina Fund</u>	<u>Total Major Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 233,381	\$ 40,108	\$ 273,489
Payments to suppliers	<u>(118,474)</u>	<u>(13,369)</u>	<u>(131,843)</u>
Net cash provided by operating activities	<u>114,907</u>	<u>26,739</u>	<u>141,646</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisitions of capital assets	(380,734)	-	(380,734)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>14,249</u>	<u>7,289</u>	<u>21,538</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(251,578)	34,028	(217,550)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>652,391</u>	<u>201,512</u>	<u>853,903</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 400,813</u></u>	<u><u>\$ 235,540</u></u>	<u><u>\$ 636,353</u></u>
	<u>Stormwater Fund</u>	<u>Marina Fund</u>	<u>Total Non-Major Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 70,562	\$ 24,069	\$ 94,631
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	38,029	-	38,029
(Increase) decrease in assets:			
Accounts receivable	4,040	(29)	4,011
Increase in liabilities:			
Accounts payable	<u>2,276</u>	<u>2,699</u>	<u>4,975</u>
Net cash provided by operating activities	<u><u>\$ 114,907</u></u>	<u><u>\$ 26,739</u></u>	<u><u>\$ 141,646</u></u>

COMPLIANCE SECTION

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

Federal Agency Pass-Through Entity Federal Program	Federal Assistance Listing Number	Contract/Grant Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Florida Division of Emergency Management Disaster Grants-Public Assistance	97.036	Z2576	\$ 43,287	\$ -
U.S. Department of the Interior				
Florida Department of Environmental Protection Outdoor Recreation Acquisition, Development and Planning Milton Sports Plex	15.916	LW730	400,000	-
U.S. Department of Transportation				
Natural Gas Distribution Infrastructure Safety and Modernization Grant Program	20.708	693JK32440001NGDI	88,500	-
U.S. Department of Treasury				
COVID 19 Coronavirus State and Local Fiscal Recovery Funds	21.027	FL0210	<u>1,550,454</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,082,241</u>	<u>\$ -</u>

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

1. Basis of Presentation

The information in the accompanying schedule of expenditures of federal awards (the Schedule) is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

2. Summary of Significant Accounting Policies

The accompanying Schedule includes the federal grant activity of the City for the year ended September 30, 2024. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

3. Indirect Cost Rate

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

4. Expenditures Incurred in Prior Fiscal Year

Total Federal Assistance Listing No. 21.027 expenditures of \$409,926, were incurred in a prior fiscal year.

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

To the Honorable Mayor and City Council Members
The City of Milton, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milton, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 13, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Pensacola Florida
May 13, 2025

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council Members
The City of Milton, Florida

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of the 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 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 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 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.

Report on Internal Control over Compliance

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

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

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

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

Warren Averett, LLC

Pensacola, Florida

May 13, 2025

**INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor and Members of the City Council
The City of Milton, Florida

We have examined the City of Milton, Florida's (the City) compliance with Florida Statute 218.415 with regards to the investments for the year ended September 30, 2024.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material 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 and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City of Milton, Florida, complied, in all material respects, with Florida Statute 218.415 with regard to the investments for the year ended September 30, 2024.

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



Pensacola, Florida
May 13, 2025

**CITY OF MILTON, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2024**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unmodified		
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	Yes	_____ X _____	No
• Significant deficiency(ies) identified that is/are not considered to be material weaknesses?	_____	Yes	_____ X _____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Programs

Internal control over major state projects:				
• Material weakness(es) identified?	_____	Yes	_____ X _____	No
• Significant deficiency(ies) identified that is/are not considered to be material weaknesses?	_____	Yes	_____ X _____	None Reported
Type of auditors' report issued on compliance for major state projects:			Unmodified	
• Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516(a) ?	_____	Yes	_____ X _____	No

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B major state projects?	\$750,000
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Auditee qualified as low-risk auditee for federal awards?		Yes	_____ X _____	No
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2. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT FINDINGS

There were no findings to be reported.

3. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM

There were no findings, which were required to be reported in accordance with the *Uniform Guidance*.

AUDITOR GENERAL MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Milton, Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 13, 2025.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for the Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 13, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b., and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Milton, Florida'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 Auditor General*, requires that we communicate in the management letter any recommendations to improve financial management. We had no such findings.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the City did not operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit the City provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the City in accordance with Section 218.39(3)(b), Florida Statutes. The City of Milton, Florida has no component units that are special districts.

Additional Matters

Section 10.554(1)(i)3., *Rules of Auditor General*, requires that we communicate noncompliance with provisions of contracts or grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with 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 Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We greatly appreciate the assistance and cooperation extended us during our audit.



Pensacola, Florida
May 13, 2025