

**CITY OF CHATTAHOOCHEE, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019**

**CITY OF CHATTAHOOCHEE, FLORIDA  
TABLE OF CONTENTS  
SEPTEMBER 30, 2019**

	<u>Page(s)</u>
<b>Independent Auditors’ Report</b>	1 – 3
<b>Management’s Discussion and Analysis</b>	4 – 10
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	21
Notes to Financial Statements	22 – 43
<b>Required Supplementary Information</b>	44
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	45
Note to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	46
Schedule of Proportionate Share of Net Pension Liability	47
Schedule of Contributions	48

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**TABLE OF CONTENTS**  
**SEPTEMBER 30, 2019**  
(Continued)

	<u>Page(s)</u>
<b>Schedule of Expenditures of Federal Awards</b>	49
<b>Notes to the Schedule of Expenditures of Federal Awards</b>	50
<b>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 <i>Government Auditing Standards</i></b>	51 – 52
<b>Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance</b>	53 – 54
<b>Schedule of Findings and Questioned Costs</b>	55 – 56
<b>Summary Schedule of Prior Audit Findings</b>	57
<b>Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of, Office of the Auditor General</b>	58 – 59
<b>Independent Accountant's Examination Report</b>	60
<b>Corrective Action Plan</b>	61

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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 Chattahoochee, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Chattahoochee, Florida's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

City of Chattahoochee, Florida's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Basis for Qualified Opinion on the Governmental Activities, Business-type Activities, and Utility Fund***

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

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

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

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

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities, and Utility Fund, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, and Utility Fund of the City as of September 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinion on the General Fund and Aggregate Remaining Fund Information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the aggregate remaining fund information for the City, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

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

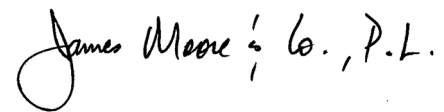
#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Chattahoochee, Florida's basic financial statements. The accompanying supplementary information and the Schedule of Expenditures of Federal Awards, as required by the audit 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), 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 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the 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 June 30, 2020, on our consideration of City of Chattahoochee, Florida'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 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 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 City of Chattahoochee, Florida's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida  
June 30, 2020

**CITY OF CHATTAHOOCHEE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

As management of the City of Chattahoochee, Florida, we offer readers of this narrative overview and analysis of the financial activities of the City of Chattahoochee, Florida for the fiscal year ended September 30, 2019.

**Overview of the Financial Statements**

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

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

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

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

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

The government-wide financial statements can be found on pages 11 – 12 of this report.

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

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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

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

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

The basic governmental fund financial statements can be found on pages 13 – 16 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 17 – 19 of this report.

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

The basic fiduciary fund financial statements can be found on pages 20 – 21 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22– 43 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Chattahoochee, Florida's budgetary and pension information. Required supplementary information can be found on pages 45 – 48 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chattahoochee, Florida, assets and deferred outflows exceeded liabilities and deferred inflows by \$9,486,711 at the close of the most recent fiscal year.



**CITY OF CHATTAHOOCHEE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Government-wide Financial Analysis (Continued)**

By far the largest portion of the City of Chattahoochee, Florida's net position (85 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Chattahoochee, Florida uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chattahoochee, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Chattahoochee, Florida's Net Position**

	<b>2019</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 780,227	\$ 9,596,895	\$ 10,377,122
Capital assets	3,380,409	7,128,145	10,508,554
Total assets	<u>4,160,636</u>	<u>16,725,040</u>	<u>20,885,676</u>
Deferred outflows	756,171	224,808	980,979
Long-term liabilities outstanding	617,862	7,966,634	8,584,496
Net pension liability	1,959,640	582,596	2,542,236
Other liabilities	284,458	727,205	1,011,663
Total liabilities	<u>2,861,960</u>	<u>9,276,435</u>	<u>12,138,395</u>
Deferred inflows	186,194	55,355	241,549
Net position:			
Net investment in capital assets	2,817,657	6,205,955	9,023,612
Restricted	13,454	-	13,454
Unrestricted	(962,458)	1,412,103	449,645
Total net position	<u>\$ 1,868,653</u>	<u>\$ 7,618,058</u>	<u>\$ 9,486,711</u>
	<b>2018</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 506,124	\$ 3,353,621	\$ 3,859,745
Capital assets	3,403,672	4,691,079	8,094,751
Total assets	<u>3,909,796</u>	<u>8,044,700</u>	<u>11,954,496</u>
Deferred outflows	605,901	141,175	747,076
Long-term liabilities outstanding	851,956	1,097,195	1,949,151
Net pension liability	1,569,610	365,720	1,935,330
Other liabilities	110,734	894,557	1,005,291
Total liabilities	<u>2,532,300</u>	<u>2,357,472</u>	<u>4,889,772</u>
Deferred inflows	240,364	56,005	296,369
Net position:			
Net investment in capital assets	2,699,887	3,704,144	6,404,031
Restricted	10,855	-	10,855
Unrestricted	(967,709)	2,068,254	1,100,545
Total net position	<u>\$ 1,743,033</u>	<u>\$ 5,772,398</u>	<u>\$ 7,515,431</u>

**CITY OF CHATTAHOOCHEE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

An additional portion of the City of Chattahoochee, Florida's net position (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$1,100,545, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Chattahoochee, Florida is able to report a positive balance in net position for its business-type activities.

**Governmental activities** Governmental activities increased the City of Chattahoochee, Florida's net position by \$153,879.

Key element of this increase are as follows:

- The City transferred out Utility funds to support the general operation of the City.

**City of Chattahoochee, Florida's Changes in Net Position**

	<b>2019</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 599,247	\$ 4,688,177	\$ 5,287,424
Operating grants and contributions	239,181	2,482,140	2,721,321
Capital grants and contributions	28,247	713,692	741,939
General revenues:			
Property taxes	28,439	-	28,439
Sales and use taxes	257,196	-	257,196
Intergovernmental and other	327,841	775,119	1,102,960
Transfers	1,854,594	(1,854,594)	-
Total revenues	<u>3,334,745</u>	<u>6,804,534</u>	<u>10,139,279</u>
Expenses:			
General government	747,865	-	747,865
Public Safety	926,446	-	926,446
Physical environment	72,061	-	72,061
Transportation	1,147,556	-	1,147,556
Culture and recreation	286,938	-	286,938
Electric, gas, water & sewer	-	4,958,874	4,958,874
Total expenses	<u>3,180,866</u>	<u>4,958,874</u>	<u>8,139,740</u>
Change in net position	153,879	1,845,660	1,999,539
<b>Net position</b> , beginning of year, as restated	1,714,774	5,772,398	7,487,172
<b>Net position</b> , end of year	<u>\$ 1,868,653</u>	<u>\$ 7,618,058</u>	<u>\$ 9,486,711</u>

**CITY OF CHATTAHOOCHEE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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

	<b>2018</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 434,251	\$ 4,329,716	\$ 4,763,967
Operating grants and contributions	192,994	-	192,994
Capital grants and contributions	166,177	394,657	560,834
General revenues:			
Property taxes	29,155	-	29,155
Half-cent sales tax	229,851	-	229,851
Intergovernmental and other	242,087	141,869	383,956
Transfers	1,575,076	(1,575,076)	-
Total revenues	<u>2,869,591</u>	<u>3,291,166</u>	<u>6,160,757</u>
Expenses:			
General government	609,155	-	609,155
Public safety	899,689	-	899,689
Physical environment	66,616	-	66,616
Transportation	1,219,749	-	1,219,749
Culture and recreation	263,085	-	263,085
Electric, gas, water & sewer	-	3,717,994	3,717,994
Total expenses	<u>3,058,294</u>	<u>3,717,994</u>	<u>6,776,288</u>
Change in net position	(188,703)	(426,828)	(615,531)
<b>Net position</b> , beginning of year	1,931,736	6,199,226	8,130,962
<b>Net position</b> , end of year	<u>\$ 1,743,033</u>	<u>\$ 5,772,398</u>	<u>\$ 7,515,431</u>

**Business-type activities** Business-type activities increased the City of Chattahoochee, Florida's net position by \$ 1,845,660.

Key element of this increase are as follows:

- The City received FEMA and insurance proceeds related to Hurricane Michael.

**CITY OF CHATTAHOOCHEE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of Chattahoochee, Florida's governmental fund reported ending fund balance of \$495,769, an increase of \$100,379 in comparison with the prior year. Of this total amount, \$380,573 constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Chattahoochee, Florida. At the end of the current fiscal year, unassigned and total fund balance of the general fund was \$380,573 and \$495,769, respectively. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 15 percent of total general fund expenditures.

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

Unrestricted net position of the Utility fund at the end of the year amounted to \$1,412,103. The total increase in net position for the fund was \$1,845,660. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Chattahoochee, Florida's business-type activities.

**General Fund Budgetary Highlights**

The City had one amendment to the budget during the 2019 fiscal year in order to move anticipated grant from the General fund to the Utility fund, there were no other amendments during the fiscal year. Variances in the budget and actual resulted mainly from budgeting for potential lease revenues that were not finalized in the current fiscal year.

**Capital Asset and Debt Administration**

**Capital assets** The City of Chattahoochee, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$10,508,554 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads.

Additional information on the City of Chattahoochee, Florida's capital assets can be found in Note II. C. on pages 30-31 of this report.

**Long-term debt** - At the end of the current fiscal year, the City of Chattahoochee, Florida had debt outstanding of \$8,484,942.

**CITY OF CHATTAHOOCHEE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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

	<b>2019</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Revenue bond	\$ —	\$ 876,000	\$ 876,000
State revolving fund loan	—	46,190	46,190
Note payable	562,752	7,000,000	7,649,552
<b>Total</b>	<b>\$ 562,752</b>	<b>\$ 7,922,190</b>	<b>\$ 8,484,942</b>
	<b>2018</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Revenue bond	\$ —	\$ 896,000	\$ 896,000
State revolving fund loan	—	90,935	90,935
Note payable	620,669	—	620,669
<b>Total</b>	<b>\$ 620,669</b>	<b>\$ 986,935</b>	<b>\$ 1,607,604</b>

Additional information on the City of Chattahoochee, Florida's long-term debt can be found in note II.E on pages 32 - 34 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Changes in state budgets and legislation make financial forecasting difficult; however, past performances and trends, expected growth, and expected tax revenue projections, as well as anticipated operational and capital expenditures, are all factors in determining next year's budget.

All of these factors were considered in preparing the City of Chattahoochee, Florida's budget for the 2020 fiscal year.

**Requests for Information**

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 41,940	\$ 365,966	\$ 407,906
Certificates of deposit	258,999	992,092	1,251,091
Receivables, net	15,107	1,037,173	1,052,280
Investments	-	4,069,683	4,069,683
Due from other governments	319,931	2,616,141	2,936,072
Interfund balances	29,054	(29,054)	-
Inventory	-	85,507	85,507
Prepaid items	101,742	6,645	108,387
Restricted assets:			
Cash and cash equivalents	13,454	452,742	466,196
Capital assets, not being depreciated	852,546	47,377	899,923
Capital assets, being depreciated, net	2,527,863	7,080,768	9,608,631
Total assets	<u>\$ 4,160,636</u>	<u>\$ 16,725,040</u>	<u>\$ 20,885,676</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>\$ 756,171</u>	<u>\$ 224,808</u>	<u>\$ 980,979</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 284,458	\$ 413,387	\$ 697,845
Customer deposits	-	313,818	313,818
Noncurrent liabilities			
Due within one year	79,009	75,079	154,088
Due in more than one year	538,853	7,891,555	8,430,408
Net pension liability	1,959,640	582,596	2,542,236
Total liabilities	<u>\$ 2,861,960</u>	<u>\$ 9,276,435</u>	<u>\$ 12,138,395</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>\$ 186,194</u>	<u>\$ 55,355</u>	<u>\$ 241,549</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 2,817,657	6,205,955	\$ 9,023,612
Restricted			
Gadsden County Senior Citizens Council	13,454	-	13,454
Unrestricted	(962,458)	1,412,103	449,645
Total net position	<u>\$ 1,868,653</u>	<u>\$ 7,618,058</u>	<u>\$ 9,486,711</u>

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 747,865	\$ 323,317	\$ -	\$ -	\$ (424,548)	\$ -	\$ (424,548)
Public safety	926,446	79,866	221,009	-	(625,571)	-	(625,571)
Physical environment	72,061	5,978	-	-	(66,083)	-	(66,083)
Transportation	1,147,556	190,086	-	28,247	(929,223)	-	(929,223)
Culture and recreation	286,938	-	18,172	-	(268,766)	-	(268,766)
Total governmental activities	<u>3,180,866</u>	<u>599,247</u>	<u>239,181</u>	<u>28,247</u>	<u>(2,314,191)</u>	<u>-</u>	<u>(2,314,191)</u>
<b>Business-type activities:</b>							
Electric	3,909,972	3,833,964	2,482,140	-	-	2,406,132	2,406,132
Gas	284,130	225,156	-	-	-	(58,974)	(58,974)
Water	313,180	230,961	-	713,692	-	631,473	631,473
Sewer	451,592	398,096	-	-	-	(53,496)	(53,496)
Total business-type activities	<u>4,958,874</u>	<u>4,688,177</u>	<u>2,482,140</u>	<u>713,692</u>	<u>-</u>	<u>2,925,135</u>	<u>2,925,135</u>
Total government	<u>\$ 8,139,740</u>	<u>\$ 5,287,424</u>	<u>\$ 2,721,321</u>	<u>\$ 741,939</u>	<u>(2,314,191)</u>	<u>2,925,135</u>	<u>610,944</u>
<b>General revenues:</b>							
Property taxes					28,439	-	28,439
Sales and use taxes					257,196	-	257,196
Communications service tax					41,950	-	41,950
Intergovernmental revenue					196,276	-	196,276
Miscellaneous					85,727	121,047	206,774
Insurance proceeds					-	569,785	569,785
Unrestricted investment earnings					3,888	84,287	88,175
Total general revenues					<u>613,476</u>	<u>775,119</u>	<u>1,388,595</u>
Transfers					1,854,594	(1,854,594)	-
Change in net position					<u>153,879</u>	<u>1,845,660</u>	<u>1,999,539</u>
Net position, beginning of year, as restated					1,714,774	5,772,398	7,487,172
Net position, end of year					<u>\$ 1,868,653</u>	<u>\$ 7,618,058</u>	<u>\$ 9,486,711</u>

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2019**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 41,940
Certificates of deposit	258,999
Receivables, net	15,107
Due from other governments	319,931
Due from other funds	29,054
Prepaid items	101,742
Restricted assets:	
Cash and cash equivalents	13,454
<b>Total Assets</b>	<b>\$ 780,227</b>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 284,458
<b>Total liabilities</b>	<b>284,458</b>
<b>FUND BALANCE</b>	
Nonspendable	
Prepaid items	101,742
Restricted	
Gadsden County Senior Citizens Council	13,454
Unassigned	380,573
<b>Total fund balance</b>	<b>495,769</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 780,227</b>

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



**CITY OF CHATTAHOOCHEE, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

**Fund balances - total governmental funds** \$ 495,769

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

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

Capital assets not being depreciated	852,546	
Capital assets being depreciated	4,776,940	
Accumulated depreciation	<u>(2,249,077)</u>	3,380,409

Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds:

Deferred outflows	756,171	
Net pension liability	(1,959,640)	
Deferred inflows	<u>(186,194)</u>	(1,389,663)

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

Capital leases	-	
Note payable	(562,752)	
Line of credit	-	
Compensated absences	<u>(55,110)</u>	(617,862)

**Net position of governmental activities** \$ 1,868,653

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>General Fund</b>
<b>Revenues</b>	
Taxes, licenses and permits	\$ 430,227
Intergovernmental	253,733
Charges for services	409,017
Grants	249,256
Miscellaneous	137,918
Total revenues	1,480,151
<b>Expenditures</b>	
Current:	
General government	518,779
Public safety	1,179,624
Physical environment	73,248
Transportation	1,036,506
Culture and recreation	251,483
Debt service:	
Principal	136,866
Interest	37,860
Total expenditures	3,234,366
<b>Deficiency of revenues under expenditures</b>	<b>(1,754,215)</b>
<b>Other Financing Sources</b>	
Transfer in	1,854,594
	1,854,594
<b>Change in fund balance</b>	<b>100,379</b>
<b>Fund balance, beginning of year</b>	395,390
<b>Fund balance, end of year</b>	<b>\$ 495,769</b>

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Net change in fund balance - governmental fund</b>		<b>\$ 100,379</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Loss on disposal of assets	(38,606)	
Depreciation expense	(164,926)	
Capital outlay	291,644	88,112
Net pension liability expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Net pension liability	(390,030)	
Deferred outflows related to pensions	150,270	
Deferred inflows related to pensions	54,170	(185,590)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		136,866
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences and other		14,112
<b>Change in net position of governmental activities</b>		<b>\$ 153,879</b>

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2019**

	<u>Enterprise - Utility Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 365,966
Certificate of deposit	992,092
Investments	4,069,683
Receivables, net of allowance for uncollectible accounts	1,037,173
Due from other governments	2,616,141
Prepaid items	6,645
Inventory	85,507
Restricted assets:	
Cash and cash equivalents	452,742
Total current assets	<u>9,625,949</u>
Noncurrent assets:	
Capital assets, not being depreciated	47,377
Capital assets, net of accumulated depreciation	7,080,768
Total noncurrent assets	<u>7,128,145</u>
Total assets	<u><u>\$ 16,754,094</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u><u>\$ 224,808</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 413,108
Current portion of revenue bonds and notes payable	66,469
Compensated absences, current portion	8,889
Due to other funds	29,054
Payable from restricted assets:	
Customer deposits	313,818
Total current liabilities	<u>831,338</u>
Noncurrent liabilities:	
Net pension liability	582,596
Revenue bonds and notes payable, long-term portion	7,856,000
Compensated absences, long term	35,555
Total noncurrent liabilities	<u>8,474,151</u>
Total liabilities	<u><u>\$ 9,305,489</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u><u>\$ 55,355</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 6,205,955
Unrestricted	1,412,103
Total net position	<u><u>\$ 7,618,058</u></u>

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Enterprise - Utility Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 4,688,177
Penalties	71,151
Miscellaneous	49,896
Total operating revenues	4,809,224
<b>Operating expenses</b>	
Personnel services	881,512
Materials, supplies and other	3,535,413
Depreciation and amortization	287,766
Total operating expenses	4,704,691
<b>Operating income</b>	104,533
<b>Nonoperating revenues (expenses)</b>	
Interest income	84,287
Insurance proceeds	569,785
FEMA proceeds	2,482,140
Interest expense	(254,183)
Total nonoperating revenues (expenses)	2,882,029
<b>Income (loss) before transfer and capital grant</b>	2,986,562
Capital grant	713,692
Transfers out	(1,854,594)
<b>Changes in net position</b>	1,845,660
<b>Total net position, beginning of year</b>	5,772,398
<b>Total net position, end of year</b>	\$ 7,618,058

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Enterprise Utility Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers and others	\$ 4,991,598
Cash paid to suppliers	(3,724,621)
Cash paid to employees	(731,791)
Net cash provided by operating activities	<u>535,186</u>
<b>Cash flows from noncapital financing activities</b>	
Transfer to other funds	(1,854,594)
Interfund loans	184,023
Net cash used in noncapital financing activities	<u>(1,670,571)</u>
<b>Cash flows from investing activities</b>	
Changes in certificate of deposits, net	805,453
Purchase of investments	(4,069,683)
Interest revenues	84,287
Net cash used in investing activities	<u>(3,179,943)</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisitions and construction of capital assets	(2,769,030)
Capital contributions from grant	341,176
Insurance proceeds	475,403
FEMA proceeds	238,515
Proceeds from debt	7,000,000
Payments on line of credit	(82,944)
Principal payments on long-term debts	(64,745)
Interest paid	(254,183)
Net cash provided by capital and related financing activities	<u>4,884,192</u>
<b>Net change in cash and cash equivalents</b>	<u>568,864</u>
<b>Cash and cash equivalents, beginning of year</b>	673,581
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 1,242,445</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 104,533
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	287,766
Loss on disposal of fixed assets	41,277
Changes in asset and liabilities:	
Accounts receivable	(262,220)
Grants receivable	17,657
Inventory	(61,424)
Prepays	(1,430)
Accounts payable and accrued expenses	(158,872)
Customer deposits	(8,759)
Compensated absences	17,128
Net pension liability	216,876
Deferred outflows	(83,633)
Deferred inflows	(650)
Total adjustments	<u>430,653</u>
Net cash provided by operating activities	<u><u>\$ 535,186</u></u>
<b>Cash and cash equivalents classified as:</b>	
Unrestricted	\$ 365,966
Restricted	452,742
	<u><u>\$ 818,708</u></u>

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2019**

	<b>Firefighters' Pension Plan Trust Fund</b>	<b>Rosedale Agency Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 95,011	\$ -
Certificates of deposit	351,492	-
Accounts receivable	-	6,135
Total assets	446,503	6,135
<b>Liabilities</b>		
Accounts payable and accrued expenses	-	6,135
<b>Net Position</b>		
Restricted for pensions	\$ 446,503	\$ -

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u><b>Firefighters' Pension Plan Trust Fund</b></u>
<b>Additions</b>	
<b>Contributions</b>	
State of Florida and City	\$ 17,283
Plan members	3,376
Total contributions	<u>20,659</u>
<b>Investment earnings</b>	
Interest	5,152
<b>Total additions</b>	<u>25,811</u>
<b>Deductions</b>	
Benefit payments	20,875
<b>Change in net position</b>	<u>4,936</u>
<b>Net position restricted for pensions, beginning of year</b>	441,567
<b>Net position restricted for pensions, end of year</b>	<u><u>\$ 446,503</u></u>

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



**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**I. Summary of Significant Accounting Policies:**

**A. Reporting entity**

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

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

**B. Description of government wide 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 nonfiduciary activities of the primary government. *Governmental* activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**C. Basis of presentation - government-wide financial statements**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of presentation – fund financial statements**

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

The City reports the following major governmental fund:

The *general fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

I. **Summary of Significant Accounting Policies:** (Continued)

D. **Basis of presentation – fund financial statements** (Continued)

The City reports the following major proprietary fund:

The *enterprise – utility fund* accounts for the activities of the government’s electric distribution operations, gas distribution operations, water collection operations, and sanitation operations.

Additionally, the City reports the following fiduciary funds:

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

The *Rosedale Agency Fund* accounts for the collection of water utility charges for service and the remittance of these funds collected for the Rosedale Water Association, Inc., a Florida not-for-profit corporation, that owns and operates a water distribution system within the unincorporated area of Gadsden County, Florida, contiguous with the City.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. **Measurement focus and basis of accounting**

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

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**I. Summary of Significant Accounting Policies:** (Continued)

**E. Measurement focus and basis of accounting** (Continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**F. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**I. Summary of Significant Accounting Policies:** (Continued)

**G. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance**

**1. *Deposits***

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

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

**2. *Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

**3. *Use of Estimates***

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**I. Summary of Significant Accounting Policies:** (Continued)

**G. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance**  
(Continued)

**4. *Long-term Obligations***

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

**5. *Net position flow assumption***

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

**6. *Fund balance flow assumptions***

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

**7. *Fund balance policies***

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making 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 (the adoption of another ordinance) to remove or revise the limitation.

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**I. Summary of Significant Accounting Policies:** (Continued)

**G. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance**  
(Continued)

**7. *Fund balance policies*** (Continued)

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

**8. *Deferred outflows/inflows of resources***

In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (III b).

**9. *Pensions***

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

**10. *Certificates of deposit***

Certificates of deposit are held locally in commercial banks with maturity dates greater than three months of date acquired by the City.

**H. Revenues and expenditures/expenses**

**1. *Program revenues***

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**I. Summary of Significant Accounting Policies:** (Continued)

**H. Revenues and expenditures/expenses** (Continued)

**2. *Property taxes***

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

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

**3. *Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and partial sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**4. *Proprietary funds operating and nonoperating revenues and expenses***

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 electric, gas, water, and sewer fund are charges to customers for sales and services. The water fund, sewer fund and sanitation fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses.

**5. *Deferred FEMA expenditures***

During the fiscal year ended September 30, 2019, the City incurred substantial costs related to Hurricane Michael. Per the OMB Compliance Supplement, any reimbursements from the Federal Emergency Management Agency (FEMA) under CFDA 97.036 are not to be recognized as expenditures for purposes of the Schedule of Expenditures of Federal Awards until the respective Project Worksheets (PW) have been approved. At September 30, 2019, only some of the City's PWs from these storms had been approved by FEMA. As a result, there are \$2,422,763 of expenditures and the related revenues which have been recorded for financial statement purposes and not on the Schedule of Expenditures of Federal Awards; these expenditures will be recognized on the Schedule of Expenditures of Federal Awards in future years once approved by FEMA.

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**II. Detailed Notes on All Funds:**

**A. Deposits and Investments**

***Custodial credit risk—deposits.*** In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned. The bank balances are covered by Federal depository insurance or by collateral held by the City’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

***Investments.*** Investments Florida PRIME are held with the Florida State Board of Administration. This fund is structured as a “2a-7 like” fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment’s value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A “2a-7 like” fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

The foremost objective of the City’s investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The City’s investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the City manages credit risk, interest rate risk, and custodial credit risk is as follows:

Credit Risk: The City minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. Florida PRIME is rated by Standards and Poor’s. The current rating is AAAM.

Interest Rate Risk: The City manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category and sets to maintain a weighted average maturity of 60 days or less, reducing risk of changes in interest rates.

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



**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**II. Detailed Notes on All Funds:** (Continued)

As of September 30, 2019, the City had the following investment reported at market value:

	Fair Value
Florida PRIME	\$ 4,069,683

**B. Receivables**

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Utility	Total
Accounts receivable	\$ 15,107	\$ 1,037,173	\$ 1,052,280
Due from other government	319,931	2,616,141	2,936,072
Gross receivables	335,038	3,653,314	3,988,352
Less: Allowance for uncollectible	-	-	-
Net total receivables	\$ 335,038	\$ 3,653,314	\$ 3,988,352

**C. Capital assets**

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 632,537	\$ -	\$ -	\$ 632,537
Construction in progress	-	220,009	-	220,009
Total capital assets, not being depreciated	632,537	220,009	-	852,546
Capital assets, being depreciated:				
Buildings and improvements	1,896,865	-	-	1,896,865
Infrastructure	1,807,563	-	-	1,807,563
Equipment, furniture, fixtures and vehicles	1,420,322	71,636	(419,447)	1,072,511
Total capital assets, being depreciated	5,124,750	71,636	(419,447)	4,776,939
Less accumulated depreciation for:				
Building and improvements, equipment, furniture, fixtures, vehicles and infrastructure	(2,464,990)	(164,925)	380,839	(2,249,076)
Total accumulated depreciation	(2,464,990)	(164,925)	380,839	(2,249,076)
Total capital assets, being depreciated, net	2,659,760	(93,289)	(38,608)	2,527,863
Capital assets, net	\$ 3,292,297	\$ 126,720	\$ (38,608)	\$ 3,380,409

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

II. **Detailed Notes on All Funds:** (Continued)

C. **Capital assets** (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 47,377	\$ -	\$ -	\$ 47,377
Construction in progress	22,657	674,870	(697,527)	-
Total capital assets, not being depreciated	<u>70,034</u>	<u>674,870</u>	<u>(697,527)</u>	<u>47,377</u>
Capital assets, being depreciated:				
Buildings, utility systems, and improvements	9,630,692	2,788,766	(346,795)	12,072,663
Machinery and equipment	974,558	-	(109,070)	865,488
Total capital assets, being depreciated	<u>10,605,250</u>	<u>2,788,766</u>	<u>(455,865)</u>	<u>12,938,151</u>
Less accumulated depreciation for:				
Buildings, utility systems, and improvements				
machinery and equipment	(5,984,205)	(287,766)	414,588	(5,857,383)
Total accumulated depreciation	<u>(5,984,205)</u>	<u>(287,766)</u>	<u>414,588</u>	<u>(5,857,383)</u>
Total capital assets, being depreciated, net	<u>4,621,045</u>	<u>2,501,000</u>	<u>(41,277)</u>	<u>7,080,768</u>
Capital assets, net	<u>\$ 4,691,079</u>	<u>\$ 3,175,870</u>	<u>\$ (738,804)</u>	<u>\$ 7,128,145</u>

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

Governmental activities:	
General government	\$ 4,933
Public safety	31,250
Transportation	92,474
Culture and recreation	36,268
Total	<u>\$ 164,925</u>
Business-type activities:	
Electric	\$ 117,100
Gas	15,695
Sewer	139,983
Water	14,988
Total	<u>\$ 287,766</u>

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

II. **Detailed Notes on All Funds:** (Continued)

D. **Transfers to/from other Funds**

The composition of interfund transfers as of September 30, 2019, is as follows:

Transfers are used to move revenues between funds to reflect operating activities of the fund with the primary government:

	<b>Transfers In</b>	<b>Transfers out</b>
General Fund	\$ 1,854,594	\$ -
Utility Fund	-	1,854,594
<b>Total</b>	<b>\$ 1,854,594</b>	<b>\$ 1,854,594</b>

The interfund amounts were used to cover deficits in cash balances due to timing of cash collection.

As of September 30, 2019, Interfund balances consisted of:

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
<b>Governmental funds</b>		
General fund	\$ -	\$ (29,054)
<b>Proprietary funds</b>		
Utility Fund	(29,054)	-
<b>Total</b>	<b>\$ (29,054)</b>	<b>\$ (29,054)</b>

E. **Long-term debt**

**Governmental-type activities:**

Notes payable consisted of the following at September 30, 2019:

Note payable

\$1,200,000 SunTrust loan, payable in annual installments of \$93,455, through September 1, 2026, plus interest at 4.65%, collateralized by net revenues.	\$ 562,752
Less current amount	67,987
	<b>\$ 494,765</b>

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

II. **Detailed Notes on All Funds:** (Continued)

E. **Long-term debt** (Continued)

Debt service requirements to maturity are as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 67,987	\$ 25,467
2021	71,148	22,306
2022	74,457	18,998
2023	77,919	15,535
2024	81,542	11,912
2025 – 2026	189,699	12,274
	\$ 562,752	\$ 106,492

**Business-type activities:**

Revenue bonds:

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Amounts outstanding at the end of the current fiscal year related to these issues in prior years totaled \$876,000. For the year ended September 30, 2019, the City did not maintain a sinking fund as required by the bond covenants.

Water and sewer revenue bonds outstanding at September 30, 2019 are comprised of the following:

\$1,077,000 2005 Revenue Bond, payable in annual installments through September 1, 2044, plus interest at 4.25%, collateralized by net revenues of the sewer system.	\$ 876,000
Less current amount	20,000
	\$ 856,000

Debt service requirements to maturity are as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 20,000	\$ 37,230
2021	21,000	36,380
2022	22,000	35,488
2023	23,000	34,553
2024	24,000	33,575
2025 – 2029	136,000	151,726
2030 – 2034	168,000	120,149
2035 – 2039	207,000	81,303
2040 – 2044	255,000	33,364
	\$ 876,000	\$ 563,768

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

II. **Detailed Notes on All Funds:** (Continued)

E. **Long-term debt** (Continued)

**Business-type activities:** (Continued)

Note payable:

Notes payable at September 30, 2019 comprised of the following:

State Revolving Loan, payable in semi-annual installments of \$23,650, through May 15, 2020, plus interest at 1.54%, collateralized by net revenues of the sewer system.	\$ 46,190
Taxable Revenue Note, Series 2018, payable in annual installments through December 1, 2022, plus interest at 4.16%, collateralized by net revenues of the sewer system.	7,000,000
Less current amount	46,190
	\$ 7,000,000

Debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2020	\$ 46,190	\$ 293,322
2021	-	292,211
2022	-	292,211
2023	7,000,000	73,053
2024	-	-
	\$ 7,476,190	\$ 950,797

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

II. **Detailed Notes on All Funds:** (Continued)

E. **Long-term debt** (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
Governmental activities:					
Long-term note payable	\$ 620,669	\$ -	\$ 57,917	\$ 562,752	\$ 67,987
Line of credit	78,949	-	78,949	-	-
Capital lease obligation	83,116	-	83,116	-	-
Compensated absences	69,222	53,131	67,243	55,110	11,022
Governmental activity long-term liabilities	<u>\$ 851,956</u>	<u>\$ 53,131</u>	<u>\$ 142,899</u>	<u>\$ 617,862</u>	<u>\$ 79,009</u>
Business-type activities:					
Revenue bonds	\$ 896,000	\$ -	\$ 20,000	\$ 876,000	\$ 20,000
Revenue notes	-	7,000,000	-	7,000,000	-
Long-term note payable	90,935	-	44,745	46,190	46,190
Line of credit	82,944	-	82,944	-	-
Compensated absences	27,316	34,078	16,950	44,444	8,889
Business-type activity long- term liabilities	<u>\$ 1,097,195</u>	<u>\$ 263,711</u>	<u>\$ 256,653</u>	<u>\$ 7,966,634</u>	<u>\$ 75,079</u>

F. **Restatement of Beginning Equity**

Subsequent to the issuance of the September 30, 2018 financial statements, management became aware of the following error: an operating lease had been recorded as a capital lease. The adjustment reduced governmental assets by \$111,375 and related debt by \$83,116. The restatement reduced the beginning net position of governmental activities by \$28,259 of September 30, 2018.

III. **Other Information:**

A. **Contingent Liabilities**

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

III. **Other Information:** (Continued)

**B. FRS Pension Plan**

***Plan Description and Administration***

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

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

***Benefits Provided and Employees Covered***

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

III. **Other Information:** (Continued)

B. **FRS Pension Plan** (Continued)

***Benefits Provided and Employees Covered*** (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

***Financial Statements***

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

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

***Contributions***

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2019, as follows (contribution rates are in agreement with the actuarially determined rates):



**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

III. **Other Information:** (Continued)

B. **FRS Pension Plan** (Continued)

*Contributions (Continued)*

<u>FRS Membership Plan &amp; Class</u>	<u>Through June 30, 2019</u>	<u>After June 30, 2019</u>
Regular Class	8.26%	8.47%
Senior Management	24.06%	25.41%
Special Risk	24.50%	25.48%
DROP – Applicable to members above	14.03%	14.60%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll.

Actual contributions made for City employees participating in FRS and HIS for the year ended September 30, 2019 were as follows:

	<u>2019</u>
Contributions – FRS	\$ 178,288
Contributions – HIS	27,894
Employee Contributions – FRS	50,411

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

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 1,980,178
HIS	562,058
Total	<u>\$ 2,542,238</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At September 30, 2019 and September 30, 2018, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2019</u>	<u>2018</u>
FRS	0.005749879%	0.004841453%
HIS	0.005023316%	0.004507308%

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

III. **Other Information:** (Continued)

B. **FRS Pension Plan** (Continued)

*Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)*

For the plan year ended September 30, 2019, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 486,240
HIS	42,866
Total	<u>\$ 529,106</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 117,450	\$ (1,229)	\$ 6,827	\$ (688)
Changes of assumptions	508,595	-	65,081	(45,938)
Net different between projected and actual investment earnings	-	(109,554)	363	-
Change in proportionate share	180,003	(57,837)	53,606	(26,303)
Contributions subsequent to measurement date	42,835	-	6,219	-
	<u>\$ 848,883</u>	<u>\$ (168,620)</u>	<u>\$ 132,096</u>	<u>\$ (72,929)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2020	\$ 165,952
2021	170,340
2022	162,659
2023	100,553
2024	60,626
Thereafter	<u>30,246</u>
Total	<u>\$ 690,376</u>

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

III. **Other Information:** (Continued)

B. **FRS Pension Plan** (Continued)

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

*Actuarial assumptions:*

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.90%. This rate decreased from the prior year rate, which was 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.5% was used to determine was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.87%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

III. **Other Information:** (Continued)

B. **FRS Pension Plan** (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.3%
Fixed income	18.0%	4.1%
Global equities	54.0%	8.0%
Real estate	11.0%	6.7%
Private equity	10.0%	11.2%
Strategic investments	6.0%	5.9%
Total	<u>100.0%</u>	

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.90%	\$ 3,423,069	\$ 1,980,178	\$ 775,121
HIS	3.50%	641,619	562,059	495,794

C. **Other Postemployment Benefits**

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

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

III. **Other Information:** (Continued)

C. **Other Postemployment Benefits** (Continued)

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

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

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

D. **Municipal Firefighter's Pension Trust Fund (MFPTF)**

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

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

E. **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

F. **Hurricane Damages**

During the fiscal year, the City repaired and reconstructed properties damaged from a hurricane. Losses due to damage of property and repairs were offset by FEMA proceeds and insurance proceeds of approximately \$3,000,000. The total estimated costs of repairs and reconstruction are estimated to be approximately \$3,500,000. As of September 30, 2019, approximately \$2,900,000 has been spent on related expenditures.

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

III. **Other Information:** (Continued)

**G. Recent Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2018, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

- (a) GASB issued Statement No. 84, Fiduciary Activities, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) GASB issued Statement No. 87, Leases, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

**H. Subsequent Events**

The City has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through June 30, 2020, the date which the consolidated financial statements were available to be issued. Subsequent to September 30, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of June 30, 2020, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2019**

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes, licenses and permits	\$ 435,519	\$ 435,519	\$ 430,227	\$ (5,292)
Intergovernmental	517,396	517,396	253,733	(263,663)
Charges for service	426,500	426,500	409,017	(17,483)
Grants	575,000	-	249,256	249,256
Miscellaneous	267,001	267,001	137,918	(129,083)
<b>Total revenues</b>	<u>2,221,416</u>	<u>1,646,416</u>	<u>1,480,151</u>	<u>(166,265)</u>
<b>Expenditures</b>				
Current:				
General government	516,128	516,128	518,779	(2,651)
Public safety	1,126,439	1,126,439	1,179,624	(53,185)
Physical environment	637,887	62,887	73,248	(10,361)
Transportation	1,054,590	1,054,590	1,036,506	18,084
Culture and recreation	246,049	246,049	251,483	(5,434)
Debt Service:				
Principal	189,410	189,410	136,866	52,544
Interest	50,913	50,913	37,860	13,053
<b>Total expenditures</b>	<u>3,821,416</u>	<u>3,246,416</u>	<u>3,234,366</u>	<u>12,050</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,600,000)</u>	<u>(1,600,000)</u>	<u>(1,754,215)</u>	<u>(154,215)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,653,500	1,653,500	1,854,594	201,094
Transfers out	(53,500)	(53,500)	-	53,500
<b>Total other financing sources</b>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,854,594</u>	<u>254,594</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>100,379</u>	<u>100,379</u>
<b>Fund balance, beginning of year</b>	395,390	395,390	395,390	-
<b>Fund balance, end of year</b>	<u>\$ 395,390</u>	<u>\$ 395,390</u>	<u>\$ 495,769</u>	<u>\$ 100,379</u>

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



**CITY OF CHATTAHOOCHEE, FLORIDA  
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**A. Budgetary Information:**

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

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

1. Prior to October 1, the City Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Florida Retirement System (FRS)</b>						
Proportion of the net pension liability (asset)	0.005749879%	0.004841453%	0.004680612%	0.005270693%	0.005159671%	0.005293762%
Proportionate share of the net pension liability (asset)	\$ 1,980,178	\$ 1,458,271	\$ 1,384,494	\$ 1,330,854	\$ 666,441	\$ 322,997
Covered payroll	1,680,361	1,472,484	1,504,951	1,556,193	1,484,731	1,505,514
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	117.84%	99.03%	92.00%	85.52%	44.89%	21.45%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>						
Proportion of the net pension liability (asset)	0.005023316%	0.004507308%	0.004476736%	0.004781422%	0.004655236%	0.004822834%
Proportionate share of the net pension liability (asset)	\$ 562,059	\$ 477,059	\$ 478,673	\$ 557,255	\$ 474,761	\$ 450,947
Covered payroll	1,680,361	1,472,484	1,504,951	1,556,193	1,484,731	1,505,514
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.45%	32.40%	31.81%	35.81%	31.98%	29.95%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Florida Retirement System (FRS)</u></b>						
Contractually required contribution	\$ 178,288	\$ 137,978	\$ 128,984	\$ 132,978	\$ 130,227	\$ 124,281
Contributions in relation to the contractually required contribution	<u>(178,288)</u>	<u>(137,978)</u>	<u>(128,984)</u>	<u>(132,978)</u>	<u>(130,227)</u>	<u>(124,281)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,680,361	\$ 1,472,484	\$ 1,504,951	\$ 1,556,193	\$ 1,484,731	\$ 1,505,514
Contributions as a percentage of covered payroll	10.61%	9.37%	8.57%	8.55%	8.77%	8.26%
<b><u>Health Insurance Subsidy Program (HIS)</u></b>						
Contractually required contribution	\$ 27,894	\$ 24,443	\$ 24,982	\$ 25,833	\$ 18,708	\$ 18,066
Contributions in relation to the contractually required contribution	<u>(27,894)</u>	<u>(24,443)</u>	<u>(24,982)</u>	<u>(25,833)</u>	<u>(18,708)</u>	<u>(18,066)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,680,361	\$ 1,472,484	\$ 1,504,951	\$ 1,556,193	\$ 1,484,731	\$ 1,505,514
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

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

**CITY OF CHATTAHOOCHEE, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2019**

<b>Federal Grantor/Pass-Through Entity Federal Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identifying/ Grant Contract Identification Number</b>	<b>Expenditures</b>
<b>FEDERAL AGENCY</b>			
<b>U.S. Department of Housing and Urban Development (HUD)</b>			
Passed-through Florida Department of Economic Opportunity Community Development Block Grants/State's Program	14.228	17DB-OJ-02-30-02-N 27	<u>\$ 677,192</u>
<b>U.S. Department of Justice</b>			
Passed-through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2018-JAGD-GADS-1-N3-040	<u>1,000</u>
<b>Department of Homeland Security</b>			
Passed through the Executive Office of the Governor: Disaster Grants - Public Assistance	97.036	Z0849	<u>59,377</u>
<b>U.S. Department of Agriculture</b>			
Passed through the State of Florida Department of Agriculture Emergency Watershed Protection Program	10.923	NR194209C003	<u>16,832</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 754,401</u></u>

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

**CITY OF CHATTAHOOCHEE, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal awards activity of City of Chattahoochee, Florida under programs of the federal government for the year ended September 30, 2019 in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Chattahoochee, Florida it is not intended to and does not present the financial position, changes in net assets, of City of Chattahoochee, Florida.

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

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

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated .

***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the schedule of findings and questions costs as Finding 2019-001 to be a material weakness.

### ***Compliance and Other Matters***

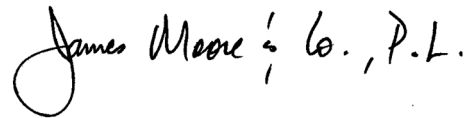
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of material noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Chattahoochee, Florida's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### **Purpose of this 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 "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida  
June 30, 2020

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

To the Board of Directors,  
The City of Chattahoochee, Florida

**Report on Compliance for Each Major Federal Program**

We have audited The City of Chattahoochee, Florida's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement*, that could have a direct and material effect on The City of Chattahoochee, Florida's major Federal program for the year ended September 30, 2019. The City of Chattahoochee, Florida's major Federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its Federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for The City of Chattahoochee, Florida's major federal program based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The City of Chattahoochee, Florida compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of The City of Chattahoochee, Florida's compliance.

***Opinion on Each Major Federal Program***

In our opinion, The City of Chattahoochee, Florida 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, 2019.



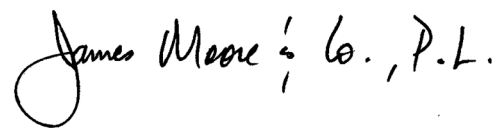
## Report on Internal Control Over Compliance

Management of City of Chattahoochee, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Chattahoochee, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Chattahoochee, Florida's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

James Moore & Co., P.L.

Tallahassee, Florida  
June 30, 2020

**CITY OF CHATTAHOOCHEE, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2019**

**I. Summary of Auditors' Results:**

*Financial Statements*

Type of audit report issued on the financial statements: *Qualified*

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major Federal programs:

- Material weakness (es) identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Types of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major programs:

<b>Federal Program</b>	<b>Federal CFDA Number</b>
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228

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

Auditee qualified as a low risk auditee?  yes  no

**CITY OF CHATTAHOOCHEE, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2019**

**II. Financial Statement Findings:**

**Finding 2019-001: Audit Adjustments**

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

**Condition:** Adjustments were required to be made to the accounting records as part of the audit process to be in accordance with GAAP.

**Cause:** Management relied on auditors to propose entries that had not been recorded at the time of the audit.

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

**Recommendation:** We recommend that the process for identifying accounting transaction be reviewed and updated.

**III. Federal Award Findings and Questioned Costs:**

None.

**CITY OF CHATTAHOOCHEE, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
SEPTEMBER 30, 2019**

**Finding 2018-001: Audit Adjustments**

Status: Unresolved

The City has obtained the services of a 3<sup>rd</sup> party accountant to assist with the preparation of financials in order to alleviate the need for adjustments and feel that added assistance will reduce the need for adjustments in the future.

**Finding 2018-002: Segregation of Duties**

Status: Resolved

**Finding 2018-003: Bond Series 2005, Sinking Fund Compliance**

Status: Resolved

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

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

**Report on the Financial Statements**

We have audited the financial statements of the City of Chattahoochee, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 30, 2020.

**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 Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 2020, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

<b>Tabulation of Uncorrected Audit Findings</b>			
<b>Description</b>	<b>Current Year Finding #</b>	<b>2017-18 FY Finding #</b>	<b>2016-17 FY Finding #</b>
Audit adjustments	2019-001	2018-001	2017-001

### **Official Title and Legal Authority**

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

### **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Chattahoochee, Florida. It is management's responsibility to monitor the City of Chattahoochee, 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.

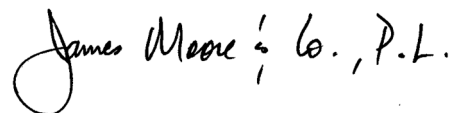
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

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

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

Tallahassee, Florida  
June 30, 2020

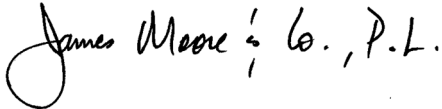
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the compliance of the City of Chattahoochee, Florida (the City) with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019. Management is responsible for City of Chattahoochee, Florida's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the aforementioned statutes, for the year ended September 30, 2019, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.



Tallahassee, Florida  
June 30, 2020



# CITY of CHATTAHOOCHEE

POST OFFICE BOX 188  
CHATTAHOOCHEE, FLORIDA 32324-0188  
www.chattgov.org

---

## CITY HALL

Telephone: (850) 663-4046  
Fax: (850) 663-2456

## UTILITY & PUBLIC WORKS

Telephone: (850) 663-4475  
Fax: (850) 663-4233

## PUBLIC SAFETY

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

## PARKS & RECREATION

Telephone: (850) 663-2123  
Fax: (850) 663-3800

June 30, 2020

The Auditor General  
State Florida  
Tallahassee, FL

RE: Response to findings in Audit for City of Chattahoochee FYE September 30, 2019

Dear Sir or Madam:

Attached below please find the response to FYE audit finding for the City of Chattahoochee

1. Finding 2019-001-Audit Adjustments-During the current FY FEMA reimbursements were received which changed from previous totals that the city expected to receive. We don't expect that the City will deal with this issue in the future. Also with the services provided by a 3<sup>rd</sup> party accountant to assist with preparation of financial statements this issue has been resolved. Accounting staff is now fully trained on the new accounting software and adjustments will be posted in a timely manner.

We feel this action will help alleviate future audit finds for these topics.

Sincerely,

Robert Presnell, City Manager

Cc: James Moore, CPA; City Clerk; City Mayor and Council