

CITY OF CHATTAHOOCHEE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

CITY OF CHATTAHOOCHEE, FLORIDA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Chattahoochee, Florida (the "City"), as of and for the year ended September 30, 2022, 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.

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 (2) qualified audit opinion on the governmental activities, business-type activities, and Utility Fund.

Unmodified Opinion on the General Fund and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the general fund for the City, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified 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, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

As discussed in Note 11 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 12 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.

Responsibilities of Management 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

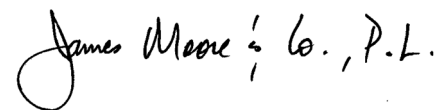
Management has omitted the Firefighters’ Pension and other postemployment benefit information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic 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.

Emphasis of Matter – Implementation of New Accounting Standard

As discussed in Note 1(u) to the financial statements, the City has adopted the provisions of GASB Statement No. 87, *Leases*. This adoption did not lead to a restatement of net position. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, 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.



Tallahassee, Florida
June 28, 2023

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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, 2022.

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, 2022**

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 – 41 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 42 –46 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 \$7,893,332 at the close of the most recent fiscal year.

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Government-wide Financial Analysis (Continued)

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

City of Chattahoochee, Florida's Net Position

| | 2022 | | |
|-----------------------------------|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$ 1,761,159 | \$ 4,845,743 | \$ 6,606,902 |
| Capital assets | 3,726,319 | 6,406,322 | 10,132,641 |
| Total assets | <u>5,487,478</u> | <u>11,252,065</u> | <u>16,739,543</u> |
| Deferred outflows | 493,888 | 192,068 | 685,956 |
| Long-term liabilities outstanding | 449,762 | 3,955,774 | 4,405,536 |
| Net pension liability | 1,763,927 | 685,972 | 2,449,899 |
| Other liabilities | 894,922 | 1,468,575 | 2,363,497 |
| Total liabilities | <u>3,108,611</u> | <u>6,110,321</u> | <u>9,218,932</u> |
| Deferred inflows | 255,297 | 57,938 | 313,235 |
| Net position: | | | |
| Net investment in capital assets | 3,350,169 | 5,457,569 | 8,807,738 |
| Restricted | 10,061 | - | 10,061 |
| Unrestricted | (742,772) | (181,695) | (924,467) |
| Total net position | <u>\$ 2,617,458</u> | <u>\$ 5,275,874</u> | <u>\$ 7,893,332</u> |
| | | | |
| | 2021 | | |
| | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$ 1,576,324 | \$ 4,165,012 | \$ 5,741,336 |
| Capital assets | 3,770,367 | 6,597,311 | 10,367,678 |
| Total assets | <u>5,346,691</u> | <u>10,762,323</u> | <u>16,109,014</u> |
| Deferred outflows | 483,627 | 130,207 | 613,834 |
| Long-term liabilities outstanding | 493,963 | 3,886,416 | 4,380,379 |
| Net pension liability | 764,633 | 205,863 | 970,496 |
| Other liabilities | 876,299 | 606,845 | 1,483,144 |
| Total liabilities | <u>2,134,895</u> | <u>4,699,124</u> | <u>6,834,019</u> |
| Deferred inflows | 1,246,224 | 335,522 | 1,581,746 |
| Net position: | | | |
| Net investment in capital assets | 3,333,494 | 5,762,311 | 9,095,805 |
| Restricted | 16,591 | - | 16,591 |
| Unrestricted | (900,886) | 95,573 | (805,313) |
| Total net position | <u>\$ 2,449,199</u> | <u>\$ 5,857,884</u> | <u>\$ 8,307,083</u> |

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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 is an *unrestricted net deficit* of \$(924,467). 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 \$168,259.

Key element of this increase are as follows:

- The City noted an increase in the property taxes, sales and use, and other revenue taxes. The City's RV Park was open to renters for the full fiscal year and expanded, both of which increased revenue. With the expansion, improvements were made which increased expenses. Management continues to take a conservative approach to expenditures and seeks grant funding for major projects and infrastructure improvements.

City of Chattahoochee, Florida's Changes in Net Position

| | 2022 | | |
|---|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 647,959 | \$ 5,460,986 | \$ 6,108,945 |
| Operating grants and contributions | 309,895 | - | 309,895 |
| Capital grants and contributions | - | 29,700 | 29,700 |
| General revenues: | | | |
| Property taxes | 31,639 | - | 31,639 |
| Sales and use taxes | 353,419 | - | 353,419 |
| Intergovernmental and other | 339,789 | 202,490 | 542,279 |
| Transfers | 1,540,604 | (1,540,604) | - |
| Total revenues | <u>3,223,305</u> | <u>4,152,572</u> | <u>7,375,877</u> |
| Expenses: | | | |
| General government | 412,410 | - | 412,410 |
| Public Safety | 1,134,255 | - | 1,134,255 |
| Physical environment | 73,447 | - | 73,447 |
| Transportation | 1,117,147 | - | 1,117,147 |
| Culture and recreation | 317,787 | - | 317,787 |
| Electric, gas, water & sewer | - | 4,734,582 | 4,734,582 |
| Total expenses | <u>3,055,046</u> | <u>4,734,582</u> | <u>7,789,628</u> |
| Change in net position | 168,259 | (582,010) | (413,751) |
| Net position , beginning of year | 2,449,199 | 5,857,884 | 8,307,083 |
| Net position , end of year | <u>\$ 2,617,458</u> | <u>\$ 5,275,874</u> | <u>\$ 7,893,332</u> |

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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

| | 2021 | | |
|---|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 594,706 | \$ 4,234,133 | \$ 4,828,839 |
| Operating grants and contributions | 251,553 | - | 251,553 |
| Capital grants and contributions | 36,790 | - | 36,790 |
| General revenues: | | | - |
| Property taxes | 28,645 | - | 28,645 |
| Sales and use taxes | 284,167 | - | 284,167 |
| Intergovernmental and other | 315,073 | 127,991 | 443,064 |
| Transfers | 1,811,162 | (1,811,162) | - |
| Total revenues | <u>3,322,096</u> | <u>2,550,962</u> | <u>5,873,058</u> |
| Expenses: | | | |
| General government | 387,221 | - | 387,221 |
| Public safety | 980,633 | - | 980,633 |
| Physical environment | 61,590 | - | 61,590 |
| Transportation | 1,101,065 | - | 1,101,065 |
| Culture and recreation | 225,716 | - | 225,716 |
| Electric, gas, water & sewer | - | 3,567,850 | 3,567,850 |
| Total expenses | <u>2,756,225</u> | <u>3,567,850</u> | <u>6,324,075</u> |
| Change in net position | 565,871 | (1,016,888) | (451,017) |
| Net position , beginning of year | 1,883,328 | 6,874,772 | 8,758,100 |
| Net position , end of year | <u>\$ 2,449,199</u> | <u>\$ 5,857,884</u> | <u>\$ 8,307,083</u> |

Business-type activities Business-type activities decreased the City of Chattahoochee, Florida's net position by \$582,010.

Key element of this decrease are as follows:

- The City transfers significant funds generated by business-type activities to the General Fund to support the governmental activities of the City.

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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 \$755,633, an increase of \$55,608 in comparison with the prior year. Of this total amount, \$726,494 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 \$726,494 and \$755,633, 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 23 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 (\$181,695). The total decrease in net position for the fund was \$582,010. 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 no amendments to the budget during the 2022 fiscal year. Variances in the budget and actual resulted mainly from not budgeting for potential grant expenses and revenues.

Capital Asset and Debt Administration

Capital assets The City of Chattahoochee, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2022, amounts to \$10,070,715 (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 6 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 \$4,181,441.

**CITY OF CHATTAHOOCHEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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

| | 2022 | | |
|--------------|------------------------------------|-------------------------------------|---------------------|
| | Governmental activities | Business-type activities | Total |
| Revenue bond | \$ - | \$ 813,000 | \$ 813,000 |
| Note payable | 368,441 | 3,000,000 | 3,368,441 |
| Total | \$ 368,441 | \$ 3,813,000 | \$ 4,181,441 |
| | 2021 | | |
| | Governmental activities | Business-type activities | Total |
| Revenue bond | \$ - | \$ 835,000 | \$ 835,000 |
| Note payable | 436,873 | 3,000,000 | 3,436,873 |
| Total | \$ 436,873 | \$ 3,835,000 | \$ 4,271,873 |

Additional information on the City of Chattahoochee, Florida's long-term debt can be found in Note 8 on pages 32 - 34 of this report.

Economic Factors and Next Year's Budgets and Rates

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

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

Requests for Information

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,093,623 | \$ 1,523,576 | \$ 2,617,199 |
| Certificates of deposit | 255,229 | 125,415 | 380,644 |
| Receivables, net | 2,641 | 846,331 | 848,972 |
| Investments | - | 1,993,459 | 1,993,459 |
| Due from other governments | 203,176 | 29,852 | 233,028 |
| Due from other funds | 67,206 | (67,206) | - |
| Inventory | - | 34,851 | 34,851 |
| Prepaid items | 19,078 | 19,078 | 38,156 |
| Restricted assets: | | | |
| Cash and cash equivalents | 10,061 | 340,387 | 350,448 |
| Right-to-use lease receivable: | | | |
| Due within one year | 13,178 | - | 13,178 |
| Due in more than one year | 96,967 | - | 96,967 |
| Capital assets, not being depreciated | 667,837 | 77,077 | 744,914 |
| Capital assets, being depreciated, net | 3,050,960 | 6,274,841 | 9,325,801 |
| Right-of-use lease asset being amortized, net | 7,522 | 54,404 | 61,926 |
| Total assets | <u>\$ 5,487,478</u> | <u>\$ 11,252,065</u> | <u>\$ 16,739,543</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | <u>\$ 493,888</u> | <u>\$ 192,068</u> | <u>\$ 685,956</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 91,679 | 322,621 | \$ 414,300 |
| Due to other governments | 2,378 | 2,381 | 4,759 |
| Due to pension plan | - | 654 | 654 |
| Customer deposits | - | 342,054 | 342,054 |
| Deferred revenue | 800,865 | 800,865 | 1,601,730 |
| Lease liability | | | |
| Due within one year | 5,734 | 25,283 | 31,017 |
| Due in more than one year | 1,975 | 55,235 | 57,210 |
| Noncurrent liabilities | | | |
| Due within one year | 91,314 | 35,451 | 126,765 |
| Due in more than one year | 350,739 | 3,839,805 | 4,190,544 |
| Net pension liability | 1,763,927 | 685,972 | 2,449,899 |
| Total liabilities | <u>\$ 3,108,611</u> | <u>\$ 6,110,321</u> | <u>\$ 9,218,932</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | \$ 148,983 | \$ 57,938 | \$ 206,921 |
| Deferred inflows related to leases | 106,314 | - | 106,314 |
| Total deferred inflows | <u>\$ 255,297</u> | <u>\$ 57,938</u> | <u>\$ 313,235</u> |
| NET POSITION | | | |
| Net investment in capital assets | \$ 3,350,169 | 5,457,569 | \$ 8,807,738 |
| Restricted | | | |
| Gadsden County Senior Citizens Council | 10,061 | - | 10,061 |
| Unrestricted | (742,772) | (181,695) | (924,467) |
| Total net position | <u>\$ 2,617,458</u> | <u>\$ 5,275,874</u> | <u>\$ 7,893,332</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, 2022**

| 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 |
| Governmental activities: | | | | | | | |
| General government | \$ 412,410 | \$ 366,971 | \$ 54,391 | \$ - | \$ 8,952 | \$ - | \$ 8,952 |
| Public safety | 1,134,255 | 94,166 | 4,834 | - | (1,035,255) | - | (1,035,255) |
| Physical environment | 73,447 | 6,044 | - | - | (67,403) | - | (67,403) |
| Transportation | 1,117,147 | 180,778 | - | - | (936,369) | - | (936,369) |
| Culture and recreation | 317,787 | - | 250,670 | - | (67,117) | - | (67,117) |
| Total governmental activities | <u>3,055,046</u> | <u>647,959</u> | <u>309,895</u> | <u>-</u> | <u>(2,097,192)</u> | <u>-</u> | <u>(2,097,192)</u> |
| Business-type activities: | | | | | | | |
| Electric | 3,832,226 | 4,698,226 | - | - | - | 866,000 | 866,000 |
| Gas | 234,187 | 174,319 | - | - | - | (59,868) | (59,868) |
| Water | 179,942 | 209,366 | - | 29,700 | - | 59,124 | 59,124 |
| Sewer | 488,227 | 379,075 | - | - | - | (109,152) | (109,152) |
| Total business-type activities | <u>4,734,582</u> | <u>5,460,986</u> | <u>-</u> | <u>29,700</u> | <u>-</u> | <u>756,104</u> | <u>756,104</u> |
| Total government | <u>\$ 7,789,628</u> | <u>\$ 6,108,945</u> | <u>\$ 309,895</u> | <u>\$ 29,700</u> | <u>(2,097,192)</u> | <u>756,104</u> | <u>(1,341,088)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 31,639 | - | 31,639 |
| Sales and use taxes | | | | | 353,419 | - | 353,419 |
| Communications service tax | | | | | 48,062 | - | 48,062 |
| Intergovernmental revenue | | | | | 253,943 | 48,838 | 302,781 |
| Miscellaneous | | | | | 35,918 | 135,301 | 171,219 |
| Unrestricted investment earnings | | | | | 1,866 | 18,351 | 20,217 |
| Total general revenues | | | | | <u>724,847</u> | <u>202,490</u> | <u>927,337</u> |
| Transfers | | | | | 1,540,604 | (1,540,604) | - |
| Total general revenues and transfers | | | | | <u>2,265,451</u> | <u>(1,338,114)</u> | <u>927,337</u> |
| Change in net position | | | | | <u>168,259</u> | <u>(582,010)</u> | <u>(413,751)</u> |
| Net position, beginning of year | | | | | 2,449,199 | 5,857,884 | 8,307,083 |
| Net position, end of year | | | | | <u>\$ 2,617,458</u> | <u>\$ 5,275,874</u> | <u>\$ 7,893,332</u> |

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

**CITY OF CHATTAHOOCHEE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2022**

| | General Fund |
|---|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,093,623 |
| Certificates of deposit | 255,229 |
| Receivables, net | 2,182 |
| Due from other governments | 203,176 |
| Due from other funds | 67,206 |
| Prepaid items | 19,078 |
| Restricted assets: | |
| Cash and cash equivalents | 10,061 |
| Total Assets | \$ 1,650,555 |
| LIABILITIES | |
| Accounts payable and accrued expenses | \$ 91,679 |
| Due to other governments | 2,378 |
| Deferred revenue | 800,865 |
| Total liabilities | 894,922 |
| FUND BALANCE | |
| Nonspendable | |
| Prepaid items | 19,078 |
| Restricted | |
| Gadsden County Senior Citizens Council | 10,061 |
| Unassigned | 726,494 |
| Total fund balance | 755,633 |
| Total Liabilities and Fund Balance | \$ 1,650,555 |

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, 2022

Fund balances - total governmental funds \$ 755,633

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 | 667,837 | |
| Capital assets being depreciated | 5,845,123 | |
| Accumulated depreciation | <u>(2,794,163)</u> | 3,718,797 |

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 | 493,888 | |
| Net pension liability | (1,763,927) | |
| Deferred inflows | <u>(148,983)</u> | (1,419,022) |

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

| | | |
|----------------------|-----------------|-----------|
| Note payable | (368,441) | |
| Compensated absences | <u>(73,612)</u> | (442,053) |

Lease assets and liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:

| | | |
|---------------------------|------------------|-------|
| Lease asset | 7,522 | |
| Lease liability | (7,709) | |
| Lease receivable | 110,145 | |
| Lease interest receivable | 459 | |
| Lease deferred inflow | <u>(106,314)</u> | 4,103 |

Net position of governmental activities \$ 2,617,458

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

**CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | General Fund |
|--|-------------------------|
| Revenues | |
| Taxes, licenses and permits | \$ 494,115 |
| Intergovernmental | 346,472 |
| Charges for services | 461,022 |
| Grants | 258,134 |
| Miscellaneous | 131,832 |
| Total revenues | 1,691,575 |
| Expenditures | |
| Current: | |
| General government | 511,438 |
| Public safety | 1,036,329 |
| Physical environment | 69,787 |
| Transportation | 988,796 |
| Culture and recreation | 470,777 |
| Debt service: | |
| Principal | 73,887 |
| Interest | 25,557 |
| Total expenditures | 3,176,571 |
| Deficiency of revenues under expenditures | (1,484,996) |
| Other Financing Sources | |
| Transfer in | 1,540,604 |
| Change in fund balance | 55,608 |
| Fund balance, beginning of year | 700,025 |
| Fund balance, end of year | \$ 755,633 |

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, 2022**

| | | |
|--|-----------|----------|
| Net change in fund balance - governmental fund | \$ | 55,608 |
| 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. | | |
| Amortization expense | (5,642) | |
| Depreciation expense | (250,509) | |
| Capital outlay | 198,939 | (57,212) |
| 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 | (999,294) | |
| Deferred outflows related to pensions | 10,261 | |
| Deferred inflows related to pensions | 1,097,241 | 108,208 |
| 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. | | |
| | | 73,887 |
| 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 | | (16,522) |
| Lease income is recorded as cash is received in the governmental funds. However, it is recognized straightline in the statement of activities along with interest revenue. | | |
| Lease interest revenue | (5,785) | |
| Adjustment to lease income | 10,075 | 4,290 |
| Change in net position of governmental activities | \$ | 168,259 |

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, 2022**

| | <u>Enterprise - Utility Fund</u> |
|--|--------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 1,523,576 |
| Certificate of deposit | 125,415 |
| Investments | 1,993,459 |
| Receivables, net of allowance for uncollectible accounts | 846,331 |
| Due from other governments | 29,852 |
| Prepaid items | 19,078 |
| Inventory | 34,851 |
| Restricted assets: | |
| Cash and cash equivalents | 340,387 |
| Total current assets | <u>4,912,949</u> |
| Noncurrent assets: | |
| Capital assets, not being depreciated | 77,077 |
| Capital assets, net of accumulated depreciation | 6,274,841 |
| Right-to-use lease asset being amortized, net | 54,404 |
| Total noncurrent assets | <u>6,406,322</u> |
| Total assets | <u><u>\$ 11,319,271</u></u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | <u><u>\$ 192,068</u></u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and accrued expenses | \$ 322,621 |
| Due to Other Governments | 2,381 |
| Current portion of revenue bonds and notes payable | 23,000 |
| Current portion of lease liability | 25,283 |
| Compensated absences, current portion | 12,451 |
| Due to other funds | 67,206 |
| Due to pension plan | 654 |
| Payable from restricted assets: | |
| Customer deposits | 342,054 |
| Deferred revenue | 800,865 |
| Total current liabilities | <u>1,596,515</u> |
| Noncurrent liabilities: | |
| Net pension liability | 685,972 |
| Revenue bonds and notes payable, long-term portion | 3,790,000 |
| Lease liability, long-term portion | 55,235 |
| Compensated absences, long term | 49,805 |
| Total noncurrent liabilities | <u>4,581,012</u> |
| Total liabilities | <u><u>\$ 6,177,527</u></u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | <u><u>\$ 57,938</u></u> |
| NET POSITION | |
| Net investment in capital assets | \$ 5,457,569 |
| Unrestricted | (181,695) |
| Total net position | <u><u>\$ 5,275,874</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, 2022

| | Enterprise - Utility Fund |
|--|--------------------------------------|
| Operating revenues | |
| Charges for services | \$ 5,461,241 |
| Penalties | 80,626 |
| Miscellaneous | 54,420 |
| Total operating revenues | 5,596,287 |
| Operating expenses | |
| Personnel services | 938,834 |
| Materials, supplies and other | 3,316,490 |
| Depreciation and amortization | 314,851 |
| Total operating expenses | 4,570,175 |
| Operating income | 1,026,112 |
| Nonoperating revenues (expenses) | |
| Interest income | 18,351 |
| FEMA proceeds | 48,838 |
| Capital grant | 29,700 |
| Interest expense | (164,407) |
| Total nonoperating revenues (expenses) | (67,518) |
| Income before transfers | 958,594 |
| Transfers out | (1,540,604) |
| Change in net position | (582,010) |
| Total net position, beginning of year | 5,857,884 |
| Total net position, end of year | \$ 5,275,874 |

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, 2022

| | <u>Enterprise Utility Fund</u> |
|---|------------------------------------|
| Cash flows from operating activities | |
| Cash received from customers and others | \$ 6,618,716 |
| Cash paid to suppliers | (3,257,098) |
| Cash paid to employees | (787,330) |
| Net cash provided by operating activities | <u>2,574,288</u> |
| Cash flows from noncapital financing activities | |
| Transfer to other funds | (1,540,604) |
| Interfund loans | 50,455 |
| Net cash used in noncapital financing activities | <u>(1,490,149)</u> |
| Cash flows from investing activities | |
| Purchase of certificate of deposits | (140) |
| Purchase of investments | (14,726) |
| Interest revenues | 18,351 |
| Net cash provided by investing activities | <u>3,485</u> |
| Cash flows from capital and related financing activities | |
| Acquisitions and construction of capital assets | (43,344) |
| Capital contributions from grant | 29,700 |
| FEMA proceeds | 48,838 |
| Principal payments on long-term debts | (22,000) |
| Interest paid | (160,288) |
| Net cash used in capital and related financing activities | <u>(147,094)</u> |
| Net change in cash and cash equivalents | <u>940,530</u> |
| Cash and cash equivalents, beginning of year | 923,433 |
| Cash and cash equivalents, end of year | <u><u>\$ 1,863,963</u></u> |
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income | \$ 1,026,112 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation and amortization | 314,851 |
| Changes in asset and liabilities: | |
| Accounts receivable | 13,960 |
| Due from other government | 207,604 |
| Inventory | 8,149 |
| Prepays | (2,747) |
| Accounts payable and accrued expenses | 58,170 |
| Customer deposits | (4,180) |
| Deferred revenue | 800,865 |
| Compensated absences | 10,840 |
| Net pension liability | 480,109 |
| Deferred outflows | (61,861) |
| Deferred inflows | (277,584) |
| Total adjustments | <u>1,548,176</u> |
| Net cash provided by operating activities | <u><u>\$ 2,574,288</u></u> |
| Cash and cash equivalents classified as: | |
| Unrestricted | \$ 1,523,576 |
| Restricted | 340,387 |
| | <u><u>\$ 1,863,963</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, 2022**

| | <u>Firefighters' Pension Plan Trust Fund</u> |
|---------------------------------------|---|
| Assets | |
| Cash and cash equivalents | \$ 147,947 |
| Certificates of deposit | 352,459 |
| Due from other funds | 654 |
| Total assets | <u>501,060</u> |
| Liabilities | |
| Accounts payable and accrued expenses | <u>-</u> |
| Total liabilities | <u>-</u> |
| Net Position | |
| Restricted for pensions | <u><u>\$ 501,060</u></u> |

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, 2022

| | <u>Firefighters' Pension Plan Trust Fund</u> |
|--|---|
| Additions | |
| Contributions | |
| State of Florida and City | \$ 16,020 |
| Plan members | 3,932 |
| Total contributions | <u>19,952</u> |
| Investment earnings | |
| Interest | 1,019 |
| Total additions | <u>20,971</u> |
| Deductions | |
| Benefit payments | 32,341 |
| Change in net position | <u>(11,370)</u> |
| Net position restricted for pensions, beginning of year | 512,430 |
| Net position restricted for pensions, end of year | <u><u>\$ 501,060</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, 2022

(1) **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 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.

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.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(d) **Basis of presentation – fund financial statements:** (Continued)

Additionally, the City reports the following fiduciary fund:

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

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.

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.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(e) **Measurement focus and basis of accounting** (Continued)

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.

(g) **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.

(h) **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, 2022

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

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

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

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

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

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

(j) **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.

(k) **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.

(l) **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.

(m) **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.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(n) **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.

(o) **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.

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.

(p) **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 10.

(q) **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, 2022

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

(r) **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.

(s) **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 |

(t) **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.

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

Lease receivable – The City receives rental income from tenants who lease from the City. Typically, rental agreements are structured with payment increases over the life of the lease. The City recognizes revenue with lease assets and liabilities, per GASB 87. As per GASB 87, leases receivable now has a current portion and long-term portion and a related deferred inflow. The current and long-term portion represent the future cash payments and associated interest, while the deferred inflow represents the lease revenue to be recognized over the lease.

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

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

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(2) **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 21 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.

As of September 30, 2022, the City had the following investment reported at market value:

| | |
|---------------|---------------------|
| | Fair Value |
| Florida PRIME | <u>\$ 1,993,459</u> |

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) **Receivables:**

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

| | General | Utility | Total |
|-----------------------------------|----------------|----------------|--------------|
| Accounts receivable | \$ 2,641 | \$ 846,331 | \$ 848,972 |
| Due from other government | 203,176 | 29,852 | 233,028 |
| Gross receivables | 205,817 | 876,183 | 1,082,000 |
| Less: Allowance for uncollectible | - | - | - |
| Net total receivables | \$ 205,817 | \$ 876,183 | \$ 1,082,000 |

(4) **Transfers to/from other Funds:**

The composition of interfund transfers as of September 30, 2022, is as follows:

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

| | Transfers In | Transfers out |
|--------------|---------------------|----------------------|
| General Fund | \$ 1,540,604 | \$ - |
| Utility Fund | - | 1,540,604 |
| Total | \$ 1,540,604 | \$ 1,540,604 |

The interfund amounts were used to support City operations.

As of September 30, 2022, Interfund balances consisted of:

| | Due From Other Funds | Due To Other Funds |
|---------------------------|-----------------------------|---------------------------|
| Governmental funds | | |
| General fund | \$ 67,206 | - |
| Proprietary funds | | |
| Utility Fund | - | (67,206) |
| Total | \$ 67,206 | \$ (67,206) |

(5) **Deferred Revenue – American Rescue Plan Act (ARPA):**

The City has been allocated approximately \$1,600,000 through the ARPA federal stimulus bill to aid in public health and economic recovery from COVID-19. At the end of the fiscal year, the City has unearned revenue of \$1,601,730 related to ARPA funds received and not yet expended.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(6) Capital assets:

Capital asset activity for the year ended September 30, 2022 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 632,537 | \$ - | \$ - | \$ 632,537 |
| Construction in progress | 36,760 | 35,300 | (36,760) | 35,300 |
| Total capital assets, not being depreciated | <u>669,297</u> | <u>35,300</u> | <u>(36,760)</u> | <u>667,837</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,896,865 | - | - | 1,896,865 |
| Infrastructure | 2,453,728 | 200,399 | - | 2,654,127 |
| Equipment, furniture, fixtures and vehicles | 1,423,931 | - | (129,800) | 1,294,131 |
| Total capital assets, being depreciated | <u>5,774,524</u> | <u>200,399</u> | <u>(129,800)</u> | <u>5,845,123</u> |
| Less accumulated depreciation for: | | | | |
| Building and improvements, equipment, furniture, fixtures, vehicles and infrastructure | <u>(2,673,454)</u> | <u>(250,509)</u> | <u>129,800</u> | <u>(2,794,163)</u> |
| Total accumulated depreciation | <u>(2,673,454)</u> | <u>(250,509)</u> | <u>129,800</u> | <u>(2,794,163)</u> |
| Total capital assets, being depreciated, net | <u>3,101,070</u> | <u>(50,110)</u> | <u>-</u> | <u>3,050,960</u> |
| Capital assets, net | <u>\$ 3,770,367</u> | <u>\$ (14,810)</u> | <u>\$ (36,760)</u> | <u>\$ 3,718,797</u> |
| | | | | |
| | <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 | - | 29,700 | - | 29,700 |
| Total capital assets, not being depreciated | <u>47,377</u> | <u>29,700</u> | <u>-</u> | <u>77,077</u> |
| Capital assets, being depreciated: | | | | |
| Buildings, utility systems, and improvements | 12,072,664 | - | - | 12,072,664 |
| Machinery and equipment | 959,512 | 13,644 | (824) | 972,332 |
| Total capital assets, being depreciated | <u>13,032,176</u> | <u>13,644</u> | <u>(824)</u> | <u>13,044,996</u> |
| Less accumulated depreciation for: | | | | |
| Buildings, utility systems, and improvements machinery and equipment | <u>(6,482,242)</u> | <u>(288,737)</u> | <u>824</u> | <u>(6,770,155)</u> |
| Total accumulated depreciation | <u>(6,482,242)</u> | <u>(288,737)</u> | <u>824</u> | <u>(6,770,155)</u> |
| Total capital assets, being depreciated, net | <u>6,549,934</u> | <u>(275,093)</u> | <u>-</u> | <u>6,274,841</u> |
| Capital assets, net | <u>\$ 6,597,311</u> | <u>\$ (245,393)</u> | <u>\$ -</u> | <u>\$ 6,351,918</u> |

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(6) **Capital assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

| | |
|---------------------------|------------|
| Governmental activities: | |
| General government | \$ 4,175 |
| Street | 103,328 |
| Public safety | 90,700 |
| Culture/Rec | 52,306 |
| Total | \$ 250,509 |
| | |
| Business-type activities: | |
| Electric | \$ 99,392 |
| Gas | 14,843 |
| Sewer | 133,216 |
| Water | 41,286 |
| Total | \$ 288,737 |

(7) **Leases:**

The City has leases in effect for vehicles and equipment through 2024. The vehicles and equipment are considered right-to-use assets of the City. The City also leases land for cell tower space to tenants with terms ending in 2029.

As of September 30, 2022, total lease related assets by major class, and the related accumulated amortization, disclosed separately from other capital assets as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Right-to-use leased assets, being amortized | | | | |
| Vehicles | \$ 13,164 | \$ - | \$ - | \$ 13,164 |
| Accumulated amortization | - | (5,642) | - | (5,642) |
| Right-to-use leased assets, net | \$ 13,164 | \$ (5,642) | \$ - | \$ 7,522 |
| | | | | |
| Business-type activities: | | | | |
| Right-to-use leased assets, being amortized | | | | |
| Equipment | \$ 80,518 | \$ - | \$ - | \$ 80,518 |
| Accumulated amortization | - | (26,114) | - | (26,114) |
| Right-to-use leased assets, net | \$ 80,518 | \$ (26,114) | \$ - | \$ 54,404 |

The amortization expense for the right-to-use leased assets was \$31,756 for the year ended September 30, 2022.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) **Leases:** (Continued)

The principal and interest requirements to maturity for the vehicle and equipment lease liabilities as of September 30, 2022 is as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|------------------|-----------------|------------------|
| 2023 | \$ 31,016 | \$ 4,727 | \$ 35,743 |
| 2024 | 28,904 | 2,847 | 31,751 |
| 2025 | 28,307 | 1,448 | 29,755 |
| Total future minimum lease payments | <u>\$ 88,227</u> | <u>\$ 9,022</u> | <u>\$ 97,249</u> |

At September 30, 2022, the future minimum rental payments for the cell tower lease to be received by governmental activities of the City are as follows:

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|-------------------|------------------|-------------------|
| 2023 | \$ 13,178 | \$ 5,208 | \$ 18,386 |
| 2024 | 14,417 | 4,521 | 18,938 |
| 2025 | 15,736 | 3,770 | 19,506 |
| 2026 | 17,140 | 2,951 | 20,091 |
| 2027 | 18,633 | 2,061 | 20,694 |
| 2028-2029 | 31,041 | 1,251 | 32,292 |
| Total | <u>\$ 110,145</u> | <u>\$ 19,762</u> | <u>\$ 129,907</u> |

Total rental income for the year ended September 30, 2022 was \$16,356 and interest income was \$5,785 related to the lease of land for the cell tower.

(8) **Long-term debt:**

Governmental-type activities:

Note payable:

\$1,200,000 note, payable to a financial institution in annual installments of \$93,455, through September 1, 2026, plus interest at 4.65%, collateralized by net revenues. Remainder of balance due on final payment during December 2022.

Less current amount

Note payable, less current portion

| |
|-------------------|
| \$ 368,441 |
| <u>76,592</u> |
| <u>\$ 291,849</u> |

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Long-term debt:** (Continued)

Debt service requirements to maturity are as follows:

| Year Ending September 30, | Principal | Interest |
|--------------------------------------|------------------|-----------------|
| 2023 | \$ 76,592 | \$ 16,862 |
| 2024 | 80,230 | 13,224 |
| 2025 | 84,042 | 9,413 |
| 2026 | 127,577 | 5,420 |
| | \$ 368,441 | \$ 44,919 |

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 \$813,000.

Water and sewer revenue bonds outstanding at September 30, 2022 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. | \$ 813,000 |
| Less current amount | 23,000 |
| Revenue bonds, less current portion | \$ 790,000 |

Debt service requirements to maturity are as follows:

| Year Ending September 30, | Principal | Interest |
|--------------------------------------|------------------|-----------------|
| 2023 | \$ 23,000 | \$ 34,553 |
| 2024 | 24,000 | 33,575 |
| 2025 | 25,000 | 32,555 |
| 2026 | 26,000 | 31,493 |
| 2027 | 27,000 | 30,388 |
| 2028 – 2032 | 155,000 | 133,621 |
| 2033 – 2037 | 190,000 | 97,793 |
| 2038 – 2042 | 235,000 | 53,764 |
| 2043 – 2044 | 108,000 | 6,928 |
| | \$ 813,000 | \$ 454,670 |

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Long-term debt:** (Continued)

Note payable:

Notes payable at September 30, 2022 were comprised of the following:

| | |
|---|--------------------|
| 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. | \$ 3,000,000 |
| Less current amount | <u>(3,000,000)</u> |
| Notes payable, less current portion | <u>\$ -</u> |

Debt service requirements to maturity are as follows:

| Year Ending September 30, | Principal | Interest |
|--------------------------------------|------------------|-----------------|
| 2023 | \$ 3,000,000 | \$ 31,308 |
| | \$ 3,000,000 | \$ 31,308 |

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within one year |
|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Long-term note payable | \$ 436,873 | \$ - | \$ 68,432 | \$ 368,441 | \$ 76,592 |
| Compensated absences | 57,090 | 16,522 | - | 73,612 | 14,722 |
| Governmental activity long-term liabilities | \$ 493,963 | \$ 16,522 | \$ 68,432 | \$ 442,053 | \$ 91,314 |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 835,000 | \$ - | \$ 22,000 | \$ 813,000 | \$ 23,000 |
| Revenue note | 3,000,000 | - | - | 3,000,000 | 3,000,000 |
| Compensated absences | 51,416 | 10,840 | - | 62,256 | 12,451 |
| Business-type activity long-term liabilities | \$ 3,886,416 | \$ 10,840 | \$ 22,000 | \$ 3,875,256 | \$ 3,035,451 |

(9) **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, 2022

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

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries 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.

Benefits Provided and Employees Covered

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 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.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

Financial Statements

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

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

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class had descriptions and contribution rates in effect during the year ended September 30, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

| FRS Membership Plan & Class | Through June 30, 2022 | After June 30, 2022 |
|--|----------------------------------|--------------------------------|
| Regular Class | 10.82% | 10.82% |
| Senior Management | 29.01% | 29.01% |
| Special Risk | 25.89% | 25.89% |
| DROP – Applicable to members above | 14.60% | 14.60% |

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Actual contributions made for City employees participating in FRS and HIS for the year ended September 30, 2022 were as follows:

| | 2022 |
|------------------------------|-------------|
| Entity Contributions – FRS | \$ 226,349 |
| Entity Contributions – HIS | 27,207 |
| Employee Contributions – FRS | 49,169 |

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

At September 30, 2022, the City reported a liability related to FRS and HIS as follows:

| Plan | Net Pension Liability |
|-------------|------------------------------|
| FRS | \$ 1,973,666 |
| HIS | 476,233 |
| Total | \$ 2,449,899 |

The net pension liability was measured as of June 30, 2022, 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, 2022 and September 30, 2021, the City’s proportionate share of the FRS and HIS net pension liabilities were as follows:

| Plan | 2022 | 2021 |
|-------------|--------------|--------------|
| FRS | 0.005304407% | 0.005289340% |
| HIS | 0.004496330% | 0.004654517% |

For the plan year ended September 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

| | |
|-------|------------|
| FRS | \$ 274,406 |
| HIS | 21,362 |
| Total | \$ 295,768 |

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Deferred outflows/inflows related to pensions:

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | FRS | | HIS | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 93,738 | \$ - | \$ 14,455 | \$ (2,095) |
| Changes of assumptions | 243,065 | - | 27,298 | (73,673) |
| Net different between projected and actual investment earnings | 130,321 | - | 689 | - |
| Change in proportionate share | 78,289 | (85,903) | 27,614 | (45,250) |
| Contributions subsequent to measurement date | 62,795 | - | 7,692 | - |
| | \$ 608,208 | \$ (85,903) | \$ 77,748 | \$ (121,018) |

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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

| | FRS | HIS | Total |
|------------|------------|-------------|------------|
| 2023 | \$ 117,816 | \$ (12,153) | \$ 105,663 |
| 2024 | 50,504 | (5,472) | 45,032 |
| 2025 | (48,487) | (2,647) | (51,134) |
| 2026 | 321,552 | (11,070) | 310,482 |
| 2027 | 18,125 | (13,887) | 4,238 |
| Thereafter | - | (5,733) | (5,733) |
| Total | \$ 459,510 | \$ (50,962) | \$ 408,548 |

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.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. The rate decreased from the prior year rate of 6.80%. 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 3.54% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.16%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

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 2022, 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.

| Asset Class | Target Allocation | Long-Term Arithmetic Expected Rate of Return |
|-----------------------|-------------------|--|
| Cash | 1.0% | 2.6% |
| Fixed income | 19.8% | 4.4% |
| Global equities | 54.0% | 8.8% |
| Real estate | 10.3% | 7.4% |
| Private equity | 11.1% | 12.0% |
| Strategic investments | 3.8% | 6.2% |
| Total | 100.0% | |

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

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

| Plan | Current Discount Rate | NPL with 1% Decrease | NPL at Current Discount Rate | NPL with 1% Increase |
|------|-----------------------|----------------------|------------------------------|----------------------|
| FRS | 6.70% | \$ 3,413,319 | \$ 1,973,666 | \$ 769,944 |
| HIS | 3.54% | 544,850 | 476,233 | 419,454 |

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) Other Postemployment Benefits:

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

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

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

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. 75 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(12) 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.

(13) 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.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(14) **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, 2020, 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. 96, Subscription-Based Information Technology Arrangements, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

(b) GASB issued Statement No. 101, Compensated Absences, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

(15) **Subsequent Events:**

The City has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 28, 2023, the date which the financial statements were available to be issued. Subsequent to September 30, 2022, the City refinanced the Note payable referenced in Note 8.

CITY OF CHATTAHOOCHEE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Taxes, licenses and permits | \$ 491,700 | \$ 491,700 | \$ 494,115 | \$ 2,415 |
| Intergovernmental | 599,276 | 599,276 | 346,472 | (252,804) |
| Charges for service | 378,000 | 378,000 | 461,022 | 83,022 |
| Grants | - | - | 258,134 | 258,134 |
| Miscellaneous | 93,800 | 93,800 | 131,832 | 38,032 |
| Total revenues | <u>1,562,776</u> | <u>1,562,776</u> | <u>1,691,575</u> | <u>128,799</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 543,415 | 543,415 | 511,438 | 31,977 |
| Public safety | 1,028,196 | 1,028,196 | 1,036,329 | (8,133) |
| Physical environment | 83,462 | 83,462 | 69,787 | 13,675 |
| Transportation | 1,162,359 | 1,162,359 | 988,796 | 173,563 |
| Culture and recreation | 455,391 | 455,391 | 470,777 | (15,386) |
| Debt Service: | | | | |
| Principal | 57,000 | 57,000 | 73,887 | (16,887) |
| Interest | 36,455 | 36,455 | 25,557 | 10,898 |
| Total expenditures | <u>3,366,278</u> | <u>3,366,278</u> | <u>3,176,571</u> | <u>189,707</u> |
| Deficiency of revenues under expenditures | <u>(1,803,502)</u> | <u>(1,803,502)</u> | <u>(1,484,996)</u> | <u>318,506</u> |
| Other financing sources | | | | |
| Transfers in | 1,803,502 | 1,803,502 | 1,540,604 | (262,898) |
| Total other financing sources | <u>1,803,502</u> | <u>1,803,502</u> | <u>1,540,604</u> | <u>(262,898)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>55,608</u> | <u>55,608</u> |
| Fund balance, beginning of year | 700,025 | 700,025 | 700,025 | - |
| Fund balance, end of year | <u>\$ 700,025</u> | <u>\$ 700,025</u> | <u>\$ 755,633</u> | <u>\$ 55,608</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, 2022**

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Florida Retirement System (FRS) | | | | | | | | | |
| Proportion of the net pension liability (asset) | 0.005304407% | 0.005289340% | 0.005579271% | 0.005749879% | 0.004841453% | 0.004680612% | 0.005270693% | 0.005159671% | 0.005293762% |
| Proportionate share of the net pension liability (asset) | \$ 1,973,666 | \$ 399,550 | \$ 2,418,138 | \$ 1,980,178 | \$ 1,458,271 | \$ 1,384,494 | \$ 1,330,854 | \$ 666,441 | \$ 322,997 |
| Covered payroll | 1,638,951 | 1,648,150 | 1,604,208 | 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 | 120.42% | 24.24% | 150.74% | 117.84% | 99.03% | 92.00% | 85.52% | 44.89% | 21.45% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |
| Health Insurance Subsidy Program (HIS) | | | | | | | | | |
| Proportion of the net pension liability (asset) | 0.004496330% | 0.004654517% | 0.004621207% | 0.005023316% | 0.004507308% | 0.004476736% | 0.004781422% | 0.004655236% | 0.004822834% |
| Proportionate share of the net pension liability (asset) | \$ 476,233 | \$ 570,946 | \$ 564,242 | \$ 562,059 | \$ 477,059 | \$ 478,673 | \$ 557,255 | \$ 474,761 | \$ 450,947 |
| Covered payroll | 1,638,951 | 1,648,150 | 1,604,208 | 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 | 29.06% | 34.64% | 35.17% | 33.45% | 32.40% | 31.81% | 35.81% | 31.98% | 29.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 4.81% | 3.56% | 3.00% | 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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>Florida Retirement System (FRS)</u> | | | | | | | | | |
| Contractually required contribution | \$ 226,349 | \$ 208,196 | \$ 185,374 | \$ 178,288 | \$ 137,978 | \$ 128,984 | \$ 132,978 | \$ 130,227 | \$ 124,281 |
| Contributions in relation to the contractually required contribution | (226,349) | (208,196) | (185,374) | (178,288) | (137,978) | (128,984) | (132,978) | (130,227) | (124,281) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 1,638,951 | \$ 1,648,150 | \$ 1,604,208 | \$ 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 | 13.81% | 12.63% | 11.56% | 10.61% | 9.37% | 8.57% | 8.55% | 8.77% | 8.26% |
| <u>Health Insurance Subsidy Program (HIS)</u> | | | | | | | | | |
| Contractually required contribution | \$ 27,207 | \$ 27,683 | \$ 26,630 | \$ 27,894 | \$ 24,443 | \$ 24,982 | \$ 25,833 | \$ 18,708 | \$ 18,066 |
| Contributions in relation to the contractually required contribution | (27,207) | (27,683) | (26,630) | (27,894) | (24,443) | (24,982) | (25,833) | (18,708) | (18,066) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 1,638,951 | \$ 1,648,150 | \$ 1,604,208 | \$ 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% | 1.68% | 1.66% | 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.

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards: 2022-001*.

Finding 2022-001: Debt Compliance

Condition and Criteria: The City is required by the revenue note debt covenant to deposit the debt service payment into the sinking fund monthly in a separate account.

Cause: The City did not deposit the debt service payment into a separate sinking fund account.

Effect: The City was not in compliance with the debt covenant.

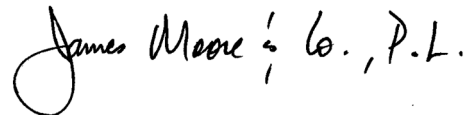
Recommendation: We recommend the City deposit the required payment according to the requirements in the debt covenants.

City of Chattahoochee, Florida's Response to Findings

The City's response to the findings 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, looping initial 'J'.

Tallahassee, Florida
June 28, 2023

**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, 2022, and have issued our report thereon dated June 28, 2023.

As discussed in Note 11 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 12 to the financial statements, the City has not implemented the provisions of Statement No. 67 *Financial Reporting for Pension Plans* and Statement No. 68 *Accounting and Financial Reporting for Pensions*, for its Municipal Firefighters' Pension Trust Fund. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2023, 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. There were no recommendations made in the preceding financial audit report.

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.

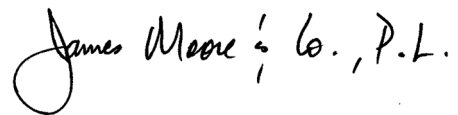
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 note 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.



Tallahassee, Florida
June 28, 2023

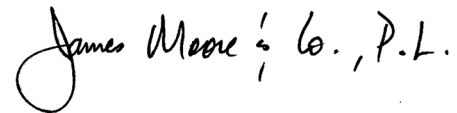
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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, 2022. 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, 2022, 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, 2022.



Tallahassee, Florida
June 28, 2023



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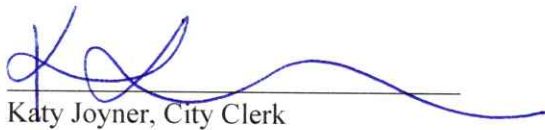
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June 28, 2023

Corrective Action Plan: Finding 2022-001

The loan that required the sinking fund has been paid off and refinanced with another financial establishment; no sinking fund is required.


Katy Joyner, City Clerk