



City of Chipley, Florida

FINANCIAL STATEMENTS

September 30, 2022



	Page
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	19
Community Redevelopment Agency	20
Statement of Net Position – Proprietary Funds	21
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in OPEB Liability, Related Ratios, and Notes to Schedule	64
Florida Retirement System Pension Plan	
Schedule of Employer's Proportionate Share of the Net Pension Liability	65
Schedule of Employer Contributions	66
Health Insurance Subsidy Program	
Schedule of Employer's Proportionate Share of the Net Pension Liability	67
Schedule of Employer Contributions	68
Notes to Required Supplementary Information	69



REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70
Independent Accountants’ Report on Compliance with <i>Local Government Investment Policies</i>	72
Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.....	73
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	76
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance .	78
Schedule of Findings and Questioned Costs – Federal Programs and State Projects	80
Independent Auditors’ Management Letter.....	82



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the City Council
City of Chipley, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chipley, Florida (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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Community Redevelopment Agency for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4 through 11, schedule of changes in net OPEB liability and related ratios, schedule of employer's proportionate share of the net pension liability – Florida Retirement Systems Pension Plan, schedule of employer contributions – Florida Retirement Systems Pension Plan, schedule of employer's proportionate share of the net pension liability –

Health Insurance Subsidy Program and schedule of employer contributions – Health Insurance Subsidy Program, on pages 64 through 69, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

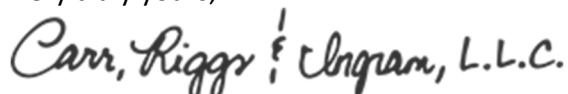
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Chapter 10.550, Local Governmental Audits, Rules of the Auditor General of the State of Florida, and neither schedule is a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Chipley, Florida’s internal control over financial reporting and compliance.

Very truly yours,



CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama

June 30, 2023

City of Chipley, Florida Management's Discussion and Analysis

The City of Chipley's (the "City") management's discussion and analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify fund issues or concerns.

Since the Management Discussion and Analysis is designed to present an overview of the City's current year's activities, resulting changes and currently known facts as well as the financial activities for the two fiscal years ended September 30, 2022 and September 30, 2021, please read in conjunction with the City's financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$46,081,863 (net position). Of this amount, \$(1,376,142) is a deficit in unrestricted net position for governmental activities and \$(381,206) is a deficit in unrestricted net position for business-type activities, while \$137,309 is restricted net position for business-type activities and \$1,254,553 is restricted net position for governmental activities.
- Total net position increased by \$5,468,117. Of this amount, a decrease of \$198,032 is attributable to governmental activities, and an increase of \$5,666,149 is attributable to business-type activities.
- As of September 30, 2022, the general fund's unassigned fund balance was \$1,222,421.
- Governmental activities' total revenues decreased \$1,980,320 or 34%, while governmental activities' total expenses decreased \$876,256 or 18%. Business-type activities' total revenues increased \$5,033,712 or 92%, while business-type activities' total expenses increased \$462,453 or 11%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the MD&A, basic financial statements, notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

1. Government-Wide Financial Statements (Reporting the City as a whole)
2. Fund Financial Statements (Reporting the City's major and non-major funds)

The government-wide and the fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks and recreation, public works and general administrative services are classified as governmental activities. The City's water, sewer, natural gas and sanitation services are classified as business-type activities.

City of Chipley, Florida

Management's Discussion and Analysis

Government-Wide Financial Statements

The government-wide financial statements focus on both long-term and short-term information about the City's overall financial status in a manner similar to those of a private-sector business. The statements include a Statement of Net Position and a Statement of Activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and deferred outflows of resources as well as long-term obligations and deferred inflows of resources. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants.

Fund Financial Statements

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

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 governmental-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 the City's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the City's near-term financing decisions.

The City maintains two major governmental funds and information on these two funds is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances.

The City adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget and are presented as part of the fund financial statements on pages 19 and 20. The governmental fund financial statements can be found on pages 15 – 20 of this report.

City of Chipley, Florida Management's Discussion and Analysis

Proprietary Funds

The City maintains four major enterprise funds which are proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water, sewer, sanitation, and natural gas. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 21 – 25 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. They can be found beginning on page 26.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section is used to present condensed financial information from the government-wide statements that compares the current year to the prior year.

Statement of Net Position

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City for the fiscal years ended September 30, 2022 and 2021. At the end of the fiscal year 2022, the City is able to report positive balances in two categories of net position for its governmental activities and its business-type activities. However, the City has a deficit balance in the unrestricted net position of governmental activities, business-type activities, and for the government as a whole at the end of fiscal years 2022 and 2021.

City of Chipley, Florida
Management's Discussion and Analysis

The following schedule reflects the condensed Statement of Net Position as of September 30, 2022 and 2021:

<i>September 30,</i>	Governmental Activities		
	2022	2021	Change
Assets			
Current and other assets	\$ 5,270,159	\$ 4,815,971	\$ 454,188
Capital assets, net	6,167,371	6,364,931	(197,560)
Total assets	11,437,530	11,180,902	256,628
Deferred Outflows of Resources			
Deferred outflows related to OPEB	45,585	53,418	(7,833)
Deferred outflows related to pensions	630,610	504,954	125,656
Total deferred outflows of resources	676,195	558,372	117,823
Liabilities			
Current liabilities	294,191	697,569	(403,378)
Noncurrent liabilities	6,267,925	4,024,591	2,243,334
Total liabilities	6,562,116	4,722,160	1,839,956
Deferred Inflows of Resources			
Deferred inflows related to OPEB	69,444	79,169	(9,725)
Deferred inflows related to pensions	169,319	1,427,067	(1,257,748)
Total deferred inflows of resources	238,763	1,506,236	(1,267,473)
Net Position			
Net investment in capital assets	5,434,435	5,617,144	(182,709)
Restricted	1,254,553	1,132,073	122,480
Unrestricted (deficit)	(1,376,142)	(1,238,339)	(137,803)
Total net position	\$ 5,312,846	\$ 5,510,878	\$ (198,032)

City of Chipley, Florida
Management's Discussion and Analysis

<i>September 30,</i>	Business-type Activities		
	2022	2021	Change
Assets			
Current and other assets	\$ 2,505,685	\$ 2,419,810	\$ 85,875
Capital assets, net	46,243,053	40,101,371	6,141,682
Total assets	48,748,738	42,521,181	6,227,557
Deferred Outflows of Resources			
Deferred outflows related to OPEB	28,685	33,221	(4,536)
Deferred outflows related to pensions	288,325	217,280	71,045
Total deferred outflows of resources	317,010	250,501	66,509
Liabilities			
Current liabilities	1,505,313	1,576,432	(71,119)
Noncurrent liabilities	6,661,626	5,245,835	1,415,791
Total liabilities	8,166,939	6,822,267	1,344,672
Deferred Inflows of Resources			
Deferred inflows related to OPEB	40,438	46,068	(5,630)
Deferred inflows related to pensions	89,354	800,479	(711,125)
Total deferred inflows of resources	129,792	846,547	(716,755)
Net Position			
Net investment in capital assets	41,012,914	35,418,811	5,594,103
Restricted	137,309	180,882	(43,573)
Unrestricted (deficit)	(381,206)	(496,825)	115,619
Total net position	\$ 40,769,017	\$ 35,102,868	\$ 5,666,149

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$5.3 million for governmental activities and \$40.7 million for business-type activities.

The largest component \$46.4 million of the City's net position as of September 30, 2022, reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment and others), less any related debt outstanding to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City. Restricted net position is the next largest component, totaling \$1.4 million as of September 30, 2022. Restricted net position represent resources that are subject to external restrictions. The remaining balance of net position is a deficit in unrestricted net position totaling (\$1.7) million.

City of Chipley, Florida
Management's Discussion and Analysis

Statement of Activities

The following schedule summarizes revenues and expenses comparing the current year to the prior year, as derived from the government-wide Statement of Activities. Increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities decreased \$198 thousand, or greater than 3 percent, and the net position of the business-type activities increased \$5.6 million, or greater than 16 percent.

<i>For the years ended September 30,</i>	Governmental Activities		
	2022	2021	Change
Revenues			
Program revenues			
Charges for services	\$ 138,685	\$ 161,398	\$ (22,713)
Operating grants and contributions	583,801	1,533,202	(949,401)
Capital grants and contributions	442,855	880,308	(437,453)
General revenues			
Taxes	2,494,224	1,841,103	653,121
Investment earnings	27,231	2,888	24,343
Other	162,473	1,410,690	(1,248,217)
Total revenues	3,849,269	5,829,589	(1,980,320)
Expenses			
Governmental activities			
General government	1,167,088	2,137,638	(970,550)
Public safety	1,470,433	1,556,181	(85,748)
Public works	863,509	749,983	113,526
Cemetery and grounds	229,268	210,957	18,311
Culture and recreation	282,260	233,310	48,950
Interest	34,743	35,488	(745)
Total expenses	4,047,301	4,923,557	(876,256)
Excess revenues over (under) expenses	(198,032)	906,032	(1,104,064)
Net Position - beginning	5,510,878	4,604,846	906,032
Net Position - ending	\$ 5,312,846	\$ 5,510,878	\$ (198,032)

City of Chipley, Florida
Management's Discussion and Analysis

<i>For the years ended September 30,</i>	Business-type Activities		
	2022	2021	Change
Revenues			
Program revenues			
Charges for services	\$ 3,491,887	\$ 3,194,104	\$ 297,783
Operating grants and contributions	70,468	2,824	67,644
Capital grants and contributions	6,866,973	2,126,573	4,740,400
General revenues			
Investment earnings	6,312	2,061	4,251
Other	60,821	137,187	(76,366)
Total revenues	10,496,461	5,462,749	5,033,712
Expenses			
Business-type activities			
Water	975,351	852,322	123,029
Sewer	2,366,430	2,242,902	123,528
Sanitation	921,319	842,247	79,072
Natural gas	567,212	430,388	136,824
Total expenses	4,830,312	4,367,859	462,453
Excess revenues over (under) expenses	5,666,149	1,094,890	4,571,259
Net Position - beginning	35,102,868	34,007,978	1,094,890
Net Position - ending	\$ 40,769,017	\$ 35,102,868	\$ 5,666,149

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

This section provides analysis of the balances and transactions of individual funds. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is reported as a major governmental fund. The general fund is the general operating fund of the City. All general tax revenue and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the general fund. As of the end of the fiscal year 2022, the City's general fund reported a fund balance of \$2,093,790. The restricted portion of this fund balance is \$766,833, the committed portion is \$76,221, the assigned portion is \$28,315 and the unassigned portion is \$1,222,421.

The Community Redevelopment Agency fund is reported as a major governmental fund and is a separate legal entity, but is required to be included in the City's reporting because of the significance of the financial relationships with the City. As of the end of the fiscal year 2022, the Community Redevelopment Agency fund reported a restricted fund balance of \$428,437.

City of Chipley, Florida Management's Discussion and Analysis

As of the end of the fiscal year 2022, the City's other governmental funds (non-major funds) reported a restricted fund balance of \$59,283 and a committed fund balance of \$14,593.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget. These budget amendments represent increases in appropriations to prevent budget overruns. The reasons for significant changes to the budget are for various projects, operating costs, and unanticipated grants. See Note 1 on Page 29 for additional information.

CAPITAL ASSET AND DEBT ADMINISTRATION

During fiscal year 2022, the City invested \$7.7 million in capital assets and increased total debt by \$706 thousand. Approximately \$7.1 million of these capital expenditures were funded with federal and state government grants.

Additional information about the City's capital assets and long-term debt can be obtained in Note 2 of the City's notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's general fund is expected to continue as it has, with no additional revenues sources expected at this time.

The City's business-type activities are expected to continue as they have with only an annual Consumer Price Index (CPI) increase in rates.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Chipley, Post Office Box 1007, Chipley, Florida 32428.

City of Chipley, Florida
Statement of Net Position

<i>September 30, 2022</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 380,448	\$ 101,085	\$ 481,533
Investments	3,225,144	733,131	3,958,275
Receivables, net	332,963	425,309	758,272
Due from other governments	425,424	1,069,884	1,495,308
Internal balances	286,100	(286,100)	-
Restricted cash	316,717	462,376	779,093
Restricted investments	299,542	-	299,542
Land held for resale	3,821	-	3,821
Capital assets			
Non-depreciable	1,037,004	13,314,265	14,351,269
Depreciable, net	5,130,367	32,928,788	38,059,155
Total assets	11,437,530	48,748,738	60,186,268
Deferred Outflows of Resources			
Deferred outflows related to OPEB	45,585	28,685	74,270
Deferred outflows related to pension liability	630,610	288,325	918,935
Total deferred outflows of resources	676,195	317,010	993,205
Liabilities			
Accounts payable	105,124	1,085,346	1,190,470
Accrued payroll liabilities	86,659	57,519	144,178
Other liabilities	-	3,196	3,196
Payable from restricted assets			
Accrued interest	2,968	13,854	16,822
Customer deposits	-	261,065	261,065
Unearned revenue - occupational licenses	38,520	-	38,520
Unearned revenue - intergovernmental	2,392,298	-	2,392,298
Non-current liabilities			
Net pension liability	2,385,727	1,108,256	3,493,983
Net OPEB liability	20,165	15,595	35,760
Due within one year			
Compensated absences	47,634	23,518	71,152
Notes payable	28,355	10,279	38,634
Bonds payable	23,451	50,536	73,987
Due in more than one year			
Compensated absences	746,264	368,451	1,114,715
Notes payable	50,711	2,717,360	2,768,071
Bonds payable	634,240	2,451,964	3,086,204
Total liabilities	6,562,116	8,166,939	14,729,055
Deferred Inflows of Resources			
Deferred inflows related to OPEB	69,444	40,438	109,882
Deferred inflows related to pensions	169,319	89,354	258,673
Total deferred inflows of resources	238,763	129,792	368,555

(Continued)

The accompanying notes are an integral part of these financial statements.

City of Chipley, Florida
Statement of Net Position (Continued)

<i>September 30, 2022</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
Net Position			
Net investment in capital assets	5,434,435	41,012,914	46,447,349
Restricted	1,254,553	137,309	1,391,862
Unrestricted (deficit)	(1,376,142)	(381,206)	(1,757,348)
Total net position	\$ 5,312,846	\$ 40,769,017	\$ 46,081,863

The accompanying notes are an integral part of these financial statements.

City of Chipley, Florida
Statement of Activities

For the year ended September 30, 2022

Functions/Programs	Expenses	Charges for Services	Program Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	\$ 1,167,088	\$ 54,938	\$ 304,555
Public safety	1,470,433	25,014	121,472
Public works	863,509	-	150,709
Cemetery and grounds	229,268	12,810	-
Culture and recreation	282,260	45,923	7,065
Interest	34,743	-	-
Total governmental activities	4,047,301	138,685	583,801
Business-type Activities:			
Water	975,351	682,867	17,474
Sewer	2,366,430	1,269,678	20,399
Sanitation	921,319	939,143	4,175
Natural gas	567,212	600,199	28,420
Total business-type activities	4,830,312	3,491,887	70,468
Total primary government	\$ 8,877,613	\$ 3,630,572	\$ 654,269

General revenues

Taxes:

Ad valorem tax

Sales taxes

Utility taxes

Interest income

Miscellaneous

Rental income

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

The accompanying notes are an integral part of these financial statements.

Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Capital Grants and Contributions			
\$ 105,879	\$ (701,716)	\$ -	\$ (701,716)
-	(1,323,947)	-	(1,323,947)
336,976	(375,824)	-	(375,824)
-	(216,458)	-	(216,458)
-	(229,272)	-	(229,272)
-	(34,743)	-	(34,743)
442,855	(2,881,960)	-	(2,881,960)
-	-	(275,010)	(275,010)
6,866,973	-	5,790,620	5,790,620
-	-	21,999	21,999
-	-	61,407	61,407
6,866,973	-	5,599,016	5,599,016
<u>\$ 7,309,828</u>	<u>(2,881,960)</u>	<u>5,599,016</u>	<u>2,717,056</u>
	1,093,613	-	1,093,613
	596,541	-	596,541
	804,070	-	804,070
	27,231	6,312	33,543
	63,273	60,821	124,094
	99,200	-	99,200
	<u>2,683,928</u>	<u>67,133</u>	<u>2,751,061</u>
	(198,032)	5,666,149	5,468,117
	5,510,878	35,102,868	40,613,746
	<u>\$ 5,312,846</u>	<u>\$ 40,769,017</u>	<u>\$ 46,081,863</u>

City of Chipley, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2022</i>	General Fund	Community Redevelopment Agency
Assets		
Cash and cash equivalents	\$ 365,855	\$ -
Investments	3,225,144	-
Receivables, net	254,090	78,873
Due from other governments	425,424	-
Due from other funds	286,100	-
Restricted cash	207,412	50,022
Restricted investments	-	299,542
Total assets	\$ 4,764,025	\$ 428,437
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 105,124	\$ -
Salaries and benefits payable	134,293	-
Unearned revenue - intergovernmental	2,392,298	-
Unearned revenue - occupational license	38,520	-
Total liabilities	2,670,235	-
Fund balances		
Restricted	766,833	428,437
Committed	76,221	-
Assigned	28,315	-
Unassigned	1,222,421	-
Total fund balances	2,093,790	428,437
Total liabilities and fund balances	\$ 4,764,025	\$ 428,437

The accompanying notes are an integral part of these financial statements.

	Nonmajor Funds		Total Governmental Funds
\$	14,593	\$	380,448
	-		3,225,144
	-		332,963
	-		425,424
	-		286,100
	59,283		316,717
	-		299,542
<hr/>			
\$	73,876	\$	5,266,338

\$	-	\$	105,124
	-		134,293
	-		2,392,298
	-		38,520
<hr/>			
	-		2,670,235
	59,283		1,254,553
	14,593		90,814
	-		28,315
	-		1,222,421
<hr/>			
	73,876		2,596,103
<hr/>			
\$	73,876	\$	5,266,338

City of Chipley, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2022

Total fund balance - governmental funds	\$ 2,596,103
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds.	6,167,371
Certain assets held for resale are not current financial resources and, therefore are not reported in the governmental funds.	3,821
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(169,319)
Deferred inflow of resources related to OPEB earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(69,444)
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	630,610
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	45,585
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(2,385,727)
Net OPEB liability	(20,165)
Compensated absences	(746,264)
Accrued interest on debt	(2,968)
Bonds, notes and leases payable	(736,757)
Net position of governmental activities	\$ 5,312,846

The accompanying notes are an integral part of these financial statements.

City of Chipley, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

<i>For the year ended September 30, 2022</i>	General Fund	Community Redevelopment Agency
Revenues		
Taxes	\$ 2,708,795	\$ -
Licenses and permits	50,937	-
Fines, forfeitures and penalties	7,396	-
Intergovernmental	655,125	155,979
Charges for services	101,005	-
Interest	23,494	3,735
Rental income	99,200	-
Miscellaneous revenue	75,728	-
Total revenues	3,721,680	159,714
Expenditures		
Current		
General government	831,660	168,825
Public safety	1,506,083	-
Public works	720,109	-
Cemetery and grounds	234,137	-
Culture and recreation	257,232	-
Debt service, principal	-	-
Debt service, interest	-	-
Total expenditures	3,549,221	168,825
Excess (deficiency) of revenues over (under) expenditures	172,459	(9,111)
Other Financing Sources (Uses)		
Transfers in	-	89,100
Transfers out	(189,479)	-
Debt proceeds	50,929	-
Total other financing sources (uses)	(138,550)	89,100
Net change in fund balances	33,909	79,989
Fund balances, beginning of year	2,059,881	348,448
Fund balances, end of year	\$ 2,093,790	\$ 428,437

The accompanying notes are an integral part of these financial statements.

	Nonmajor Funds		Total Governmental Funds
\$	-	\$	2,708,795
	-		50,937
	-		7,396
	-		811,104
	-		101,005
	2		27,231
	-		99,200
	17,974		93,702
	17,976		3,899,370
	-		1,000,485
	14,401		1,520,484
	-		720,109
	-		234,137
	-		257,232
	65,780		65,780
	34,743		34,743
	114,924		3,832,970
	(96,948)		66,400
	100,594		189,694
	(215)		(189,694)
	-		50,929
	100,379		50,929
	3,431		117,329
	70,445		2,478,774
\$	73,876	\$	2,596,103

City of Chipley, Florida

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended September 30, 2022

Net change in fund balances - total governmental funds \$ 117,329

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the period. (197,560)

Cash pensions contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decreased net position. (24,219)

Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources and therefore, is not reported as an expenditure in governmental funds. 7,302

Long-term compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (115,735)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 14,851

Change in net position of governmental activities \$ (198,032)

The accompanying notes are an integral part of these financial statements.

City of Chipley, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,467,144	\$ 2,724,562	\$ 2,708,795	\$ (15,767)
Licenses and permits	64,000	64,000	50,937	(13,063)
Fines, forfeitures and penalties	17,367	17,367	7,396	(9,971)
Intergovernmental	370,891	4,863,639	655,125	(4,208,514)
Charges for services	104,509	104,509	101,005	(3,504)
Interest	27,800	27,800	23,494	(4,306)
Rental income	99,201	99,201	99,200	(1)
Miscellaneous	243,928	274,751	75,728	(199,023)
Total revenues	3,394,840	8,175,829	3,721,680	(4,454,149)
Expenditures				
General government	841,860	1,801,633	831,660	969,973
Public safety	1,088,175	1,511,224	1,506,083	5,141
Public works	677,910	4,004,842	720,109	3,284,733
Cemetery and grounds	227,380	247,120	234,137	12,983
Culture and recreation	276,432	408,000	257,232	150,768
Total expenditures	3,111,757	7,972,819	3,549,221	4,423,598
Excess of revenues over (under) expenditures	283,083	203,010	172,459	(30,551)
Other Financing Sources (Uses)				
Transfers in	90,115	119,259	-	(119,259)
Transfers out	(276,467)	(276,467)	(189,479)	86,988
Debt proceeds	-	50,929	50,929	-
Total other financing sources (uses)	(186,352)	(106,279)	(138,550)	(32,271)
Net change in fund balances	96,731	96,731	33,909	(62,822)
Fund balances - beginning of the year	2,059,881	2,059,881	2,059,881	-
Fund balances - end of year	\$ 2,156,612	\$ 2,156,612	\$ 2,093,790	\$ (62,822)

The accompanying notes are an integral part of these financial statements.

City of Chipley, Florida

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Community Redevelopment Agency

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 165,880	\$ 165,880	\$ 155,979	\$ (9,901)
Interest	3,000	4,300	3,735	(565)
Total revenues	168,880	170,180	159,714	(10,466)
Expenditures				
General government	453,000	454,300	168,825	285,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	(284,120)	(284,120)	(9,111)	275,009
Other Financing Sources (Uses)				
Transfers in	87,735	87,735	89,100	1,365
Net change in fund balances	(196,385)	(196,385)	79,989	276,374
Fund balances, beginning of year	348,448	348,448	348,448	-
Fund balances, end of year	\$ 152,063	\$ 152,063	\$ 428,437	\$ 276,374

The accompanying notes are an integral part of these financial statements.

City of Chipley, Florida
Statement of Net Position – Proprietary Funds

<i>September 30, 2022</i>	Business-type	
	Water	Sewer
Assets		
Current assets		
Cash and cash equivalents	\$ 22,474	\$ 16,752
Investments	396	201,676
Accounts receivable, net	77,846	151,431
Due from other governments	7,243	1,062,582
Restricted assets:		
Cash and cash equivalents	145,886	240,951
Total current assets	253,845	1,673,392
Non-current assets		
Land and construction in progress	112,750	13,186,665
Capital assets, net of depreciation	5,374,720	27,401,758
Total non-current assets	5,487,470	40,588,423
Total assets	5,741,315	42,261,815
Deferred Outflows of Resources		
Deferred outflows related to OPEB	12,064	12,388
Deferred outflows related to pensions	90,876	142,821
Total deferred outflows of resources	102,940	155,209
Liabilities		
Current liabilities		
Accounts payable	8,796	1,072,743
Accrued payroll liabilities	20,900	23,570
Other accrued liabilities	250	78
Compensated absences	8,973	8,724
Due to other funds	-	24,500
Total current liabilities	38,919	1,129,615
Current liabilities payable from restricted assets		
Accrued interest	342	13,512
Notes payable, current portion	-	10,279
Bonds payable, current portion	2,600	47,936
Total current liabilities payable from restricted assets	2,942	71,727

The accompanying notes are an integral part of these financial statements.

Activities - Enterprise Funds

	Sanitation	Natural Gas	Total
\$	53,955	\$ 7,904	\$ 101,085
	529,922	1,137	733,131
	112,826	83,206	425,309
	59	-	1,069,884
	49,567	25,972	462,376
	746,329	118,219	2,791,785
	10,350	4,500	13,314,265
	19,254	133,056	32,928,788
	29,604	137,556	46,243,053
	775,933	255,775	49,034,838
	2,439	1,794	28,685
	23,488	31,140	288,325
	25,927	32,934	317,010
	2,474	1,333	1,085,346
	4,648	8,401	57,519
	-	2,868	3,196
	1,680	4,142	23,518
	-	261,600	286,100
	8,802	278,344	1,455,679
	-	-	13,854
	-	-	10,279
	-	-	50,536
	-	-	74,669

(Continued)

City of Chipley, Florida
Statement of Net Position – Proprietary Funds (Continued)

<i>September 30, 2022</i>	Business-type	
	Water	Sewer
Noncurrent liabilities		
Compensated absences	140,580	136,668
Customer deposits	80,466	105,858
Net pension liability	396,687	488,694
Notes payable	-	2,717,360
Net OPEB liability	8,460	5,975
Bonds payable	95,900	2,356,064
Total noncurrent liabilities	722,093	5,810,619
Total liabilities	763,954	7,011,961
Deferred Inflows of Resources		
Deferred inflows related to OPEB	14,873	18,315
Deferred inflows related to pensions	16,366	52,972
Total deferred inflows of resources	31,239	71,287
Net Position		
Net investment in capital assets	5,388,970	35,456,784
Restricted	63,639	73,670
Unrestricted (deficit)	(403,547)	(196,678)
Total net position (deficit)	\$ 5,049,062	\$ 35,333,776

The accompanying notes are an integral part of these financial statements.

Activities - Enterprise Funds

Sanitation	Natural Gas	Total
26,312	64,890	368,451
49,319	25,422	261,065
89,248	133,627	1,108,256
-	-	2,717,360
1,130	30	15,595
-	-	2,451,964
166,009	223,969	6,922,691
174,811	502,313	8,453,039
3,658	3,592	40,438
7,616	12,400	89,354
11,274	15,992	129,792
29,604	137,556	41,012,914
-	-	137,309
586,171	(367,152)	(381,206)
\$ 615,775	\$ (229,596)	\$ 40,769,017

City of Chipley, Florida
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds

	Business-type	
<i>For the year ended September 30, 2022</i>	Water	Sewer
Operating Revenues		
Charges for services	\$ 682,867	\$ 1,269,678
Miscellaneous revenue	28,311	29,848
Total operating revenues	711,178	1,299,526
Operating Expenses		
Salaries and benefits	530,047	583,338
Services and supplies	226,589	590,087
Depreciation	191,488	1,101,826
Other expenses	5,343	62,439
Total operating expenses	953,467	2,337,690
Operating income (loss)	(242,289)	(1,038,164)
Nonoperating Revenues (Expenses)		
Grant expenses	(17,474)	-
Grant revenue	17,474	6,887,372
Interest income	3	2,088
Interest expense	(4,410)	(28,740)
Total nonoperating revenues (expenses)	(4,407)	6,860,720
Change in net position	(246,696)	5,822,556
Net position (deficit) - beginning of year	5,295,758	29,511,220
Net position (deficit) - end of year	\$ 5,049,062	\$ 35,333,776

The accompanying notes are an integral part of these financial statements.

Activities - Enterprise Funds

	Sanitation	Natural Gas	Total
\$	939,143	\$ 600,199	\$ 3,491,887
	-	2,662	60,821
	939,143	602,861	3,552,708
	111,288	203,469	1,428,142
	785,726	302,136	1,904,538
	17,230	28,648	1,339,192
	2,796	4,469	75,047
	917,040	538,722	4,746,919
	22,103	64,139	(1,194,211)
	(4,175)	(28,420)	(50,069)
	4,175	28,420	6,937,441
	4,140	81	6,312
	(104)	(70)	(33,324)
	4,036	11	6,860,360
	26,139	64,150	5,666,149
	589,636	(293,746)	35,102,868
\$	615,775	\$ (229,596)	\$ 40,769,017

City of Chipley, Florida
Statement of Cash Flows – Proprietary Funds

<i>For the year ended September 30, 2022</i>	Business-type	
	Water	Sewer
Operating Activities		
Receipts from customers, users and others	\$ 713,380	\$ 1,376,745
Payments to suppliers	(228,548)	(713,104)
Payments to employees	(506,617)	(561,931)
Net cash provided by (used in) operating activities	(21,785)	101,710
Noncapital Financing Activities		
Advances to other funds	-	(348,700)
Capital and Related Financing Activities		
Grant revenue	829	6,083,523
Purchases and construction of capital assets	-	(6,364,471)
Principal paid on capital debt	(2,500)	(1,837,216)
Proceeds from capital debt	-	2,404,000
Interest paid on capital debt	(4,419)	(16,583)
Net cash provided by (used in) capital and related financing activities	(6,090)	269,253
Investing Activities		
Interest and dividends	6	2,086
Purchase of investments	(3)	(97,179)
Net cash provided by (used in) investing activities	3	(95,093)
Net increase (decrease) in cash and cash equivalents	(27,872)	(72,830)
Cash and cash equivalents, beginning of year	196,232	330,533
Cash and cash equivalents, end of year	\$ 168,360	\$ 257,703

The accompanying notes are an integral part of these financial statements.

Activities - Enterprise Funds

Sanitation		Natural Gas		Total
\$	926,047	\$	564,032	\$ 3,580,204
	(789,367)		(309,158)	(2,040,177)
	(109,256)		(191,662)	(1,369,466)
	27,424		63,212	170,561
	-		(28,700)	(377,400)
	-		-	6,084,352
	-		(21,245)	(6,385,716)
	(9,298)		(7,407)	(1,856,421)
	-		-	2,404,000
	(307)		(233)	(21,542)
	(9,605)		(28,885)	224,673
	4,138		78	6,308
	(54,140)		(605)	(151,927)
	(50,002)		(527)	(145,619)
	(32,183)		5,100	(127,785)
	135,705		28,776	691,246
\$	103,522	\$	33,876	\$ 563,461

(Continued)

City of Chipley, Florida
Statement of Cash Flows – Proprietary Funds (Continued)

<i>For the year ended September 30, 2022</i>	Business-type	
	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by (Used In) Operating Activities		
Operating income (loss)	\$ (242,289)	\$ (1,038,164)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	191,488	1,101,826
Changes in operating assets and liabilities:		
Accounts receivable	668	76,309
Deferred outflows related to pension	(26,939)	(29,034)
Deferred outflows related to OPEB	1,649	2,061
Accounts payable	(433)	(64,076)
Accrued payroll liabilities	4,595	1,897
Other accrued liabilities	162	(176)
Compensated absences	18,835	19,510
Pension liability	301,774	325,244
Net OPEB liability	(1,139)	(1,424)
Deferred inflows related to pension	(269,643)	(290,614)
Deferred inflows related to OPEB	(2,047)	(2,559)
Customer deposits	1,534	910
Net cash provided by (used in) operating activities	\$ (21,785)	\$ 101,710
Noncash Financing Activities		
Capital assets acquired through issuance of long-term debt	\$ -	\$ 1,095,158

The accompanying notes are an integral part of these financial statements.

Activities - Enterprise Funds

	Sanitation	Natural Gas	Total
\$	22,103	\$ 64,139	\$ (1,194,211)
	17,230	28,648	1,339,192
	(14,479)	(38,969)	23,529
	(5,356)	(9,716)	(71,045)
	413	413	4,536
	(1,494)	(4,904)	(70,907)
	316	1,337	8,145
	-	862	848
	1,716	10,470	50,531
	60,003	108,843	795,864
	(285)	(285)	(3,133)
	(53,614)	(97,254)	(711,125)
	(512)	(512)	(5,630)
	1,383	140	3,967
\$	27,424	\$ 63,212	\$ 170,561
\$	-	\$ -	\$ 1,095,158

City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Chipley Florida (“the City”), located in Washington County, was incorporated in 1901 pursuant to 5077-1901 Laws of Florida. The City provides police and fire protection, general government, recreation, and public works services to its residents. In addition, the City provides water, sewer, natural gas and sanitation services.

Reporting Entity

The City is a political subdivision of the State of Florida and operates under an elected City Council. The accompanying financial statement statements present the city and its component units, entities for which the City is considered financially accountable. Component units are reported as either blended or discretely presented. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and presented as funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the city. The City has no discretely presented component units. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in accordance with the Governmental Accounting Standards Board (GASB). The more significant accounting policies used by the City are described below.

In evaluating the City as a supporting entity, management has considered all potential component units in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100: *Defining the Financial Reporting Entity*.

Blended Component Units

Community Redevelopment Agency (the “Agency” or “CRA”) – The Agency was created by the City pursuant to State Statutes with commissioners of the Agency being City Council Members. During 1997, the City passed an ordinance establishing a board of directors (the “Board”) for the Agency. Operations are administered by the Council appointed Board and are financed with City and county funds.

Chipley Volunteer Fire Department (the “Department”) – This is a nonprofit organization which is funded primarily by City funds and public donations. Operations are administered by the Department. The City includes the operations of the Department in the General Fund.

Related Organization

Chipley Housing Authority (the “Authority”) – The Authority was created by the City pursuant to Florida Statutes with commissioners of the Authority being appointed by the City Council. Operations are administered by the Authority and financed with Federal funds and rentals. Outstanding debt of the Authority is not an obligation of the City and the City does not exercise budgetary control. Based on these factors, the Authority is not included in the City’s financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements are comprised of the statement of net position and the statement of changes in net position which reports information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Fiduciary funds of the government are eliminated from this presentation since these resources are not available for general government funding purposes. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise 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 year-end). 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 year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds and blended component units. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City'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 *Community Redevelopment Agency* is a blended component unit of the City. It is a separate legal entity required to be included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

In addition to the major funds noted above, the City has two non-major governmental funds, the Debt Service Fund and Volunteer Fire Department Fund. These funds are reported in aggregate as nonmajor governmental funds.

The City reports the following major enterprise funds:

The *Water Fund* accounts for all activity related to providing water services to its citizens.

The *Sewer Fund* accounts for all activity related to providing sewer services to its citizens.

The *Sanitation Fund* accounts for all activity related to providing sanitation services to its citizens.

The *Natural Gas Fund* accounts for all activity related to providing natural gas services to its citizens.

Budgetary Information

Budgetary basis of accounting

Each year formal budgets are legally adopted and amended as required by the City Council for all governmental funds. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level. The budget for each fund is adopted on the modified accrual basis of accounting consistent with GAAP.

Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid on goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the City's policy to close encumbrances at year-end and to re-encumber those amounts, as needed, at the beginning of the next budget cycle.

Budget Amendments

During fiscal year 2022, there were general fund supplemental budget appropriations of \$4,861,062 or 156.21% of the original budget. The CRA budget increased by \$1,300 or 0.29% of the original budget due to various operating costs during fiscal year 2022. The following items represent the major additional appropriations:

General Fund

Capital outlays	\$ 209,887
Various federal and state grants	4,459,804
Various personnel services and operating costs	<u>191,371</u>
Total general fund	<u>\$ 4,861,062</u>

City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand as well as demand deposits and certificates of deposit with original maturities of three months or less. This policy applies to the primary government and its component unit.

Investments

The City's investment policies are designed with the intent of ensuring the City's funds are invested in a manner that complies with Florida Statutes. Pursuant to Florida Statute 218.415 and the City's investment policy, the City may invest surplus funds in:

- The Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Savings accounts in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes.
- Certificates of deposit in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes.
- Direct obligations of the U.S. Treasury.
- Federal agencies and instrumentalities.

Local Government Surplus Trust Fund - Florida PRIME - The City invests throughout the year in the Florida PRIME account, an investment pool administered by the Florida State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Florida PRIME participants invest in a pool of investments whereby participants own a share of the respective pool, not the underlying securities.

Receivables

Governmental Funds - The City considered all governmental fund receivables collectible and as such, no allowance for uncollectibles is reported.

Proprietary Fund - The City grants credit to its proprietary fund customers who use its various services, substantially all of whom are local residents or businesses. Provisions for uncollectible utilities charges are charged to revenues in amounts sufficient to maintain the allowance at a level considered adequate to cover current losses.

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (continued)

Interfund Activities and Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Restricted Assets

Certain assets of the general fund, debt service fund, community redevelopment agency, and enterprise funds are required by resolution to be set aside and used for specific purposes; thus, they are not available for general operating purposes. It is the City’s policy to use restricted assets before unrestricted assets when both are available to fund specific expenditures.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost with the exception of buildings, sidewalks, lighting, and infrastructure. Buildings with an original cost of \$50,000 or more, sidewalks and lighting with an original cost of \$25,000 or more, and infrastructure with an original cost of \$500,000 or more, are reported at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value as of the date of donation. The City has not reported infrastructure acquired prior to October 1, 2003. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed as incurred. Interest incurred during the construction phase on loans obtained for long-term construction projects are capitalized into the cost of the asset.

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

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	20 – 50
Water and sewer system	15 – 50
Improvements	10 – 20
Machinery and equipment	5 – 10
Other infrastructure	10 – 50

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources

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

The City has two (2) items that qualify for reporting as deferred outflows of resources, deferred outflows related to pensions and OPEB, both reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to pensions and OPEB are an aggregate of items related to pensions and OPEB as calculated in accordance with GASB 68 and 75. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to OPEB will be recognized as either OPEB expense or a reduction in the net OPEB liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two (2) items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pensions and OPEB are an aggregate of items related to pensions and OPEB as calculated in accordance with GASBs 68 and 75. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to OPEB will be recognized as either OPEB expense or a reduction in the net OPEB liability in future reporting years.

Unearned Revenue

Unearned revenue, reported in the governmental funds balance sheet, represents amounts received before eligibility requirements are met. The governmental funds report unearned revenues from two sources: occupational licenses and intergovernmental revenues. Intergovernmental revenue includes grant funding from the American Rescue Plan Act and Federal Emergency Management Agency.

Compensated Absences

Vacation pay policies allow an employee to accumulate up to a maximum of 240 hours of unused vacation time, which will be paid to the employee in the event of termination of employment. Sick pay policies allow an employee to accumulate up to a maximum of 800 hours of unused sick leave which will be paid, at 5% per year of service, to the employee in the event of termination of employment.

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (continued)

Compensated Absences (continued)

All leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts in the government-wide statements consists of unpaid, accumulated annual leave balances. The estimated current portion of the liability for vested vacation and sick leave benefits attributable to the City's governmental fund is recorded as an expenditure and liability in the General Fund. The non-current portion for governmental funds is maintained separately and represents a reconciling item between the fund and governmental-wide presentations. The amount attributable to the enterprise funds are charged to expense and a corresponding liability in the applicable fund.

Long-Term Obligations

In the government-wide financial statements and 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. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

Florida Retirement System - Substantially all full-time City employees are participants in the Florida Retirement System (the "System"), a defined benefit, cost sharing, multiple employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement.

Health Insurance Subsidy Program - Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy Program (the "HIS"), a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Contributions to the HIS plan are included in contributions to the Pension Plan noted above.

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (continued)

Other Post-Employment Benefits (OPEB) Liability

The City participates in a single employer, experience rate insurance plan that provides medical benefits to eligible retirees and their dependents. The City does not have a trust for the plan, and there is no actuarial determined contribution. The OPEB liability is determined in accordance with GASBC Section P52: *Postemployment Benefits Other Than Pensions - Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria*.

Categories and Classification of Fund Equity

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.

Net position is reported on the government-wide and proprietary fund financial statements into the following net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the City Council.

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.

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (continued)

Categories and Classification of Fund Equity (continued)

Fund balances are reported in the fund financial statements in two major categories: nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Spendable fund balances are reported based on a hierarchy of spending constraints in the following classifications:

Restricted – Fund balances that are constrained by external parties, constitutional provisions or enabling legislation. The City’s restricted fund balance primarily includes federal, state, and local grant funds that are for a stated purpose per the grant agreements, taxes for road and bridge maintenance and repairs, and cash and investments set aside for debt service.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The City’s committed fund balances consist of funds for the operation of the cemetery and volunteer fire department.

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The City’s assigned fund balances are for the operations of the recreation department.

Unassigned – Fund balances of the general fund that are not constrained for any particular purpose.

Revenues and Expenditures/Expenses

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.

Property Taxes – The City’s ad valorem taxes are assessed by the Washington County Property Appraiser and collected by the Washington County Tax Collector in accordance with Florida Statutes. The City retains the right and duty to set millage rates. Property taxes are not recorded as receivables at September 30 because, though legally assessed as of January 1, they are not due and payable until after the close of the fiscal year ended the following September 30.

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

The current property tax calendar is as follows:

Lien date:	January 1, 2021
Levy date:	November 1, 2021
Due date:	March 31, 2022
Delinquent date:	April 1, 2022

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

Revenue recognition criteria for property taxes recognizes and accrues property taxes expected to be collected within 60 days of the current period. There were no outstanding property taxes accrued and recognized as revenue at year-end.

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

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 expenses during the reporting period. Actual results could vary from estimates used.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 30, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87 (GASB 87), *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under GASB 87, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after June 15, 2021. The implementation of GASB 87 did not result in any change in the City's financial statements.

In June 2018, the GASB issued Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The implementation of GASB 89 did not result in any change in the City's financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019- 3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,

City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The implementation of GASB 92 did not result in any significant change in the City's financial statements.

In May 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in GASB 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The implementation of GASB 93 did not result in any change in the City's financial statements.

In June 2020, the GASB issued Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of GASB 97 are to (1) increase consistency and comparability related to

City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 are effective for fiscal years beginning after June 15, 2021. The implementation of GASB 97 did not result in any change in the City's financial statements.

In October 2021, the GASB issued GASB Statement No. 98 (GASB 98), *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The implementation of GASB 98 did not result in any change in the City's financial statements.

Pronouncements Issued But Not Yet Effective

The GASB has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91 (GASB 91), *Conduit Debt Obligations*. The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (Continued)

conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This Statement 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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022* (GASB 99). This Statement provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument,
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives,
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the PPP term and (b)

City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (Continued)

- recognition and measurement of installment payments and the transfer of the underlying PPP asset,
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability,
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt,
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP),
- Disclosures related to nonmonetary transactions,
- Pledges of future revenues when resources are not received by the pledging government,
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements,
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their

City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (Continued)

nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The City maintains its deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. The City's Demand and time deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

The City invests in the Florida State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME). The Local Government Surplus Funds Trust Fund is a "2a-7 like" pool and,

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

therefore, the City's pool account balance (amortized cost) is used as the fair value for financial reporting. At September 30, 2022, the fair value and the carrying value of these funds was \$4,257,817. The funds are reported as investments in the amount of \$3,958,275, and as restricted investments of \$299,542.

Florida PRIME is administered by the SBA, under the regulatory oversight of the State of Florida. Florida PRIME is rated by Standard and Poor's as AAAm. At September 30, 2022, Florida PRIME's investments dollar weighted average days to maturity (WAM) was 21 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM and weighted average life (WAL) is 72 days. Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2021 through September 30, 2022. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's daily access to 100 percent of their account value.

Florida PRIME is governed by Chapters 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration, (the "SBA"). These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (the "SEC"); however, the State has adopted operating procedures consistent with the requirements for a "2a-7 like" pool.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's current investments are limited to certificates of deposit and deposits in the Florida PRIME account.

Concentration risk - Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% have reportable credit risk. The certificates of deposit are with one financial institution. All certificate of deposit balances in excess of FDIC coverage, when applicable, are covered by the multiple financial institutions' collateral pool in accordance with Florida Statutes Chapter 280.

Investment rate risk - Investment rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The City recognizes that the longer a maturity of an investment, the greater its price volatility. The City has limited its risk by requiring all investments to have a maturity of two years or less from the date of purchase.

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Investments are comprised of the following, at amortized cost.

Investment Type	Fair Value	Purchase Date to Maturity			
		0 – 1 Year	1 – 2 Years	2 – 3 Years	3 – 5 Years
Florida PRIME	\$ 4,257,817	\$ 4,257,817	\$ -	\$ -	\$ -

Accounts Receivable

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

Governmental Funds	General Fund	Community Redevelopment Agency
Taxes	\$ 119,595	\$ -
Franchise fees	46,811	-
Revolving loan receivable	-	78,873
Intergovernmental	87,684	-
Total	\$ 254,090	\$ 78,873

Proprietary Funds	Water	Sewer	Sanitation	Natural Gas
Accounts – utility billings (1)	\$ 77,977	\$ 154,795	\$ 112,597	\$ 62,545
Allowance for uncollectibles	(540)	(6,055)	(822)	(478)
Other	409	2,691	1,051	21,139
Total	\$ 77,846	\$ 151,431	\$ 112,826	\$ 83,206

(1) Includes unbilled revenue for September usage billed in October.

Due from Other Governments

The \$425,424 reported in governmental activities and \$1,069,884 reported in business-type activities are due from the State of Florida for grant reimbursements. The amounts due are deemed collectible.

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Balances

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures. These amounts should be repaid during the next fiscal year. The composition of interfund balances as of September 30, 2022 is shown below:

	Payable Fund		
	Sewer	Gas	Total
Receivable Fund			
General	\$ 24,500	\$ 261,600	\$ 286,100

Interfund Transfers

	Transfers In		
	Debt Service	CRA	Total
Transfers Out			
Nonmajor governmental	\$ -	\$ 215	\$ 215
General	100,594	88,885	189,479
Total	\$ 100,594	\$ 89,100	\$ 189,694

Transfers are used to meet debt service requirements and to transfer the CRA's ad valorem tax increment financing from the general fund.

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 957,006	\$ -	\$ -	\$ 957,006
Construction-in-progress	-	79,998	-	79,998
Capital assets, not being depreciated	\$ 957,006	\$ 79,998	\$ -	\$ 1,037,004
Capital assets, being depreciated				
Furniture and equipment	\$ 2,441,906	\$ 10,500	\$ -	\$ 2,452,406
Improvements other than buildings	4,730,124	-	-	4,730,124
Buildings	4,627,559	149,292	-	4,776,851
Capital assets, being depreciated	11,799,589	159,792	-	11,959,381
Less accumulated depreciation for				
Furniture and equipment	2,524,893	134,304	-	2,659,197
Improvements other than buildings	1,468,700	233,147	-	1,701,847
Buildings	2,398,071	69,899	-	2,467,970
Total accumulated depreciation	6,391,664	437,350	-	6,829,014
Total capital assets being depreciated, net	\$ 5,407,925	\$ (277,558)	\$ -	\$ 5,130,367
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 2,356,559	\$ -	\$ -	\$ 2,356,559
Construction-in-progress	3,827,813	7,129,893	-	10,957,706
Capital assets, not being depreciated	\$ 6,184,372	\$ 7,129,893	\$ -	\$ 13,314,265

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Building and plant	\$ 50,955,478	\$ 283,588	\$ -	\$ 51,239,066
Equipment and vehicles	2,765,778	67,393	-	2,833,171
Capital assets, being depreciated	53,721,256	350,981	-	54,072,237
Less accumulated depreciation for				
Building and plant	17,577,461	1,251,267	-	18,828,728
Equipment and vehicles	2,226,796	87,925	-	2,314,721
Total accumulated depreciation	19,804,257	1,339,192	-	21,143,449
Total capital assets being depreciated, net	\$ 33,916,999	\$ (988,211)	\$ -	\$ 32,928,788

Depreciation expense was charged to functions/programs of the primary government as follows:

<i>For the year ended September 30,</i>	2022
Governmental activities	
General government	\$ 98,994
Public safety	76,313
Public works	228,922
Culture and recreation	33,121
Total depreciation expense - governmental activities	\$ 437,350
Business-type Activities	
Water	\$ 191,488
Sewer	1,101,826
Sanitation	17,230
Natural Gas	28,648
Total depreciation expense - business-type activities	\$ 1,339,192

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 679,532	\$ -	\$ 21,841	\$ 657,691	\$ 23,451
Notes	72,076	50,929	43,939	79,066	28,355
Compensated absences	670,777	169,136	46,015	793,898	47,634
Total	\$ 1,422,385	\$ 220,065	\$ 111,795	\$ 1,530,655	\$ 99,440
Business-type activities					
Revenue bonds	\$ 101,000	\$ 2,404,000	\$ 2,500	\$ 2,502,500	\$ 50,536
Notes	4,581,560	-	1,853,921	2,727,639	10,279
Compensated absences	341,438	100,762	50,231	391,969	23,518
Total	\$ 5,023,998	\$ 2,504,762	\$ 1,906,652	\$ 5,622,108	\$ 84,333

Debt service requirements on long-term debt at September 30, 2022 are as follows:

<i>Year ending September 30,</i>	Governmental Activities			
	Revenue Bonds		Notes	
	Principal	Interest	Principal	Interest
2023	\$ 23,451	\$ 31,192	\$ 28,355	\$ 2,604
2024	24,090	30,117	16,411	1,720
2025	25,759	28,937	16,967	1,164
2026	26,460	27,716	17,333	798
2027	28,194	26,461	-	-
2028-2032	159,266	111,214	-	-
2033-2037	193,623	70,250	-	-
2038-2042	176,848	21,588	-	-
Total	\$ 657,691	\$ 347,475	\$ 79,066	\$ 6,286

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Year ending <i>September 30,</i>	Business-type Activities			
	Revenue Bonds		Notes	
	Principal	Interest	Principal	Interest
2023	\$ 50,536	\$ 29,645	\$ 10,279	\$ 1,335
2024	51,176	29,205	10,706	908
2025	51,821	28,760	11,198	464
2026	52,473	28,308	-	-
2027	53,130	27,851	-	-
2028-2032	276,639	133,066	-	-
2033-2037	295,654	122,251	-	-
2038-2042	316,626	111,679	-	-
2043-2047	325,505	87,200	-	-
2048-2052	324,244	69,561	-	-
2053-2057	342,897	32,008	-	-
2058-2062	361,799	13,106	-	-
Total	\$ 2,502,500	\$ 712,640	\$ 32,183	\$ 2,707

The City has a note payable with Florida Department of Environmental Protection that has not closed as of September 30, 2022. Therefore, no payment schedule has been agreed to and it has been excluded from the table above. The balance at September 30, 2022 is \$2,695,456.

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

	Governmental Activities
Regions Bank - A note payable in annual installments of \$12,828 including interest at 2.411%. The note matures on December 20, 2022 and is secured by a vehicle.	\$ 12,482
Capital City Bank – A note payable in annual installments of \$7,253.56 including interest at 4.07%. The note matures on February 3, 2026 and is secured by a vehicle.	26,156
PeoplesSouth Bank - A note payable in annual installments of \$10,876.73 including interest at 2.95%. The note matures on July 4, 2025 and is secured by a vehicle.	40,428
	\$ 79,066

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

	Business-Type Activities
Capital City Bank – A note payable in annual installments of \$12,100.83 including interest at 4.15%. The note matures on June 1, 2026 and is secured by a vehicle.	\$ 32,183
Florida Department of Environmental Protection – A Clean Water State Revolving Fund Loan issued May 15, 2021 to finance the cost of acquisition and construction of certain capital improvement in connection with the sewer utility system. The loan is secured by a pledge of revenues as security for the repayment of the debt and shall be the funds, including investment income, on deposit in the debt service accounts. The remaining principal and interest payments on this debt as of September 30, 2021 totaled \$2,829,002. Principal and interest paid for the year ended September 30, 2021 and total pledged revenues were \$0 and \$333,902, respectively. Principal and interest payments were 0% of the pledged revenue for the year ended September 30, 2021. The loan has not closed and does not have an agreed upon payment schedule as of September 30, 2022. The total balance has been reported as long-term debt.	2,695,456
Total	\$ 2,727,639

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Bonds Payable

Bonds payable at September 30, 2022 are comprised of the following:

	<u>Governmental Activities</u>
City of Chipley Public Improvement Revenue Bonds – 2002A Series , authorized and issued \$546,000, interest at 4.75%, principal and interest payable annually on September 1, collateralized by pledge of solid waste disposal system revenues. Bonds are held by the U.S. Department of Agriculture, Rural Development.	\$ 369,691
City of Chipley Public Improvement Revenue Bonds – 2003 Series , authorized and issued \$400,000, interest at 4.675%, principal and interest payable annually on September 1, collateralized by pledge of solid waste disposal system net revenues and revenues from an interlocal agreement with Washington County, Florida. The interlocal agreement specifies that Washington County will share equally with the City the full repayment of the bonds and will pay to the City, in equal installments, a sum equal to one-half of the annual bond payment. Bonds are held by the U.S. Department of Agriculture, Rural Development.	288,000
Total	\$ 657,691
	<u>Business-Type Activities</u>
Water and Sewer Revenue Bonds – 2006 Series , authorized and issued \$128,900, interest at 4.375%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	\$ 98,500
Water and Sewer Revenue Bonds – 2022 Series , authorized and issued \$2,404,000, interest at 1.125%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	2,404,000
Total	\$ 2,502,500

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Bonds Payable (continued)

The City has pledged future water and sewer system net revenues to repay \$5,855,647 in revenue bonds issued in 2002, 2003, 2006, and 2022 and the state revolving funds notes. Proceeds from the bonds were used for capital improvements and rehabilitation or expansion of the City’s water and sewer systems. Principal and interest on the bonds are payable through 2045, solely from the water and sewer system net revenues and an interlocal agreement with Washington County in which the City agreed to pay half of the debt service related to the portion of the debt which financed the construction of a library. Annual principal and interest on the debt required approximately 1 percent of such net revenues for the year ended September 30, 2022. Principal and interest paid for the current year and total customer net revenues were \$61,086 and \$2,010,704, respectively.

Net Position and Fund Balances

Restricted net position is comprised of the following at September 30, 2022:

	Governmental	Business-Type
Restricted to capital improvements	\$ 766,833	\$ 119,649
Restricted to debt service	59,283	17,660
Restricted to economic development	428,437	-
Total	\$ 1,254,553	\$ 137,309

A net position deficit of \$229,596 exists in the natural gas fund resulting from the rising costs of natural gas. The City has adjusted natural gas fees beginning in fiscal year 2021, and the deficit was reduced by \$64,150 for the year ended September 30, 2022.

City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Position and Fund Balances (continued)

	General Fund	Community Redevelopment Agency	Nonmajor Government Funds	Total Governmental Funds
Restricted				
Capital Improvements	\$ 766,833	\$ -	\$ -	\$ 766,833
Debt Service	-	-	59,283	59,283
Economic development	-	428,437	-	428,437
Committed:				
Cemetery	76,221	-	-	76,221
Volunteer Fire Department	-	-	14,593	14,593
Assigned:				
Recreation	28,315	-	-	28,315
Unassigned	1,222,421	-	-	1,222,421
Total	\$ 2,093,790	\$ 428,437	\$ 73,876	\$ 2,596,103

Note 3: RETIREMENT PLANS

Florida Retirement System Pension Plan

Substantially all full-time City employees are participants in the System, a defined benefit, cost sharing, multiple employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full time employees of various governmental units within the State of Florida.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level percentages of payroll employer contribution rates established by state law are determined using the entry-age actuarial funding method.

The System provides for those employees hired prior to July 1, 2012 for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2012, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to employees who retire at or after age 65 with eight or more years of service. Early retirement is available after eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

City of Chipley, Florida Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates are applied to employee salaries as follows: regular employees-11.91% DROP Program-18.60%, special risk employees-27.89%, senior management-31.57% and elected officials-57.00%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications with the exception of DROP program participants who do not make contributions.

The City's contributions to the plan for the year ended September 30, 2022, was \$322,684, and equal to the actuarially determined contributions for the year. The City's contributions to the HIS for the year ended September 30, 2022, was \$35,465, and equal to the actuarially determined contributions for the year. These contributions were paid by their due date. Total payroll for the City employees covered by the System pension plan and HIS was \$2,137,189 for the year ended September 30, 2022. The City's total payroll was \$2,353,860 for the same period. Net pension liabilities are generally liquidated by the general fund.

The City has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing Florida Division of Retirement, P O Box 9000, Tallahassee, FL 32315-9000.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2022, the City reported a liability of \$2,852,703 for its proportionate share of the collective net pension liability for the Florida Retirement System Pension Plan (the "Pension Plan"). 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 June 30, 2022. The City's proportion of the collective net pension liability was based on the employers' shares of contributions to the Pension Plan relative to the total employer contributions of all participating employers. At June 30, 2022, the City's proportion of the Pension Plan was 0.007667%, which was an increase of 0.000177% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the City recognized pension expense of \$36,597 for the Pension Plan. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

City of Chipley, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,487	\$ -
Changes of assumptions	351,322	-
Net difference between projected and actual earnings on pension plan investments	188,364	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	61,357	(149,063)
Employer contributions subsequent to the measurement date	79,493	-
Total	\$ 816,023	\$ (149,063)

\$79,493 reported as deferred outflows of resources related to the Pension Plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended
September 30,

2023		\$ 135,781
2024		135,781
2025		135,781
2026		135,781
2027		44,343

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of July 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	6.70%
Projected salary increases	3.25%

* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of July 1, 2022 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the System based upon participant data for the period July 1, 2013 to June 30, 2018.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

City of Chipley, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

The long-term expected rate of return for the Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. 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. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return*	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Total	100%			

(1) As outlined in the Pension Plan's investment policy.

* Includes assumed rate of inflation of 2.40%

Discount rate. The discount rate used to measure the total pension liability for the Pension Plan was 6.70%. The Plan's fiduciary net position was projected to be available to make all 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.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.70% for the Pension Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.70%) or 1-percentage point higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of collective net pension liability	\$ 4,933,554	\$ 2,852,703	\$ 1,112,864

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System Pension Plan (continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 *Report for the System* prepared as of June 30, 2022. The auditor's report dated January 13, 2022 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2022 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Health Insurance Subsidy Program

Chapter 112, Florida Statutes, established the HIS, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Contributions to the HIS are included in contributions to the Pension Plan noted above. The Pension Plan contributes 1.66% of each covered employee's salary to the HIS. The remainder is contributed to the Pension Plan, with the exception for 0.06% that is contributed to administrative expenses.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2022, the City reported a liability of \$641,280 for its proportionate share of the collective net pension liability. For the HIS, 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 June 30, 2020. The City's proportion of the collective net pension liability was based on the employers' shares of contributions to the HIS relative to the total employer contributions of all participating employers. At June 30, 2022, the City's proportion of the HIS was 0.006055%, which was an increase of 0.000147% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the City recognized pension expense of \$1,316 for the HIS. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the HIS from the following sources:

City of Chipley, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,464	\$ (2,822)
Changes of assumptions	36,758	(99,205)
Net difference between projected and actual earnings on pension plan investments	928	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,489	(7,583)
Employer contributions subsequent to the measurement date	8,273	-
Total	\$ 102,912	\$ (109,610)

\$8,273 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS will be recognized in the pension's expense as follows:

Year Ended September 30,		
2023	\$	(2,713)
2024		(2,713)
2025		(2,713)
2026		(2,713)
2027		(2,945)
Thereafter		(1,174)

The total pension liability for the HIS was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	3.54%
Projected salary increases	3.25%

* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of July 1, 2022 for the HIS were based on the results of an investigation of the economic and demographic experience for the Florida Retirement System (the "FRS") based upon participant data for the period July 1, 2013 to June 30, 2018.

City of Chipley, Florida
Notes to Financial Statements

Note 3: RETIREMENT PLANS (Continued)

Health Insurance Subsidy Program (continued)

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

The long-term expected rate of return for the HIS Plan investments was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Discount rate. The discount rate used to measure the total pension liability for the HIS was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion rate is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 3.54% for the HIS as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
City’s proportionate share of collective net pension liability	\$ 733,675	\$ 641,280	\$ 564,822

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 *Report for the System* prepared as of June 30, 2022. The auditor’s report dated January 13, 2022 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2022 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City has previously established and maintains an employee group medical insurance plan that it makes available to eligible retirees in accordance with Section 112.081 of the Florida Statutes and City ordinance. The medical plan is a single-employer, experience rate insurance plan that provides medical benefits to eligible retirees and their eligible dependents. The post-retirement benefit portion of this benefit plan refers to the medical benefits applicable to current and future retirees and their eligible dependents used for the purpose of this valuation. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City.

Funding Policy

Contribution rates for the insurance are established on an annual basis. The retired employees reimburse the City for the actual premium cost, including the portion that previously would have been paid by the City during employment. Expenses for postretirement health care benefits are recognized as paid and there is no advance funding on the part of the City. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. OPEB liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, OPEB liabilities are generally liquidated by the general fund.

As of September 30, 2022, no trust has been established and no assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4.

Plan Membership

The City currently determines the eligibility, benefit provisions and changes to those provisions applicable to retirees in accordance with applicable City ordinances, federal and state laws. At October 1, 2021, OPEB membership consisted of the following:

Summary of Employer Census Data

Number of active members	30
Number of retired and disabled members	-
Number of spouses receiving benefits	-

City of Chipley, Florida
Notes to Financial Statements

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2022 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate investment rate of return - 3.75%
- Health care cost trend rate - 5.00%
- Mortality rates - SOA RP-2014 Total Dataset Mortality Table

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point.

In the October 1, 2021 actuarial valuation, the Individual Entry Age, Level Dollar Closed cost method was used. The actuarial assumptions included a healthcare cost trend level 5.00% for medical. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At September 30, 2022, the City reported a total OPEB liability of \$35,760. The GASB 75 information has been provided as of the September 30, 2022 measurement date.

The discount rate used for this purpose was 3.75% and was based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

<i>As of and for the year ended September 30,</i>	2022	2021
Total OPEB liability - beginning	\$ 44,303	\$ 66,393
Changes due to:		
Service costs	3,640	4,855
Interest	1,406	5,477
Differences between expected and actual experience	-	(21,362)
Changes in assumptions and methods	-	(573)
Benefit payments	(13,589)	(10,487)
Net changes in total OPEB liability	(8,543)	(22,090)
Total OPEB liability - ending	\$ 35,760	\$ 44,303

The City reported changes in assumptions since the prior measurement date. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2021. These calculations are based in the Individual Entry Age, Level Dollar Closed cost method required by GASBC P52.

City of Chipley, Florida
Notes to Financial Statements

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability

The following presents the City's OPEB liability as if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB Liability	\$ 43,923	\$ 35,760	\$ 29,757
	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability	\$ 28,441	\$ 35,760	\$ 44,638

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability (Gain)/Loss	\$ 68,862	\$ (97,810)
Changes of assumptions	5,408	(12,072)
Total	\$ 74,270	\$ (109,882)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Plan will be recognized in the pension's expense as follows:

Year Ended September 30,	Deferred Outflows of Resources
2023	\$ (2,989)
2024	(2,989)
2025	(2,989)
2026	(2,989)
2027	(2,989)
Thereafter	(20,667)
Total	\$ (35,612)

City of Chipley, Florida
Notes to Financial Statements

Note 5: COMMITMENTS AND CONTINGENCIES

Grants - Grant funds received and disbursed by the City are for specific purposes and are subject to review by grantor agencies. Such reviews may result in requests for reimbursements due to disallowed expenditures. Based upon experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City. As of September 30, 2022, there were no questioned or disallowed costs as a result of reviews by grantor agencies in process or completed.

Construction Commitments - The City had open contract commitments for improvements as of September 30, 2022 as follows:

Contract amounts	\$ 12,156,204
Amount expended through September 30, 2022	10,799,365
<hr/>	
Remaining commitment on contract	<u>\$ 1,356,839</u>

Note 6: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, worker's compensation claims, errors and omissions, and natural disasters for which the City carries commercial insurance. The City purchases commercial insurance for the risks of losses to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. Settlements have not exceeded insurance coverage for any of the prior three fiscal years.

Note 7: LITIGATION

The City is involved in several litigations and claims arising in the ordinary course of operations. In the opinion of management, the range of potential recoveries or liabilities would not materially affect the financial position of the City at September 30, 2022. Accordingly, no accruals for loss contingency have been made in the accompanying financial statements.

Note 8: MAJOR SUPPLIER

All natural gas sold by the natural gas fund is purchased from a single supplier, Florida Gas Utility. Purchases totaled \$262,673. Florida Gas Utility is currently the City's sole supplier of natural gas.

City of Chipley, Florida
Required Supplementary Information

**Schedule of Changes in OPEB
Liability, Related Ratios, and Notes to Schedule
Last Five Fiscal Years (1)**

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 44,303	\$ 66,393	\$ 66,825	\$ 176,397	\$ 170,973
Changes due to:					
Service costs	3,640	4,855	2,489	5,318	2,749
Interest	1,406	5,477	2,407	16,796	6,736
Differences between expected and actual experience	-	(21,362)	-	(112,265)	-
Changes in assumptions and methods	-	(573)	-	1,300	7,598
Benefit payments	(13,589)	(10,487)	(5,328)	(20,721)	(11,659)
Net changes in total OPEB liability	(8,543)	(22,090)	(432)	(109,572)	5,424
Total OPEB liability - ending	\$ 35,760	\$ 44,303	\$ 66,393	\$ 66,825	\$ 176,397
Covered-employee payroll for the measurement period	\$ 1,324,938	\$ 1,273,979	\$ 1,291,689	\$ 1,242,008	\$ 1,335,483
OPEB liability as a percentage of covered-employee payroll	2.70%	3.48%	5.14%	5.38%	13.21%
Plan net fiduciary position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%

(1) The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits other than Pensions*, in 2018. Information is not available for years prior to 2018. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

(2) The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Notes to OPEB Required Supplementary Information

Actuarial cost method	Individual entry age
Amortization method	Level Dollar, Closed
Remaining amortization period	9 years
Asset valuation method	N/A
Medical inflation	5.00%
Investment return	3.75%
Retirement age	100% at normal retirement eligibility date
Mortality	SOA RP-2014 total dataset mortality table

City of Chipley, Florida
Required Supplementary Information

**Schedule of Employer's Proportionate Share
of the Net Pension Liability
Florida Retirement System Pension Plan
Last Eight Fiscal Years (1)**

<i>As of and for the year ended June 30,</i>	2022(1)	2021(1)	2020(1)	2019(1)	2018(1)	2017(1)	2016(1)	2015(1)
Employer's proportion of the net pension liability	0.007667%	0.007490%	0.007624%	0.008506%	0.008221%	0.008400%	0.008848%	0.008602%
Employer's proportionate share of the net pension liability	\$ 2,852,703	\$ 565,762	\$ 3,304,271	\$ 2,929,453	\$ 2,476,158	\$ 2,485,639	\$ 2,234,242	\$ 1,111,018
Covered payroll*	\$ 2,130,250	\$ 2,077,855	\$ 2,000,926	\$ 1,991,905	\$ 1,804,772	\$ 1,770,759	\$ 1,783,369	\$ 1,781,214
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	133.91%	27.23%	165.14%	147.07%	137.20%	140.37%	125.28%	62.37%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

*Covered payroll during measurement period is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2022, the measurement period is the twelve month period beginning July 1, 2021.

City of Chipley, Florida
Required Supplementary Information

Schedule of Employer Contributions
Florida Retirement System Pension Plan
Last Eight Years (1)

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution**	\$ 322,684	\$ 294,161	\$ 271,390	\$ 261,467	\$ 242,646	\$ 261,073	\$ 220,909	\$ 205,049
Contributions in relation to the actuarially determined contribution	322,684	294,161	271,390	261,467	242,646	261,073	220,909	205,049
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	\$ 2,137,189	\$ 2,108,768	\$ 2,050,433	\$ 1,985,261	\$ 1,841,915	\$ 1,819,586	\$ 1,798,143	\$ 1,885,154
Contributions as a percentage of covered payroll	15.10%	13.95%	13.24%	13.17%	13.17%	14.35%	12.29%	10.88%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

*Employer's covered payroll during the fiscal year is the total paid to covered employees (not just pensionable payroll). For fiscal year 2022, the period is October 1, 2021 through September 30, 2022.

**The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year.

City of Chipley, Florida
Required Supplementary Information

**Schedule of the Employer's Proportionate
Share of the Net Pension Liability
Health Insurance Subsidy Program
Last Eight Fiscal Years (1)**

<i>As of and for the year ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.006055%	0.005908%	0.005786%	0.005833%	0.005544%	0.005521%	0.005790%	0.005865%
Employer's proportionate share of the net pension liability	\$ 641,278	\$ 724,733	\$ 706,413	\$ 652,694	\$ 586,772	\$ 590,320	\$ 674,775	\$ 598,119
Covered payroll*	2,130,250	2,077,855	2,000,926	1,991,905	1,804,772	1,770,759	1,783,369	1,781,214
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	30.10%	34.88%	35.30%	32.77%	32.51%	33.34%	37.84%	33.58%
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%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

*Covered payroll during measurement period is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2022, the measurement period is the twelve month period beginning July 1, 2021.

City of Chipley, Florida
Required Supplementary Information

Schedule of Employer Contributions
Health Insurance Subsidy Program
Last Eight Fiscal Years (1)

<i>For the year ended September 30,</i>	2022(1)	2021(1)	2020(1)	2019(1)	2018(1)	2017(1)	2016(1)	2015(1)
Contractually required contribution**	\$ 35,465	\$ 35,018	\$ 34,258	\$ 32,331	\$ 30,519	\$ 30,205	\$ 29,849	\$ 31,294
Contributions in relation to the actuarially determined contribution	35,465	35,018	34,258	32,331	30,519	30,205	29,849	31,294
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	\$ 2,137,189	\$ 2,108,768	\$ 2,050,433	\$ 1,985,261	\$ 1,841,915	\$ 1,819,586	\$ 1,798,143	\$ 1,885,154
Contributions as a percentage of covered payroll	1.66%	1.66%	1.67%	1.63%	1.66%	1.66%	1.66%	1.66%

(1) Information is not available for years prior to 2015. This schedule is intended to show information for 10 years and additional years will be presented as it becomes available.

*Employer's covered payroll during the fiscal year is the total paid to covered employees (not just pensionable payroll). For fiscal year 2022, the period is October 1, 2021 through September 30, 2022.

**The amount contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: FLORIDA RETIREMENT SYSTEMS (FRS)

The following actuarial assumptions changed in 2022:

- Actuarial valuation date updated from June 30, 2021 to June 30, 2022.
- The long-term expected rate of return was decreased from 6.80% to 6.70%.

Note 2: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions changed in 2022:

- The demographic assumptions for Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%.

Note 3: OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)

There were no significant changes in actuarial valuation or assumptions.

**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**

Honorable Mayor and Members of
the City Council
City of Chipley, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Chipley, Florida (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 30, 2023.

Internal Control Over Financial Reporting

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

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* 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 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 or significant deficiencies may exist that were not identified.

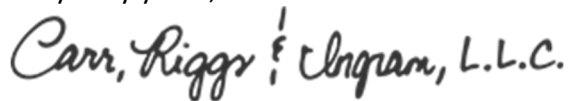
Report on Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Very truly yours,

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive style.

CARR, RIGGS & INGRAM, LLC
Enterprise, Alabama
June 30, 2023



Carr, Riggs & Ingram, LLC
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Enterprise, AL 36331

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT
INVESTMENT POLICIES**

Honorable Mayor and Members of
the City Council
City of Chipley, Florida

We have examined City of Chipley, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, respectively, during the year ended September 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022.

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

Very truly yours,

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive style.

CARR, RIGGS & INGRAM, LLC
Enterprise, Alabama
June 30, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550 RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and Members
of the City Council
City of Chipley, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and Major State Project

We have audited the City of Chipley, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2022. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General of the State of Florida. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

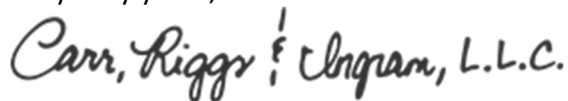
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.

Very truly yours,



CARR, RIGGS & INGRAM, LLC
Enterprise, Alabama
June 30, 2023

City of Chipley, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance

Federal Agency			Passed	
Pass-Through Entity			Through to	
Federal Program	ALN	Grant I.D. Number	Subrecipients	Expenditures
U.S. Department of Agriculture				
Pass-through Florida Department of Agriculture and Consumer Services				
Waste Disposal Systems for Rural Communities	10.760	SG670112	-	6,722,919
Community Facilities Loan and Grant Program*	10.766	N/A	-	41,570
Department total			-	6,764,489
U.S. Department of Transportation				
Direct Award				
Pipeline and Hazardous Materials Safety Administration, Technical Assistance Grants	20.710	PH956-21-0159	-	20,900
U.S. Department of Treasury				
Direct Award				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19 Y5052	-	264,917
U.S. Department of Justice				
Pass-through Florida Department of Law Enforcement				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	COVID-19 2020-CESF-WASH-1-C9-087	-	13,046
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-JAGD-WASH-2-4B-039	-	1,053
Direct Award				
Equitable Sharing Program	16.922	N/A	-	4,000
Department total			-	18,099
Total Expenditures of Federal Awards			\$ -	\$ 7,068,405

*Community Facilities Loan and Grant Cluster

- Continued -

See independent auditors' report and accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

City of Chipley, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (Continued)

State Agency			Passed	
Pass-Through Entity			Through to	
State Project	CSFA	Grant I.D. Number	Subrecipients	Expenditures
<hr/>				
Florida Department of Environmental Protection				
Small Community Wastewater Facility Grant	37.075	WSG670112	\$ -	\$ 2,347,953
Florida Recreation Development Assistance Program	37.017	A21047	-	964
<hr/>				
Department total			-	2,348,917
<hr/>				
Florida Department of Economic Opportunity				
Regional Rural Development and Rural Infrastructure Fund	40.042	D0190	-	79,035
Regional Rural Development and Rural Infrastructure Fund	40.042	D0163	-	200,100
<hr/>				
CSFA 40.042/Department total			-	279,135
<hr/>				
Total Expenditures of State Financial Assistance			\$ -	\$ 2,628,052
<hr/> <hr/>				

See independent auditors' report and accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

City of Chipley, Florida
Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance
For the Year Ended September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes federal and state spending of the City of Chipley (the "City") and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the City, it is not intended and does not represent the financial position of the City.

Note 2: INDIRECT COST

The City has not elected to use the 10% de minimis indirect cost rate.

Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The City did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2022. The City had an ending loan balance of \$2,404,000 as of September 30, 2022 related to financing of the Florida Department of Environmental Protection state project under CSFA 37.075.

Note 4: SUB-RECIPIENTS

During the year ended September 30, 2022 the City had no sub-recipients.

Note 5: NONCASH ASSISTANCE AND OTHER

The City did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2022.

Note 6: CONTINGENCIES

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

City of Chipley, Florida
Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance
For the Year Ended September 30, 2022

Note 7: FEDERAL AND STATE PASS-THROUGH FUNDS

The City is also a sub-recipient of federal and state funds that have been subjected to testing and are reported as expenditures and listed as federal or state pass-through funds. Federal awards and state financial assistance other than those indicated as “pass-through” are considered direct.

City of Chipley, Florida
Schedule of Findings and Questioned Costs – Federal Programs
and State Projects
For the Year Ended September 30, 2022

Section I: Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs | |

Assistance Listing Number (ALN)	Federal Program
10.760	Waste Disposal Systems for Rural Communities
5. Dollar threshold used to distinguish between type A and type B programs	\$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	Yes

State Projects

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major projects | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General | None noted |
| 4. Identification of major projects | |

City of Chipley, Florida
Schedule of Findings and Questioned Costs – Federal Programs
and State Projects
For the Year Ended September 30, 2022

CSFA	Federal Program
37.075	Small Community Wastewater Facility Grant
5. Dollar threshold used to distinguish between type A and type B projects	\$750,000

Section II: Financial Statements Findings

No such findings noted.

Section III: Federal Award Findings and Questioned Costs

No such findings noted.

Section IV - State Projects Findings and Questioned Costs

The audit did not disclose any audit findings required to be reported pursuant to Section 10.557, Rules of the Auditor General. (Section 10.554(1)(l)1.f, Rules of the Auditor General).

Section V – Summary Schedule of Prior Audit Findings

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs or State projects (Sections 10.557(3)(e)5. and 10.656(3)(d)5., Rules of the Auditor General).



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and
Members of the City Council
City of Chipley, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Chipley, Florida (the "City") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 30, 2023.

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 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance, Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City 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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Community Redevelopment Agency ("CRA") reported:

- a. The total number of district employees compensated in the last pay period of the CRA's fiscal year was 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year was 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$0.
- e. No construction projects with a total cost of at least \$65,000 were approved by the district that is scheduled to begin on or after October 1 of the fiscal year.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is presented herein on page 19.

Additional Matters

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

Purpose of this Letter

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

Very truly yours,

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama

June 30, 2023