

CITY OF GRETNA, FLORIDA
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**CITY OF GRETNA, FLORIDA
 AUDITED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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INDEPENDENT AUDITOR’S REPORT

To the City Council
City of Gretna, Florida:

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gretna, Florida (the “City”), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and utility fund of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion of the General Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the City as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 21, 2025

**CITY OF GRETNA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

As management of the City of Gretna, Florida (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

The assets of the City, as reported in the government-wide financial statements, exceeded the liabilities as of September 30, 2023, by \$6,354,717 (net position). This amount represents a decrease of \$504,932 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information present for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

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

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

Proprietary Funds

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

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21-40 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information and pension liability. Required information can be found on pages 41-45 of this report.

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$6,354,717 at the close of the most recent fiscal year.

A large portion of the City's net position (130%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET POSITION

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

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

STATEMENT OF NET POSITION

	2022		
	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 629,824	\$ 658,686	\$ 1,288,510
Capital Assets, Net	5,172,009	3,896,512	9,068,521
Total Assets	<u>5,801,833</u>	<u>4,555,198</u>	<u>10,357,031</u>
Deferred Outflows	<u>205,714</u>	<u>88,151</u>	<u>293,865</u>
Current Liabilities	852,342	1,049,334	1,901,676
Long-term Liabilities	112,202	697,650	809,852
Net Pension Liabilities	<u>841,994</u>	<u>360,858</u>	<u>1,202,852</u>
Total Liabilities	<u>1,806,538</u>	<u>2,107,842</u>	<u>3,914,380</u>
Deferred Inflows	<u>(86,193)</u>	<u>(36,940)</u>	<u>(123,133)</u>
Net Position			
Net Investment in Capital Assets	5,095,702	3,175,329	8,271,031
Restricted for Debt Service	76,307	198,408	274,715
Unrestricted	<u>(884,807)</u>	<u>(801,290)</u>	<u>(1,686,097)</u>
Total Net Position	<u>\$ 4,287,202</u>	<u>\$ 2,572,447</u>	<u>\$ 6,859,649</u>

An additional portion of the City's net position, \$207,729, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental activities decreased the City's net position by \$485,069 in the most recent fiscal year.

Key elements of this change is the increase in liabilities related to deferred revenue and the net pension liability.

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

STATEMENT OF CHANGES IN NET POSITION

	2023		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	\$ -	\$ 911,748	\$ 911,748
Operating Grants and Contributions	46,000	-	46,000
Capital Grants and Contributions	15,730	238,823	254,553
General Revenues:			
Taxes, Licenses and Permits	292,699	49,461	342,160
Intergovernmental	549,593	-	549,593
Miscellaneous and Other	308,325	177,935	486,260
Total Revenues	<u>1,212,347</u>	<u>1,377,967</u>	<u>2,590,314</u>
Expenses:			
General Government	815,810	-	815,810
Transportation	161,272	-	161,272
Public Safety	512,033	-	512,033
Physical Environment	69,494	-	69,494
Culture and Recreation	134,346	-	134,346
Interest on Long-term Debt	4,460	-	4,460
Business-type Activities	-	1,397,831	1,397,831
Total Expenses	<u>1,697,416</u>	<u>1,397,831</u>	<u>3,095,247</u>
Excess (Deficiency) of Revenues over (Under) expenditures	<u>(485,069)</u>	<u>(19,864)</u>	<u>(504,933)</u>
Other Financing Sources (Uses)			
Transfers In	62,347	-	62,347
Transfers Out	-	(62,347)	-
Total Other Financing Sources (Uses)	<u>62,347</u>	<u>(62,347)</u>	<u>62,347</u>
Increase (Decrease) in Net Position	<u>(422,722)</u>	<u>(82,211)</u>	<u>(504,933)</u>
Net Position, Beginning of Year	<u>4,287,202</u>	<u>2,572,448</u>	<u>6,859,650</u>
Net Position, End of Year	<u>\$ 3,864,480</u>	<u>\$ 2,490,237</u>	<u>\$ 6,354,717</u>

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

STATEMENT OF CHANGES IN NET POSITION

	2022		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	\$ -	\$ 1,106,873	\$ 1,106,873
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	145,048	20,889	165,937
General Revenues:			
Taxes, Licenses and Permits	279,683	63,290	342,973
Intergovernmental	382,770	-	382,770
Miscellaneous and Other	197,919	167,601	365,520
Total Revenues	<u>1,005,420</u>	<u>1,358,653</u>	<u>2,364,073</u>
Expenses:			
General Government	1,619,041	-	1,619,041
Transportation	134,311	-	134,311
Public Safety	542,407	-	542,407
Physical Environment	21,446	-	21,446
Culture and Recreation	105,930	-	105,930
Interest on Long-term Debt	6,569	-	6,569
Business-type Activities	-	1,756,020	1,756,020
Total Expenses	<u>2,429,704</u>	<u>1,756,020</u>	<u>4,185,724</u>
Excess (Deficiency) of Revenues over (Under) expenditures	<u>(1,424,284)</u>	<u>(397,367)</u>	<u>(1,821,650)</u>
Net Position, Beginning of Year	<u>5,711,486</u>	<u>2,969,814</u>	<u>8,681,300</u>
Net Position, End of Year	<u>\$ 4,287,202</u>	<u>\$ 2,572,447</u>	<u>\$ 6,859,650</u>

**CITY OF GRETNA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Business-type Activities

Business-type activities decreased the City's net position by \$19,864 in the most recent fiscal year.

The key element of this change was an increase in expenses related to the change in pension liabilities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental fund reported an ending fund balance of (\$541,098), a decrease of \$357,688 in comparison with the prior year. The (\$550,774) constitutes unassigned fund balance, which is available for spending at the government's discretion and \$9,676 represents fund balance restricted for debt service. The general fund is the chief operating fund of the City.

Proprietary Funds

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

Unrestricted net position of the utility funds at the end of the year amounted to (\$1,079,540). The total decrease in net position for the fund was \$82,211. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

GENERAL BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$8,411,236 (net of accumulated depreciation and debt). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and roads. The City's investment in capital assets increased \$140,205 in the current year.

Additional information on the City's capital assets can be found in Note 5, on page 31 of this report.

**CITY OF GRETNA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Long-term Debt

At the end of the current fiscal year, the City had long-term debt related to bonds, notes, and lease payables outstanding of \$716,158.

	Schedule of Long-term Debt		
	Governmental Activities	Business-type Activities	Total
Revenue Bonds Payable	\$ -	\$ 514,582	\$ 514,582
Notes Payable	-	89,615	89,615
Leases Payable	74,397	37,564	111,961
Total	<u>\$ 74,397</u>	<u>\$ 641,761</u>	<u>\$ 716,158</u>

Additional information on the City’s long-term debt can be found in Note 6 on pages 32-33 of this report.

NEXT YEAR’S BUDGETS AND ECONOMIC FACTORS

In considering the City’s budget for the fiscal year 2022-2023, the City Commission and management continued to be cautious as to the growth of revenues and expenditures. Looking forward to the preparation of the fiscal 2023-2024 budget, the City anticipates revenue growth in property taxes and state revenue sharing as a result of the strengthening economy. The City does expect to continue to see growth in its water and wastewater enterprises as the result of the City Commission’s adoption of a financial sustainability plan for both enterprises. The sustainability plan, adopted in fiscal year 2021, included an automatic minimum 2% increase in all customer classifications annually. As a result of the utility fiscal performance in 2024 the City anticipates a greater than 2% increase in user fees.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Gretna, Florida’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City Manager, 14615 Main Street, Gretna, FL 32351-2328 or via email at ajefferon@mygretna.com.

CITY OF GRETNA, FLORIDA
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

CITY OF GRETNA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Assets	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 266,971	\$ 200	\$ 267,171
Equity in Pooled Cash	-	53,044	53,044
Receivables, Net	-	114,672	114,672
Due from Other Governments	52,586	311,698	364,284
Due from Other Funds	-	31,353	31,353
Restricted Cash	9,676	198,053	207,729
Capital Assets not Being Depreciated	1,444,207	99,375	1,543,582
Buildings, Net	456,946	-	456,946
Infrastructure, Net	2,068,341	3,072,301	5,140,642
Furniture and Equipment, Net	1,144,414	841,808	1,986,222
Total Assets	5,443,141	4,722,504	10,165,645
 Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	175,310	75,123	250,433
 Liabilities			
Accounts Payable and Accrued Expenses	58,644	230,415	289,059
Unearned Revenues	811,687	976,108	1,787,795
Customer Deposits	-	63,493	63,493
Due to Other Funds	-	31,353	31,353
Due Within One Year:			
Loans Payable	42,028	34,067	76,095
Bonds Payable	-	36,000	36,000
Due In More Than One Year:			
Compensated Absences	33,933	32,031	65,964
Loans Payable	32,368	93,110	125,478
Bonds Payable	-	478,583	478,583
Net Pension Liability	883,840	378,736	1,262,576
Total Liabilities	1,862,500	2,353,896	4,216,396
 Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	(108,529)	(46,506)	(155,035)
 Net Position			
Net Investment in Capital Assets	5,039,512	3,371,724	8,411,236
Restricted for Debt Service	9,676	198,053	207,729
Unrestricted	(1,184,708)	(1,079,540)	(2,264,248)
Total Net Position	\$ 3,864,480	\$ 2,490,237	\$ 6,354,717

See accompanying Notes to Financial Statements

**CITY OF GRETNA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General Government	\$ 815,810	\$ -	\$ 46,000	\$ -	\$ (769,810)	\$ -	\$ (769,810)
Transportation	161,272	-	-	15,730	(145,542)	-	(145,542)
Public Safety	512,033	-	-	-	(512,033)	-	(512,033)
Physical Environment	69,494	-	-	-	(69,494)	-	(69,494)
Culture and Recreation	134,346	-	-	-	(134,346)	-	(134,346)
Interest Expense	4,460	-	-	-	(4,460)	-	(4,460)
Total Governmental Activities	1,697,416	-	-	15,730	(1,635,686)	-	(1,635,686)
Business- Type Activities							
Water and Wastewater	1,195,219	732,610	-	238,823	-	(223,786)	(223,786)
Solid Waste	202,612	179,139	-	-	-	(23,473)	(23,473)
Total Business Activities	1,397,831	911,748	-	238,823	-	(247,260)	(247,260)
Total Primary Government	\$ 3,095,247	\$ 911,748	\$ -	\$ 254,553	(1,635,686)	(247,260)	(1,882,946)
General Revenues							
					156,657	-	156,657
					107,118	49,461	156,579
					28,924	-	28,924
					549,593	-	549,593
					308,325	177,935	486,260
					62,347	(62,347)	-
					1,212,964	165,049	1,378,013
					(422,722)	(82,211)	(504,933)
					4,287,202	2,572,448	6,859,650
					\$ 3,864,480	\$ 2,490,237	\$ 6,354,717

See accompanying Notes to Financial Statements

**CITY OF GRETNA, FLORIDA
BALANCE SHEET-GOVERNMENTAL
SEPTEMBER 30, 2023**

	General Fund
Assets	
Cash & Cash Equivalents	\$ 266,971
Restricted Cash	9,676
Due from Other Governments	52,586
Total Assets	329,233
 Liabilities and Fund Balance	
Liabilities	
Accounts Payable and Accrued Expenses	58,644
Deferred Revenue	811,687
Total Liabilities	870,331
 Fund Balance	
Unassigned	(550,774)
Restricted	9,676
Total Fund Balance	(541,098)
 Total Liabilities and Fund Balance	 \$ 329,233

See accompanying Notes to Financial Statements

**CITY OF GRETNA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Total Fund Balances of Governmental Funds \$ (541,098)

Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:

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

Governmental capital assets	7,204,579
Less accumulated depreciation	(2,090,671)

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

Deferred outflows	175,310
Net pension liability	(883,840)
Deferred inflows	108,529

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

Compensated absences and other long-term accrued liabilities	(33,933)
Notes and lease payable	(74,396)

Total Net Position of Governmental Activities \$ 3,864,480

CITY OF GRETNA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund
Revenues	
Ad Valorem	\$ 156,657
Utility Taxes	105,859
Licenses and Permits	28,924
Intergovernmental	549,593
Grants	61,730
Fines and Forfeitures	1,259
Rent	10,156
Interest Income	151
Miscellaneous	298,018
Total Revenues	1,212,347
Expenditures	
Current:	
General Government	638,098
Transportation	161,272
Public Safety	489,564
Physical Environment	69,494
Culture and Recreation	130,261
Debt Service:	
Principal	41,019
Interest	4,460
Capital Outlay	98,214
Total Expenditures	1,632,382
Excess (Deficiency) of Revenues Over (Under) Expenditures	(420,035)
Other Financing Sources (Uses)	
Transfers In	62,347
Total Other Financing Sources (Uses)	62,347
Net Change in Fund Balances	(357,688)
Fund (Deficit) Balance, Beginning of Year	(183,410)
Fund (Deficit) Balance, End of Year	\$ (541,098)

See accompanying Notes to Financial Statements

**CITY OF GRETNA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Net Change in Fund Balances - Total Governmental Funds	\$ (357,688)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:

Capital outlay	98,214	
Depreciation expense	<u>(156,315)</u>	(58,101)

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

Changes in:

Net pension liability	(41,846)	
Deferred outflows related to net pension liability	(30,404)	
Deferred inflows related to net pension liability	<u>22,336</u>	(49,914)

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

Notes Payable - Equipment	41,019	
Accrued Annual Leave	<u>1,962</u>	<u>42,981</u>

Change in Net Position of Governmental Activities	<u>\$ (422,722)</u>
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CITY OF GRETNA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2023

	Business-Type Activities		
	Water and Sewer Fund	Solid Waste Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 200	\$ -	\$ 200
Equity in Pooled Cash	53,044	-	53,044
Receivables (Net)	95,582	19,090	114,672
Due from Other Funds	27,866	3,487	31,353
Due from Other Governments	311,698	-	311,698
Total Current Assets	488,390	22,577	510,967
Noncurrent Assets			
Restricted Assets			
Cash and Cash Equivalents	171,077	26,976	198,053
Capital Assets, Net	3,916,825	96,659	4,013,484
Total Noncurrent Assets	4,087,902	123,635	4,211,537
Total Assets	4,576,292	146,212	4,722,504
Deferred Outflows			
Deferred Outflows Related to Pensions	75,123	-	75,123
Liabilities			
Accounts Payable and Accrued Expenses	226,876	3,539	230,415
Customer Deposits	39,912	23,581	63,493
Due to Other Funds	31,353	-	31,353
Deferred Grant Revenue	976,108	-	976,108
Due Within One Year:			
Loans Payable	3,301	30,766	34,067
Bonds Payable	36,000	-	36,000
Due in More Than One Year:			
Compensated Absence	27,462	4,569	32,031
Loans Payable	93,110	-	93,110
Bonds Payable	478,583	-	478,583
Net Pension Liability	378,736	-	378,736
Total Liabilities	2,291,441	62,455	2,353,896
Deferred Inflows			
Deferred Inflows Related to Pensions	(46,506)	-	(46,506)
Net Position			
Net Investment in Capital Assets	3,305,831	65,893	3,371,724
Restricted for Debt Service	171,077	26,976	198,053
Unrestricted	(1,070,428)	(9,112)	(1,079,540)
Total Net Position	\$ 2,406,480	\$ 83,757	\$ 2,490,237

See accompanying Notes to Financial Statements

CITY OF GRETNA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities		
	Water and Sewer	Solid Waste	Total
	Fund	Fund	
Operating Revenues			
Charges for Services	\$ 732,610	\$ 179,139	\$ 911,748
Tax Revenues	49,461	-	49,461
Miscellaneous Revenues	202,875	-	202,875
Total Operating Revenue	<u>984,946</u>	<u>179,139</u>	<u>1,164,084</u>
Operating Expenses			
Salaries and Benefits	421,442	72,753	494,195
Operating Expenses	96,504	38,840	135,344
Professional Services	110,194	30,867	141,061
Insurance	30,641	13,132	43,773
Utilities	160,784	5,249	166,033
Repairs and Maintenance	78,418	14,043	92,461
Depreciation	297,236	27,728	324,964
Total Operating Expenses	<u>1,195,219</u>	<u>202,612</u>	<u>1,397,831</u>
Operating Income (Loss)	<u>(210,273)</u>	<u>(23,473)</u>	<u>(233,747)</u>
Nonoperating Revenues (Expenses)			
Grant Revenue	238,823	-	238,823
Interest Income	329	4,753	5,082
Interest Expense	(27,430)	(2,592)	(30,022)
Total Nonoperating Revenues (Expenses)	<u>211,722</u>	<u>2,161</u>	<u>213,883</u>
Income (Loss) Before Transfers	1,449	(21,312)	(19,864)
Transfers			
Transfers In	-	30,212	30,212
Transfers Out	(91,422)	(1,137)	(92,559)
Total Transfers	<u>(91,422)</u>	<u>29,075</u>	<u>(62,347)</u>
Change in Net Position	(89,973)	7,763	(82,211)
Net Position, Beginning of Year	<u>2,496,453</u>	<u>75,994</u>	<u>2,572,448</u>
Net Position, End of Year	<u>\$ 2,406,480</u>	<u>\$ 83,757</u>	<u>\$ 2,490,237</u>

See accompanying Notes to Financial Statements

**CITY OF GRETNA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Business-type Activities Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 984,946	\$ 173,172	\$ 1,158,118
Cash paid to employees	(416,408)	(72,254)	(488,662)
Cash paid to suppliers	(445,900)	(102,131)	(548,031)
Net Cash Provided by (Used in) Operating Activities	122,638	(1,213)	121,425
Cash Flows from Noncapital and Related Financing Activities			
Operating Transfers In	-	30,212	30,212
Operating Transfers Out	(91,422)	(1,137)	(92,559)
Net Cash Provided by (Used in) Noncapital Financing Activities	(91,422)	29,075	(62,347)
Cash Flows from Capital and Related Financing Activities			
Grants	238,823	-	238,823
Interest income	329	4,753	5,082
Principal paid on long-term debt	(49,926)	(29,497)	(79,423)
Interest paid on long-term debt	(27,430)	(2,592)	(30,022)
Purchase of fixed assets	(441,936)	-	(441,936)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(280,140)	(27,336)	(307,476)
Net Increase (Decrease) in Pooled Cash and Cash Equivalents	(248,924)	526	(248,398)
Pooled Cash and Cash Equivalents, Beginning of Year	473,245	26,450	499,695
Pooled Cash and Cash Equivalents, End of Year	\$ 224,321	\$ 26,976	\$ 251,297
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (210,273)	\$ (23,473)	\$ (233,747)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	297,236	27,728	324,964
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease)			
Accounts receivable, net	50,287	11,088	61,375
Due from other funds	(26,883)	(1,710)	(28,593)
Due from other governments	(311,698)	-	(311,698)
Deferred outflow	13,028	-	13,028
Accounts payable and accrued liabilities	206,792	(411)	206,381
Due to other funds	28,593	(17,056)	11,537
Customer deposits	2,609	6,525	9,134
Deferred revenue	72,875	-	72,875
Compensated absences	(8,240)	(3,904)	(12,144)
Net pension liability	17,878	-	17,878
Deferred inflow	(9,566)	-	(9,566)
Total adjustments	332,911	22,260	355,171
Net Cash Provided by (Used in) Operating Activities	\$ 122,638	\$ (1,213)	\$ 121,425

See accompanying Notes to Financial Statements

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

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

Blended Component Units

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

Discretely Presented Component Units

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

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

CITY OF GRETN, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes, franchise fees, communications taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are measurable and available only when received by the City.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

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

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

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

Assets, Liabilities and Net Position

Cash, Equity in Pooled Cash and Investments

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

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

Investments, consisting of U.S. Governmental and agency securities, bonds, equity securities and mutual funds, are stated as fair value. The City did not have any investments during fiscal year 2023.

Allowance for Bad Debts

The City calculates its allowance for bad debts using historical collection data, specific account analysis, and management's judgement. As of September 30, 2023, the allowance for bad debts for the enterprise funds was \$4,904.

Inter-fund Transactions

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

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

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds” or “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Capital Assets

Capital assets, which include land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the City as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. During 2023, there was no interest to capitalize.

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

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

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

For government-wide statements and proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. There were no matured compensated absences as of September 30, 2023.

Net Position and Fund Balance

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

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

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

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

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

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

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

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Summary of Significant Accounting Policies (Concluded)

Property Taxes

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

No accruals for the property tax levy becoming due in November 2022 are included in the accompanying financial statements since the legal right to receive these taxes occurs on November 1, 2022, and such taxes are collected to finance expenditures for the fiscal year ending September 20, 2023.

Use of Estimates

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

Statement of Cash Flows

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

Recently Issued Auditing Standards

The City implemented Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (“SBITA’s”), in fiscal year 2023. The City has no SBITA’s that require recognition under GASBS No. 96.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

As of September 30, 2023, the value of the City’s deposits and investments in non-pension activities, with their respective credit ratings, were as follows:

	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Maturity</u>
Pooled Cash	\$ 53,044	N/A	N/A
Savings Cash	267,171	N/A	N/A
Restricted Cash	<u>207,729</u>	N/A	N/A
Total Cash and Investments	<u>\$ 527,944</u>		

As of September 30, 2023, the City had no investments. All deposits with financial institutions are fully insured or collateralized as required by the City Commission. The deposits are also covered by federal depository insurance and, for the amount more than such depository insurance, by the State of Florida’s Public Deposits Act (the “Act”). The provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

Restricted cash represents the following:

Fines and Forfeitures	\$ 9,676
Debt Service	<u>198,053</u>
	<u>\$ 207,729</u>

Note 3 – Receivables and Due from Other Governments

Receivables as of September 30, 2023, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts Receivable	\$ -	\$ 119,576	\$ 119,576
Less: Allowance for Bad Debts	<u>-</u>	<u>(4,904)</u>	<u>(4,904)</u>
Net Accounts Receivable	<u>\$ -</u>	<u>\$ 114,672</u>	<u>\$ 114,672</u>

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 3 – Receivables and Due from Other Governments

The accounts receivable represent approximately one month of billings for the enterprise funds.

The general fund had a due from other governments receivable of \$52,586. This receivable is comprised of grant receivables of \$37,280 and state tax receivables of \$15,306. The enterprise funds had a due from other governments receivable of \$311,698 which is all related to grants.

NOTE 4 – Interfund Receivables/Payables and Transfers

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

	<u>Due To</u>	<u>Due From</u>	<u>Net</u>
Water and Sewer Fund	\$ 3,487	\$ -	\$ 3,487
Solid Waste Fund	-	3,487	3,487
Net Due To/From	<u>\$ 3,487</u>	<u>\$ 3,487</u>	<u>\$ -</u>

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

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net Transfers</u>
General Fund	\$ 62,347	\$ -	\$ 62,347
Water and Sewer Fund	-	(91,422)	(91,422)
Solid Waste Fund	30,212	(1,137)	29,075
Net Transfers	<u>\$ 92,559</u>	<u>\$ (92,559)</u>	<u>\$ -</u>

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

CITY OF GRETNNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 5 - Capital Assets

	Balance		Balance	
	September 30,		September 30,	
	2022	Increase	Decrease	2023
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,444,207	\$ -	\$ -	\$ 1,444,207
Construction in Process	-	37,280	-	37,280
Total Capital Assets, Not Being Depreciated	<u>1,444,207</u>	<u>37,280</u>	<u>-</u>	<u>1,481,487</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,268,471	-	-	1,268,471
Infrastructure	2,556,528	-	(11,907)	2,544,621
Equipment and Other	1,837,159	72,841	-	1,910,000
Total Capital Assets, Being Depreciated	<u>5,662,158</u>	<u>72,841</u>	<u>(11,907)</u>	<u>5,723,092</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(781,393)	(30,132)	-	(811,525)
Improvements other than Buildings	(476,247)	(37,313)	-	(513,560)
Equipment and Other	(676,716)	(88,870)	-	(765,586)
Total Accumulated Depreciation	<u>(1,934,356)</u>	<u>(156,315)</u>	<u>-</u>	<u>(2,090,671)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,727,802</u>	<u>(83,474)</u>	<u>(11,907)</u>	<u>3,632,421</u>
Total Governmental Capital Assets, Net	<u>\$ 5,172,009</u>	<u>\$ (46,194)</u>	<u>\$ (11,907)</u>	<u>\$ 5,113,908</u>

Business-Type Activities:

Capital Assets, Not Being Depreciated:				
Construction in Process	\$ -	\$ 99,375	\$ -	\$ 99,375
Total Capital Assets, Not Being Depreciated	<u>-</u>	<u>99,375</u>	<u>-</u>	<u>99,375</u>
Capital Assets, Being Depreciated				
Infrastructure	8,871,009	-	-	8,871,009
Furniture, Fixtures and Equipment	1,907,932	342,561	-	2,250,493
Total Capital Assets, Being Depreciated	<u>10,778,941</u>	<u>342,561</u>	<u>-</u>	<u>11,121,502</u>
Less Accumulated Depreciation for:				
Infrastructure	(5,617,085)	(181,623)	-	(5,798,708)
Furniture, Fixtures and Equipment	(1,265,344)	(143,341)	-	(1,408,685)
Total Accumulated Depreciation	<u>(6,882,429)</u>	<u>(324,964)</u>	<u>-</u>	<u>(7,207,393)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,896,512</u>	<u>17,597</u>	<u>-</u>	<u>3,914,109</u>
Total Business-Type Capital Assets, Net	<u>\$ 3,896,512</u>	<u>\$ 17,597</u>	<u>\$ -</u>	<u>\$ 4,013,484</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 135,994	Water and Sewer	\$ 297,236
Public Safety	17,195	Solid Waste	27,728
Culture and Recreation	<u>3,126</u>	Total	<u>\$ 324,964</u>
Total	<u>\$ 156,315</u>		

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 6 – Long-term Debt

Governmental Activities Long-term Debt

Enterprise Lease

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

Ford Motor Lease

The City entered into lease agreements for two Ford trucks. Both leases are for four years with annual payments of \$12,238. The City has one year remaining on both leases.

Business-type Activities Long-term Debt

Water and Sewer Revenue Bonds, Series 1995

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

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

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

Water and Sewer Revenue Bonds, Series 1996

On December 10, 1992, the U.S. Department of Agriculture, Farmers Home Administration (“FMHA”), approved the City’s \$1,530,000 (loan of \$800,000 and grant funds of \$730,000) grant and loan application for improvements to its wastewater disposal system. In connection therewith, the City entered into a purchase agreement to acquire property to extend the effluent disposal line into the southern portion of Gadsden County and purchase land for percolation ponds, and other necessary items aggregating \$100,000. FMHA’s approval of the application contained several special conditions and was based upon the needs of the City together with sewer needs of a new prison that will be using the City’s utilities. On May 1996, the FMHA increased the loan by \$276,000 and the grant by \$184,000. As of September 30, 2003, the City has drawn down the entire \$800,000 from the loan and \$730,000 from the grant. As of September 30, 2023, there were no outstanding construction commitments related to the wastewater treatment system.

Enterprise Lease

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

CITY OF GRETN, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 6 – Long-term Debt (Continued)

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
Governmental Activities:					
GMC Truck-City Hall	\$ 31,261	\$ -	\$ (7,539)	\$ 23,722	\$ 7,539
GMC Truck-Police	31,261	-	(7,538)	23,723	7,538
Ford Truck-Police	26,447		(12,971)	13,476	13,476
Ford Truck-Police	26,447		(12,971)	13,476	13,476
Total Governmental Activities	115,416	-	(41,019)	74,397	42,029
Business-type Activities:					
Series 1995	402,794	-	(25,964)	376,830	27,000
Series 1996	146,281	-	(8,529)	137,752	9,000
GMC Truck	24,893	-	(6,111)	18,782	6,111
GMC Truck	24,893	-	(6,111)	18,782	6,111
DEP Loan	49,560	-	(3,211)	46,349	3,301
Garbage Truck	60,263	-	(29,497)	30,766	30,766
DEP Loan 2020	12,500	-	-	12,500	367
Total Business-type Activities	721,184	-	(79,423)	641,761	82,656
Total Long-term Debt	\$ 836,600	\$ -	\$ (120,442)	\$ 716,158	\$ 124,685

The annual requirements to pay principal on the outstanding obligations at September 30, 2023, are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 42,029	\$ 3,450	\$ 82,656	\$ 27,057
2025	15,076	1,258	53,482	24,021
2026	17,292	-	57,476	21,018
2027	-	-	45,454	19,120
2028	-	-	47,555	17,174
2029-2033	-	-	270,389	53,386
2034-2038	-	-	84,749	4,136
	\$ 74,397	\$ 4,708	\$ 641,761	\$ 165,912

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 7 – Grants

State Grants	CFS#	Contract #	Grant Amount	Expenses
Growth Management Implementation	40.042	P0472	\$ 46,000	\$ 46,000
Small County Outreach Program (SCOP)	55.009	G2154	230,376	13,230
Total State Grants			<u>276,376</u>	<u>59,230</u>

Federal Grants	ALN#	Contract #	Grant Amount	Expenses
Coronavirus SLFRF	21.027	WG065	1,790,000	26,500
Hazard Mitigation	97.039	H0693	41,537	32,108
Hazard Mitigation	97.039	H0665	270,539	180,215
Total Federal Grants			<u>2,102,076</u>	<u>238,823</u>
Total Grant Awards			<u>\$ 2,378,452</u>	<u>\$ 298,053</u>

Note 8 – Employee Retirement Plan

Defined Benefit Plans

Plan Description

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

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

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

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 8 – Employee Retirement Plan (Continued)

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City's contribution rates for the year ended September 30, 2022, were as follows:

	Year Ended June 30, 2023		Year Ended June 30, 2024	
	FRS(2)	HIS	FRS(2)	HIS
Regular Class	10.19%	1.66%	11.51%	1.66%
Elected City Officers	55.28%	1.66%	56.62%	1.66%
Senior Management	29.85%	1.66%	32.46%	1.66%
DROP Plan Participants	16.93%	1.66%	19.13%	1.66%
Reemployment Retiree	(1)	(0)	(1)	(0)

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

The City's contributions for the year ended September 30, 2023, were \$116,348 to FRS and \$12,379 to HIS.

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 8 – Employee Retirement Plan (Continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuation date July 1, 2023. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net Pension Liability	\$ 963,714	\$ 298,862
Proportion at:		
Current Measurement Date	0.002418545%	0.001881846%
Prior Measurement Date	0.002664317%	0.001996983%
Pension Expense (Benefit)	\$ 164,119	\$ 106,627

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 90,484	\$ -
Changes of Assumptions	62,823	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	40,247	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,487	(107,749)
Employer Contributions Subsequent to the Measurement Date	31,568	-
Total	<u>\$ 231,609</u>	<u>\$ (107,749)</u>

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 8 – Employee Retirement Plan (Continued)

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,375	\$ (701)
Changes of Assumptions	7,857	(25,897)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	154	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,812	(20,688)
Employer Contributions Subsequent to the Measurement Date	3,626	-
Total	\$ 18,824	\$ (47,286)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS	HIS
2024	\$ (6,245)	\$ (7,509)
2025	(40,042)	(6,052)
2026	135,434	(6,283)
2027	2,793	(6,999)
2028	354	(4,418)
Thereafter	-	(823)
Total	\$ 92,294	\$(32,084)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2023, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary Increase	3.25% Average, Including Inflation	3.25%
Discount Rate	6.70%	3.65%
Long-term Expected Rate of Return, Net of Investment Income	6.70%	N/A
Municipal Bond	N/A	3.65%

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 8 – Employee Retirement Plan (Continued)

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

For both plans, the actuarial assumptions used in the valuation date June 30, 2023, were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

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

Asset Class	Target Allocation	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	2.9%	2.6%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	<u>100%</u>			
Assumed Inflation-Mean			2.4%	1.4%

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 8 – Employee Retirement Plan (Concluded)

Discount Rate

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

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's Proportionate Share of the Net Pension Liability	\$ 1,646,219	\$ 963,714	\$ 392,716
	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's Proportionate Share of the Net Pension Liability	\$ 340,955	\$ 298,862	\$ 263,970

Pension Plans’ Fiduciary Net Position

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

Defined Contribution Plan

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

CITY OF GRETNA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 9 – Other Postemployment Benefits

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

Note 10 – Contingent and Commitments

Risk Management

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

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

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

Litigation

As of September 30, 2023, there exists no matters involving claims, unasserted possible claims, contingent liabilities or assessments for which there is any reasonable possibility that a City asset may be impaired, or litigation incurred.

Note 11 – Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 21, 2025, the date in which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

CITY OF GRETNA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

CITY OF GRETN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad Valorem	\$ 227,453	\$ 227,453	\$ 156,657	\$ (70,796)
Utility and Other Taxes		-	105,859	105,859
Licenses and Permits	18,100	18,100	28,924	10,824
Intergovernmental Revenues	3,949,109	3,949,109	549,593	(3,399,516)
Grants and Contributions	-	-	61,730	61,730
Fines and Forfeitures	1,500	1,500	1,259	(241)
Interest Income	-	-	151	151
Miscellaneous Revenues	228,120	228,120	308,174	80,054
Total Revenues	<u>4,424,282</u>	<u>4,424,282</u>	<u>1,212,347</u>	<u>(3,211,935)</u>
Expenditures				
Current:				
General Government	1,016,489	1,016,489	638,098	(378,391)
Transportation	161,701	161,701	161,272	(429)
Public Safety	571,199	571,199	489,564	(81,635)
Physical Environment	161,700	161,700	69,494	(92,206)
Culture and Recreation	2,910,450	2,910,450	130,261	(2,780,189)
Debt Service:				
Principal	29,143	29,143	41,019	11,876
Interest	-	-	4,460	4,460
Capital Outlay	-	-	98,214	98,214
Total Expenditures	<u>4,850,682</u>	<u>4,850,682</u>	<u>1,632,382</u>	<u>(3,218,300)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(426,400)</u>	<u>(426,400)</u>	<u>(420,035)</u>	<u>6,365</u>
Other Financing Sources (Uses)				
Transfers In	225,182	225,182	62,347	(162,835)
Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>225,182</u>	<u>225,182</u>	<u>62,347</u>	<u>(162,835)</u>
Net Change in Fund Balance	(201,218)	(201,218)	(357,688)	(156,470)
Fund Balance, Beginning of Year	201,218	201,218	(183,410)	(384,628)
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (541,098)</u>	<u>\$ (541,098)</u>

**CITY OF GRETNA, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Note 1 – Budgetary Information

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

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

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

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

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

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

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

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

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

**CITY OF GRETNA, FLORIDA
OFFICIALS
SEPTEMBER 30, 2023**

Gary L. Russ, Jr.
Mayor

James Payne
Mayor Pro-Tem

Evelyn Riley Goldwire
Commissioner-Seat 1

Jeff McNealy
Commissioner-Seat 3

Anthony J. Baker
Commissioner-Seat 4

Antonio Jefferson
City Manager

CITY OF GRETNA, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of City of Gretna, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated April 21, 2025.

Because the City's management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability as of September 30, 2023 in its financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds. The impact of such departure from generally accepted accounting principles would affect the deferred inflows, liabilities, deferred outflows, net position, and expenses in the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described as findings 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, and 2023-009; in the schedule of findings as noted in the table of contents to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described as findings 2023-005 and 2023-009, in the schedule of findings as noted in the table of contents.

Purpose of This Report

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 21, 2025

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Current Year Findings

2023-001 – Prepare Financial Statements in Accordance with GAAP and Significant Adjustments

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

Condition: Material adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP.

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

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

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

Management’s Response: The City has obtained the services of an experienced CPA who will assist in helping us maintain our accounting records.

2023-002 – Segregation of Duties

Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: The size of the City’s accounting staff precludes certain internal controls that would be preferred. We believe that certain practices could be implemented to improve existing internal control without impairing efficiency.

Cause: The size of the City’s accounting and administrative staff precludes certain internal controls that would be preferred – including the posting of journal entries to the accounting system without any evidence of review or approval by any individual not responsible for the creation and posting of the entry.

Effect: Increase in the potential of material misstatements of the financial statements or fraud.

Recommendation: We recommend management design and implement internal controls related to the journal entry process.

Management’s Response: We have instituted a process on routine journal entries where they are created and reviewed by the City Manager and another staff member for appropriateness. Recurring monthly journal entries will be completed within 30 days of the prior month’s end.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2023-003 – Bank and Investment Reconciliations

Criteria: Reconciling all cash and investment accounts accurately and on a timely basis is an essential internal control for preventing and detecting fraud.

Condition: We believe that certain practices should be implemented to ensure all cash accounts are reconciled to the accounting system accurately and on a timely basis.

Cause: Certain cash and investment accounts were not reconciled to the accounting system at the start of the audit. In addition, certain cash accounts that were reconciled, were not reconciled accurately or timely.

Effect: Failure to reconcile cash and investment accounts to the accounting system accurately on a timely basis could prevent management from preventing or detecting fraud. The actual cash balance in the pooled cash account at the end of the year was overstated.

Recommendation: We recommend management implement a process that will ensure all cash and investment accounts are reconciled to the accounting system on a timely basis and agree to the City's underlying records.

Management's Response: We will implement a process where all accounts are reconciled no later than 30 days of prior month's end.

2023-004 – Accounts Payable

Criteria: The ability to properly track vendor payables is an essential accounting function.

Condition: We noted the City does not utilize the features of the accounting system to generate an accounts payable aging detail.

Cause: The accounting system has this function, but it has not been fully implemented to track payables.

Effect: Failure to properly track vendor payables could produce a material misstatement of the financial statements.

Recommendation: We recommend management implement a system or process in which an accounts payable aging detail can be produced as of a point in time.

Management's Response: We agree with the finding and will change the accounting process to facilitate the entry of invoices immediately upon receipt.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2023-005 – Debt Compliance

Criteria: The City has various notes and bonds payables outstanding at year end with varying debt covenants. During our audit we became aware of covenants that were not met in accordance with the underlying debt agreements.

Condition: The City currently has outstanding revenue bonds through USDA related to the City water and sewer system. The bonds require that the City charge and collect an amount that will produce revenue which will be sufficient to pay the operating expenses of the system and be sufficient to provide future payments of principal and interest related to the bonds. The City's utility system did not produce enough revenue in the current year to sufficiently pay operating expenses and provide future debt service payments of principal and interest. Prior year reserves were utilized in order to cover the current year required payments. In addition, the bonds require the City to establish a renewal and replacement fund and make regularly scheduled transfers to the fund in accordance with the bond agreements. As of September 30, 2022, there have not been regular transfers into a renewal and replacement checking account.

Cause: Unfavorable financial performance related to certain utility funds.

Effect: Noncompliance with certain debt covenants.

Recommendation: We recommend management take action to become in compliance with all debt covenants.

Management's Response: The City consistently makes its bond payments on time each year and has maintained the assets as required by all bond covenants. In February of 2020, the City Commission adopted an Asset Management Plan which included an automatic minimum user rate adjustment of 2% per year to ensure the system's financial health.

2023-006 – Accounts Receivable and Utility Billings

Criteria: The ability to properly track monthly utility billings and the offsetting accounts receivable is an essential accounting function.

Condition: The City is not reconciling the detailed accounts receivable balance per customer report to the general ledger at the month's end.

Cause: The City is not reconciling monthly system generated journal entries for the utility billings to the general ledger accounting system.

Effect: Failure to properly post utility billings to the general ledger could produce a material misstatement of the financial statements.

Recommendation: We recommend management implement a system or process to review all postings to the general ledger for all utility billings.

Management's Response: We agree with the finding and will make changes to our billing process to ensure there are appropriate reviews of monthly billing before it is posted to the general ledger.

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2023-007 – Restricted Grant Revenue

Criteria: Grant revenue is restricted and is only to be used for the stated purpose of the grant.

Condition: In fiscal year 2020, the City received a grant advance to construct a new 350,000-gallon storage tank. The City has spent less than 3% of the funds on the project and has deferred the remaining revenue for the past two fiscal years. In this fiscal year, the City also received ARPA funds which are restricted for expenses related to fiscal recovery from the pandemic. The majority of this revenue was deferred. Both grant advances were deposited into the pooled operating cash and at the end of the fiscal year, cash balance was not enough to support the deferred revenue liability. The grant proceeds are being used to pay for normal operating expenses instead of their intended purposes.

Cause: The City is not collecting enough cash to cover the operating expenses and debt payments.

Effect: The City will not have the money to complete the projects that the advances were intended for and will have to find the cash to return to the granting agency.

Recommendation: We recommend management review the operating budget of the City and determine how these grant funds are going to be returned.

Management's Response: Due to revenue sharing restrictions related to untimely submission of audit reports and the requirements of other reimbursement-based state grants, we utilized funds available to meet obligations. The City will meet expectations for the referenced grants.

2023-008 – Fixed Asset Records

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

Condition: Property and equipment records were not complete per the requirements set by the state of Florida and the property and equipment is not being properly tagged. An inventory was not taken during the year ended September 30, 2022, that can be agreed to the general fixed asset records presented in the audit report.

Cause: The City is not maintaining accurate property and equipment records.

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

**CITY OF GRETNA, FLORIDA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Management's Response: We agree with the finding and will make the needed changes to avoid this finding in the future.

2023-009 – Required Supplementary Information Schedules

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

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

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

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

Management's Response: We agree with the finding and will make the needed changes to avoid this finding in the future.

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

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

We have examined the City of Gretna, Florida (the “City”), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 21, 2025

**MANAGEMENT LETTER IN ACCORDANCE WITH
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

Report on the Financial Statements

We have audited the financial statements of the City of Gretna, Florida (the “City”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 21, 2025.

Because the City’s management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability as of September 30, 2023 in its financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds. The impact of such departure from generally accepted accounting principles would affect the deferred inflows, liabilities, deferred outflows, net position, and expenses in the governmental activities, business-type activities, and Water, Sewer, and Solid Waste funds.

Auditor’s Responsibility

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

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Curent Year Finding No.	2021-22 FY Finding No.	2020-21 FY Finding No.
2023-001	2020-001	2020-001
2023-002	2020-006	2020-006
2023-003	2008-001	2008-001
2023-004	2008-002	2008-002
2023-005	2022-002	2022-002
2023-006	2020-006	2020-006
2023-007	2020-007	2020-007
2023-008	2020-008	2020-008
2023-009	2020-009	2020-009

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority is disclosed in the notes to the financial statements.

Financial Condition

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

- The City fails to collect enough operating revenue to cover operating expenses. Because of this the City is using restricted grant advances to cover normal operating expenses.

We recommend the City establish a financial plan to increase operating revenue or decrease operating expenses.

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

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 21, 2025