

**CITY OF CARRABELLE, FLORIDA**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**CITY OF CARRABELLE, FLORIDA  
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SEPTEMBER 30, 2024**

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**CITY OF CARRABELLE, FLORIDA  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2024**

**CITY COUNCIL**

Sebrina Brown, Mayor  
Anthony Millender  
Russell Walden  
William Gray  
Vance Pedrick

**CITY ADMINISTRATOR**

Courtney Dempsey

**CITY CLERK**

Keisha Messer



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council,  
City of Carrabelle, Florida:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carrabelle, Florida, (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Unmodified Opinion on each major governmental fund and the aggregate remaining fund information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information for the City, as of September 30, 2024, 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.

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

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities and Water and Sewer Fund, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, and Water and Sewer Fund of the City as of September 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

### ***Matters Giving Rise to Qualified Opinion on the Governmental Activities, Business-type Activities, and Water and Sewer Fund***

As discussed in Note (11) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Water and Sewer Fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, and the Water and Sewer 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *GAS*, we:

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

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

***Emphasis of Matter – Prior Period Restatements***

As discussed in Note (13) to the financial statements, after the September 30, 2023 financial statements were issued, two errors in the financial statements were identified related to cash and accounts payables. As a result, the beginning fund balance for the water and sewer fund as of September 30, 2023 has been restated in the current year financial statements. Our opinions are not modified with respect to this matter.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and other 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 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 opinions on the basic financial statements are not affected by this missing information

***Supplementary Information***

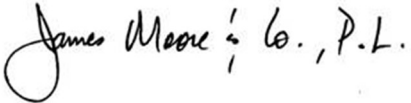
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s financial statements. The Schedule of Expenditures of Federal Awards and State Financial Assistance as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Federal Awards and State Financial Assistance as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Tallahassee, Florida  
September 5, 2025

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

**City of Carrabelle, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**

As management of the City of Carrabelle, Florida (hereinafter referred to as 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, 2024.

**Overview of the Financial Statements**

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

**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, culture and recreation and physical environment. The business-type activities of the City include a water and sewer operation and an airport operation.

**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 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 the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**City of Carrabelle, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**  
(Continued)

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

The City maintains two major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and special revenue fund, both of these are considered to be major funds.

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

**Proprietary funds.** The City maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operation and its airport operation.

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 operation, and the airport operation.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

**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.

### **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 exceeded liabilities by \$49,571,197 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$6,065,878 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

**City of Carrabelle, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**  
(Continued)

**Net Position**

	<b>2024</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 4,788,534	\$ 4,657,594	\$ 9,446,128
Capital assets	6,480,215	42,185,293	48,665,508
Total assets	<u>11,268,749</u>	<u>46,842,887</u>	<u>58,111,636</u>
Deferred outflows	179,823	130,505	310,328
Long-term liabilities outstanding	712,963	5,637,306	6,350,269
Net pension liability	779,481	565,698	1,345,179
Other liabilities	73,751	395,644	469,395
Total liabilities	<u>1,566,195</u>	<u>6,598,648</u>	<u>8,164,843</u>
Deferred inflows	618,385	67,539	685,924
Net position:			
Net investment in capital assets	5,807,007	36,614,774	42,421,781
Restricted	824,388	205,675	1,030,063
Committed	53,475	-	53,475
Unrestricted	2,579,122	3,486,756	6,065,878
Total net position	<u>\$ 9,263,992</u>	<u>\$ 40,307,205</u>	<u>\$ 49,571,197</u>

	<b>2023</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 4,710,631	\$ 5,368,371	\$ 10,079,002
Capital assets	6,706,783	43,218,325	49,925,108
Total assets	<u>11,417,414</u>	<u>48,586,696</u>	<u>60,004,110</u>
Deferred outflows	171,427	105,645	277,072
Long-term liabilities outstanding	745,893	5,512,397	6,258,290
Net pension liability	861,714	531,051	1,392,765
Other liabilities	224,938	1,355,355	1,580,293
Total liabilities	<u>1,832,545</u>	<u>7,398,803</u>	<u>9,231,348</u>
Deferred inflows	653,773	42,978	696,751
Net position:			
Net investment in capital assets	5,967,659	37,765,384	43,733,043
Restricted	667,294	177,325	844,619
Unrestricted	2,467,570	3,307,851	5,775,421
Total net position, as restated	<u>\$ 9,102,523</u>	<u>\$ 41,250,560</u>	<u>\$ 50,353,083</u>

**City of Carrabelle, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**  
(Continued)

**Changes in Net Position**

	<b>2024</b>		
	<b>Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 236,255	\$ 2,755,606	\$ 2,991,861
Operating grants and contributions	-	-	-
Capital grants and contributions	848,361	896,611	1,744,972
General revenues:			
Taxes	1,898,838	-	1,898,838
Intergovernmental and other	386,050	28,693	414,743
Total revenues	<u>3,369,504</u>	<u>3,680,910</u>	<u>7,050,414</u>
Expenses:			
General government	848,273	-	848,273
Public Safety	565,806	-	565,806
Transportation	468,761	-	468,761
Culture and recreation	969,175	-	969,175
Physical environment	333,820	-	333,820
Interest on long-term debt	22,200	-	22,200
Water and Sewer	-	4,301,029	4,301,029
Airport	-	230,041	230,041
Total expenses	<u>3,208,035</u>	<u>4,531,070</u>	<u>7,739,105</u>
Change in net position	161,469	(850,160)	(688,691)
<b>Net position</b> , beginning of year, as restated	9,102,523	41,157,365	50,259,888
<b>Net position</b> , end of year	<u>\$ 9,263,992</u>	<u>\$ 40,307,205</u>	<u>\$ 49,571,197</u>

	<b>2023</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 230,179	\$ 2,703,233	\$ 2,933,412
Operating grants and contributions	282,210	-	282,210
Capital grants and contributions	473,041	1,567,919	2,040,960
General revenues:			
Taxes	1,713,117	-	1,713,117
Intergovernmental and other	189,335	152,200	341,535
Total revenues	<u>2,887,882</u>	<u>4,423,352</u>	<u>7,311,234</u>
Expenses:			
General government	1,119,700	-	1,119,700
Public Safety	499,849	-	499,849
Transportation	373,619	-	373,619
Culture and recreation	436,560	-	436,560
Physical environment	277,998	-	277,998
Interest on long term debt	27,348	-	27,348
Water and Sewer	-	3,909,102	3,909,102
Airport	-	221,689	221,689
Total expenses	<u>2,735,074</u>	<u>4,130,791</u>	<u>6,865,865</u>
Change in net position	152,808	292,561	445,369
<b>Net position</b> , beginning of year	8,949,715	40,957,999	49,907,714
<b>Net position</b> , end of year, as restated	<u>\$ 9,102,523</u>	<u>\$ 41,250,560</u>	<u>\$ 50,353,083</u>

**City of Carrabelle, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**  
(Continued)

**Governmental activities.** Governmental activities increased the City's net position by \$161,469. The key element of this increase was:

- Grant revenue related to capital projects

**Business-type activities.** Business-type activities decreased the City's net position by \$850,160. The key element of this decrease was:

- Grant revenue related to capital projects

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

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on 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 funds reported combined ending fund balances of \$4,189,460, an increase of \$287,800 in comparison with the prior year. Approximately 79% of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *assigned, nonspendable and restricted* to indicate that it is not available for new spending because it has already been committed to generate income to pay for a variety of other restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,311,597 while total fund balance reached \$3,821,542. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 117 percent of total general fund expenditures, while total fund balance represents 135 percent of that same amount.

The fund balance of the City of Carrabelle, Florida's general fund increased by \$170,050 during the current fiscal year. The key factors in this increase were:

- Grant revenue related to capital projects

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

Unrestricted net position of the Water and Sewer fund and the Airport fund at the end of the year amounted to \$3,414,906 and \$71,850, respectively. The total increase in net position for the funds was \$850,160. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Carrabelle, Florida's business-type activities.

**City of Carrabelle, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**  
(Continued)

**General Fund Budgetary Highlights**

- General government and transportation expenditures were less than budgeted.

**Capital Asset and Debt Administration**

**Capital assets:** The City of Carrabelle, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2024, amounts to \$42,421,781 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and system, improvements, machinery and equipment, park facilities and roads.

Major capital asset events during the current fiscal year included the following:

- Water and sewer infrastructure improvements.
- Airport improvements.

Additional information on the City of Carrabelle, Florida's capital assets can be found in the notes to the financial statements as indicated in the table of contents.

**Right-to-use assets:** The City's right-to-use assets as of September 30, 2024, amount to \$62,263 (net of accumulated amortization).

**Long-term debt.** At the end of the current fiscal year, the City of Carrabelle, Florida had total debt outstanding of \$6,190,725, which was related to capital improvement debt. In addition, lease liabilities at the end of the fiscal year were \$53,002.

Additional information on the City of Carrabelle, Florida's long-term debt can be found in the notes to the financial statements as indicated in the table of contents.

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

- Millage rate consistent with previous years.
- Continued water and sewer fund infrastructure improvements.
- Increase in property tax revenues based on increasing values.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Carrabelle, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Clerk, 1206 Hwy 98 East, Carrabelle, Florida 32322.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,678,678	\$ 3,394,722	\$ 6,073,400
Investments	59,429	260,735	320,164
Receivables, net	25,682	228,135	253,817
Due from other governments, net	635,751	532,848	1,168,599
Leases receivable	573,418	-	573,418
Inventories	-	2,900	2,900
Restricted assets:			
Equity in pooled cash	815,576	238,254	1,053,830
Capital assets:			
Capital assets, not being depreciated	401,368	3,812,145	4,213,513
Other capital assets, net of depreciation	6,078,847	38,373,148	44,451,995
Total assets	<u>\$ 11,268,749</u>	<u>\$ 46,842,887</u>	<u>\$ 58,111,636</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	\$ 179,823	\$ 130,505	\$ 310,328
Total deferred outflows	<u>\$ 179,823</u>	<u>\$ 130,505</u>	<u>\$ 310,328</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 61,751	\$ 70,717	\$ 132,468
Customer deposits	12,000	273,287	285,287
Unearned revenue	-	19,061	19,061
Accrued interest payable	-	32,579	32,579
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	35,022	252,756	287,778
Leases payable	7,030	18,995	26,025
Compensated absences	39,755	30,393	70,148
Due in more than one year:			
Bonds and notes payable	623,633	5,279,314	5,902,947
Leases payable	7,523	19,454	26,977
Compensated absences	-	36,394	36,394
Net pension liability	779,481	565,698	1,345,179
Total liabilities	<u>\$ 1,566,195</u>	<u>\$ 6,598,648</u>	<u>\$ 8,164,843</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	\$ 93,062	\$ 67,539	\$ 160,601
Deferred inflows related to leases	525,323	-	525,323
Total deferred inflows of resources	<u>\$ 618,385</u>	<u>\$ 67,539</u>	<u>\$ 685,924</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 5,807,007	\$ 36,614,774	\$ 42,421,781
Restricted for:			
Building permit enforcement	84,178	-	84,178
Community redevelopment	367,862	-	367,862
Infrastructure	170,989	-	170,989
Public safety	201,359	-	201,359
Debt service	-	205,675	205,675
Committed for:			
Cemetery	53,475	-	53,475
Unrestricted	2,579,122	3,486,756	6,065,878
Total net position	<u>\$ 9,263,992</u>	<u>\$ 40,307,205</u>	<u>\$ 49,571,197</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 848,273	\$ 116,520	\$ -	\$ 245,048	\$ (486,705)	\$ -	\$ (486,705)
Public safety	565,806	119,735	-	-	(446,071)	-	(446,071)
Physical environment	333,820	-	-	-	(333,820)	-	(333,820)
Transportation	468,761	-	-	603,313	134,552	-	134,552
Culture and recreation	969,175	-	-	-	(969,175)	-	(969,175)
Interest on long-term debt	22,200	-	-	-	(22,200)	-	(22,200)
Total governmental activities	<u>3,208,035</u>	<u>236,255</u>	<u>-</u>	<u>848,361</u>	<u>(2,123,419)</u>	<u>-</u>	<u>(2,123,419)</u>
Business-type activities:							
Water and sewer	4,301,029	2,668,040	-	544,111	-	(1,088,878)	(1,088,878)
Airport	230,041	87,566	-	352,500	-	210,025	210,025
Total business-type activities	<u>4,531,070</u>	<u>2,755,606</u>	<u>-</u>	<u>896,611</u>	<u>-</u>	<u>(878,853)</u>	<u>(878,853)</u>
Total primary government	<u>\$ 7,739,105</u>	<u>\$ 2,991,861</u>	<u>\$ -</u>	<u>\$ 1,744,972</u>	<u>(2,123,419)</u>	<u>(878,853)</u>	<u>(3,002,272)</u>
General revenues:							
Property taxes					1,367,068	-	1,367,068
Sales taxes					194,069	-	194,069
Communications service tax					63,403	-	63,403
Public service taxes					241,812	-	241,812
Other taxes					32,486	-	32,486
State revenue sharing					107,484	-	107,484
Investment earnings					130,227	137,342	267,569
Miscellaneous revenues					5,087	34,603	39,690
Transfers					143,252	(143,252)	-
Total general revenues and transfers					<u>2,284,888</u>	<u>28,693</u>	<u>2,313,581</u>
Change in net position					161,469	(850,160)	(688,691)
Net position, beginning of year, as restated (see Note 13)					9,102,523	41,157,365	50,259,888
Net position, ending of year					<u>\$ 9,263,992</u>	<u>\$ 40,307,205</u>	<u>\$ 49,571,197</u>

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

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

	<u>General</u>	<u>Community Redevelopment Fund</u>	<u>Nonmajor Fund Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,104,389	\$ 389,809	\$ 56	\$ 3,494,254
Investments	59,429	-	-	59,429
Receivables, net	25,682	-	-	25,682
Due from other governments, net	635,751	-	-	635,751
Leases receivable	573,418	-	-	573,418
Total assets	<u>\$ 4,398,669</u>	<u>\$ 389,809</u>	<u>\$ 56</u>	<u>\$ 4,788,534</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 39,804	\$ 21,947	\$ -	\$ 61,751
Customer deposits	12,000	-	-	12,000
Total liabilities	<u>51,804</u>	<u>21,947</u>	<u>-</u>	<u>73,751</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to leases	525,323	-	-	525,323
Total deferred inflows of resources	<u>525,323</u>	<u>-</u>	<u>-</u>	<u>525,323</u>
<b>FUND BALANCES</b>				
Restricted for:				
Building permit	84,178	-	-	84,178
Community redevelopment	-	367,862	-	367,862
Infrastructure	170,933	-	56	170,989
Public safety	201,359	-	-	201,359
Committed for:				
Cemetery	53,475	-	-	53,475
Unassigned	3,311,597	-	-	3,311,597
Total fund balances	<u>3,821,542</u>	<u>367,862</u>	<u>56</u>	<u>4,189,460</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,398,669</u>	<u>\$ 389,809</u>	<u>\$ 56</u>	<u>\$ 4,788,534</u>

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

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

<b>Fund balances - total governmental funds</b>		\$ 4,189,460
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	13,828,902	
Less: accumulated depreciation	<u>(7,348,687)</u>	6,480,215
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(779,481)	
Deferred outflows related to pensions	179,823	
Deferred inflows related to pensions	<u>(93,062)</u>	(692,720)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Bonds and notes payable	(658,655)	
Lease obligations	(14,553)	
Compensated absences	<u>(39,755)</u>	(712,963)
<b>Net position of governmental activities</b>		<u><u>\$ 9,263,992</u></u>

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

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

	General	Community Redevelopment Fund	Nonmajor Fund	Total Governmental Funds
			Capital Projects	
<b>Revenues</b>				
Taxes	\$ 1,605,749	\$ 154,844	\$ -	\$ 1,760,593
Permits and fees	243,501	-	-	243,501
Intergovernmental	946,531	-	-	946,531
Charges for services	140,313	-	-	140,313
Investment income	119,220	11,007	-	130,227
Miscellaneous	9,365	-	-	9,365
Total revenues	<u>3,064,679</u>	<u>165,851</u>	<u>-</u>	<u>3,230,530</u>
<b>Expenditures</b>				
Current:				
General government	814,330	-	-	814,330
Public safety	548,206	-	-	548,206
Physical environment	-	199,091	-	199,091
Transportation	395,708	-	-	395,708
Culture and recreation	912,172	5,749	-	917,921
Capital outlay	106,461	48,467	-	154,928
Debt service:				
Principal retirement	33,598	-	-	33,598
Interest and fiscal charges	22,200	-	-	22,200
Total expenditures	<u>2,832,675</u>	<u>253,307</u>	<u>-</u>	<u>3,085,982</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>232,004</u>	<u>(87,456)</u>	<u>-</u>	<u>144,548</u>
<b>Other financing sources (uses)</b>				
Transfers in	187,752	205,206	-	392,958
Transfers out	(249,706)	-	-	(249,706)
Total other financing sources (uses)	<u>(61,954)</u>	<u>205,206</u>	<u>-</u>	<u>143,252</u>
<b>Net change in fund balances</b>	<u>170,050</u>	<u>117,750</u>	<u>-</u>	<u>287,800</u>
<b>Fund balances, beginning of year</b>	3,651,492	250,112	56	3,901,660
<b>Fund balances, end of year</b>	<u>\$ 3,821,542</u>	<u>\$ 367,862</u>	<u>\$ 56</u>	<u>\$ 4,189,460</u>

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

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

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 287,800</b>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>	
Capital outlay expenditures	154,928
Depreciation expense	(374,473)
<p>Bond, loan, and leases proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond, note and leases principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:</p>	
Principal repayment of general long-term debt and lease principal	40,167
<p>Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.</p>	
Change in net pension liability and deferred inflows/outflows related to pensions	67,307
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:</p>	
Amortization of bond discounts, premiums, and loss on refunding	(7,023)
Change in compensated absences liability	(7,237)
<b>Change in net position of governmental activities</b>	<b>\$ 161,469</b>

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

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

	<b>Business-type Activities</b>		
	<b>Water and Sewer</b>	<b>Airport</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,371,332	\$ 23,390	\$ 3,394,722
Investments	260,735	-	260,735
Accounts receivable, net	228,135	-	228,135
Due from other governments, net	431,258	101,590	532,848
Inventories	-	2,900	2,900
Restricted current assets:			
Cash and cash equivalents	238,254	-	238,254
Total current assets	<u>4,529,714</u>	<u>127,880</u>	<u>4,657,594</u>
Noncurrent assets:			
Capital assets:			
Land	219,174	2,751,341	2,970,515
Construction in progress	162,130	679,500	841,630
Buildings	-	3,223,490	3,223,490
Equipment	1,307,750	2,116	1,309,866
Utility system	60,238,025	-	60,238,025
Right to use assets	100,698	-	100,698
Accumulated depreciation and amortization	<u>(25,264,640)</u>	<u>(1,234,291)</u>	<u>(26,498,931)</u>
Total capital assets, net	36,763,137	5,422,156	42,185,293
Advances from other funds	-	-	-
Total noncurrent assets	<u>36,763,137</u>	<u>5,422,156</u>	<u>42,185,293</u>
Total assets	<u>\$ 41,292,851</u>	<u>\$ 5,550,036</u>	<u>\$ 46,842,887</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	\$ 130,505	\$ -	\$ 130,505
Total deferred outflows of resources	<u>\$ 130,505</u>	<u>\$ -</u>	<u>\$ 130,505</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 23,717	\$ 47,000	\$ 70,717
Deposits	273,287	-	273,287
Unearned revenue	10,031	9,030	19,061
Compensated absences	30,393	-	30,393
Current portion of lease obligations	18,995	-	18,995
Payable from restricted assets:			
Current maturities on long-term debt	252,756	-	252,756
Accrued interest payable	32,579	-	32,579
Total current liabilities	<u>641,758</u>	<u>56,030</u>	<u>697,788</u>
Noncurrent liabilities:			
Bonds and notes payable, net	5,279,314	-	5,279,314
Leases payable	19,454	-	19,454
Compensated absences	36,394	-	36,394
Net pension liability	565,698	-	565,698
Total noncurrent liabilities	<u>5,900,860</u>	<u>-</u>	<u>5,900,860</u>
Total liabilities	<u>\$ 6,542,618</u>	<u>\$ 56,030</u>	<u>\$ 6,598,648</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	\$ 67,539	\$ -	\$ 67,539
Total deferred inflows of resources	<u>\$ 67,539</u>	<u>\$ -</u>	<u>\$ 67,539</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 31,192,618	\$ 5,422,156	\$ 36,614,774
Restricted for debt service	205,675	-	205,675
Unrestricted	3,414,906	71,850	3,486,756
Total net position	<u>\$ 34,813,199</u>	<u>\$ 5,494,006</u>	<u>\$ 40,307,205</u>

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

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

	<b>Business-type Activities</b>		
	<b>Water and Sewer</b>	<b>Airport</b>	<b>Total</b>
<b>Operating revenues</b>			
Charges for services	\$ 2,668,040	\$ 87,566	\$ 2,755,606
Other revenues	32,803	1,800	34,603
Total operating revenues	<u>2,700,843</u>	<u>89,366</u>	<u>2,790,209</u>
<b>Operating expenses</b>			
Personal services	853,147	-	853,147
Operating expenses	1,563,044	109,978	1,673,022
Depreciation	1,854,957	120,063	1,975,020
Total operating expenses	<u>4,271,148</u>	<u>230,041</u>	<u>4,501,189</u>
<b>Operating income (loss)</b>	<u>(1,570,305)</u>	<u>(140,675)</u>	<u>(1,710,980)</u>
<b>Nonoperating revenues (expenses)</b>			
Interest earnings	136,171	1,171	137,342
Interest expense	(29,881)	-	(29,881)
Total nonoperating revenues (expenses)	<u>106,290</u>	<u>1,171</u>	<u>107,461</u>
<b>Income (loss) before contributions and transfers</b>	<u>(1,464,015)</u>	<u>(139,504)</u>	<u>(1,603,519)</u>
Capital grants	544,111	352,500	896,611
Transfers in	-	54,500	54,500
Transfers out	(197,752)	-	(197,752)
<b>Change in net position</b>	<u>(1,117,656)</u>	<u>267,496</u>	<u>(850,160)</u>
<b>Net position</b> , beginning of year, as restated	35,930,855	5,226,510	41,157,365
<b>Net position</b> , end of year	<u>\$ 34,813,199</u>	<u>\$ 5,494,006</u>	<u>\$ 40,307,205</u>

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

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

	<b>Business-type Activities</b>		
	<b>Water and Sewer</b>	<b>Airport</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 4,090,003	\$ (12,134)	\$ 4,077,869
Cash paid to employees	(811,468)	-	(811,468)
Cash paid to suppliers	(2,693,925)	(62,978)	(2,756,903)
Net cash provided by (used in) operating activities	<u>584,610</u>	<u>(75,112)</u>	<u>509,498</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds	-	54,500	54,500
Transfers to other funds	(197,752)	-	(197,752)
Net cash provided by (used in) noncapital financing activities	<u>(197,752)</u>	<u>54,500</u>	<u>(143,252)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(589,488)	(352,500)	(941,988)
Capital grants	544,111	352,500	896,611
Principal payments of long-term debt	(281,152)	-	(281,152)
Proceeds from issuance of long-term debt	398,730	-	398,730
Interest paid	(29,881)	-	(29,881)
Net cash provided by (used in) capital and related financing activities	<u>42,320</u>	<u>-</u>	<u>42,320</u>
<b>Cash flows from investing activities</b>			
Interest received	136,171	1,171	137,342
Purchases of investments	(9,333)	-	(9,333)
Net cash provided by (used in) investing activities	<u>126,838</u>	<u>1,171</u>	<u>128,009</u>
<b>Net change in cash and cash equivalents</b>	<u>556,016</u>	<u>(19,441)</u>	<u>536,575</u>
<b>Cash and cash equivalents, beginning of year</b>	3,053,570	42,831	3,096,401
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,609,586</u>	<u>\$ 23,390</u>	<u>\$ 3,632,976</u>
<b>Cash and cash equivalents classified as:</b>			
Unrestricted	\$ 3,371,332	\$ 23,390	\$ 3,394,722
Restricted	238,254	-	\$ 238,254
Total cash and cash equivalents	<u>\$ 3,609,586</u>	<u>\$ 23,390</u>	<u>\$ 3,632,976</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (1,570,305)	\$ (140,675)	\$ (1,710,980)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,854,957	120,063	1,975,020
Changes in assets and liabilities:			
Accounts receivable	162,930	-	162,930
Due from other governments	1,180,526	(101,500)	1,079,026
Prepaid items	14,729	-	14,729
Accounts payable and accrued liabilities	(1,145,610)	47,000	(1,098,610)
Deposits	35,673	-	35,673
Unearned revenue	10,031	-	10,031
Compensated absences	7,331	-	7,331
Net pension liability	34,348	-	34,348
Net cash provided by (used in) operating activities	<u>\$ 584,610</u>	<u>\$ (75,112)</u>	<u>\$ 509,498</u>

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

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

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

The financial statements of the City of Carrabelle, Florida (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City of Carrabelle, Florida (the “City”) is a municipal corporation formed under Florida Laws 1965, c. 65-1349, and is governed by an elected mayor and a four-member council. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Clerk.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government: (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

As required by accounting principles generally accepted in the United States of America, these financial statements include the City's Community Redevelopment Agency. A blended component unit is, in substance, part of the primary government's operations, even though it is a legally separate entity. Thus, the blended component unit is appropriately presented as a fund of the primary government. The City's Community Redevelopment Agency (“Agency”) serves all the citizens of the City and is governed by the same Board as the City. The Agency was established for the conservation, rehabilitation, and redevelopment of the City and for the interest of the public health, safety, morals, and welfare of the residents. The Agency is reported as a special revenue fund.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

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

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

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

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

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds 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.

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

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

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

**Community Redevelopment Fund**—The Community Redevelopment is used to account for the receipts and expenditures related the City’s Community Redevelopment Agency.

The City reports the following major proprietary funds:

**Water and Sewer Fund**—The Water and Sewer Fund accounts for the activities of the City’s water distribution and sewer operations.

**Airport Fund**—The Airport Fund accounts for the activities of the City’s airport operations.

Additionally, the City reports the following nonmajor governmental funds:

**Capital Projects Fund**—This fund accounts for the account for financial resources used in the acquisition or construction of major capital facilities or infrastructure.

As a general rule, the effect of the City’s interfund activity has been eliminated from the government-wide financial statements, though interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, interest revenue, and other miscellaneous revenues.

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

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

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

(d) **Budgetary information**— Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is adopted by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council.

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

(e) **Deposits and investments**—The City’s cash and cash equivalents include cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents and are reported at fair value.

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

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

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

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

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

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

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

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

(h) **Inventories and prepaid items**—The cost of inventory is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost using first-in/first-out (FIFO).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

(i) **Capital assets**—Capital assets, which include property, plant, equipment, right-to-use assets and infrastructure assets (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 acquired after September 30, 2003 and an estimated useful life in excess of two years. For inventory purposes, capital assets are assets with individual cost of \$1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	39
Infrastructure	20
Utility system	5 – 50
Vehicles	5
Office equipment	5 – 10

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

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

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

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

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension and leases, as discussed further in Note (12).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category consisted of deferred amounts related to pension and leases, as discussed further in Note (12).

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Nonspendable* – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

*Restricted* – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

*Committed* – amounts constrained to specific purposes based on actions taken by the Board of Commissioners through ordinance.

*Assigned* – amounts the City intends to use for a specific purpose. Intent can be expressed by Board of Commissioners or by an official or body which the Board of Commissioners delegates authority.

*Unassigned* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Disbursements of fund balances will first be made from restricted amounts when both restricted and unrestricted fund balance is available. Additionally, the City will first use committed fund balance, following by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used.

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

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

(n) **Net position**—The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components – net investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* consists of capital assets including leased assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any external bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

*Restricted* consists of amounts that have constraints placed on them either externally by third parties (e.g., creditors, grantors, and contributors) or by law through constitutional provisions or enabling legislation.

*Unrestricted* consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

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

(o) **Net position flow assumption**—In order to determine amounts reported as restricted and unrestricted net position, it is the City’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(p) **Property taxes**—Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount periods	November – February
No discount period	March
Delinquent date	April 1

(q) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

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

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments:**

At September 30, 2024, the City had a bank balance of \$7,923,092 at 14 bank accounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amounts in excess of FDIC coverage are fully collateralized in accordance with the Qualified Public Depository (QPD) program. According to Chapter 280, Florida Statutes, the City’s deposits must be with financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida. In accordance with this statute, QPDs are required to pledge eligible collateral in varying percentages. Any losses to public depositories are covered by applicable deposit insurance, by the sale of pledged securities, and, if necessary, by assessments against other QPDs.

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

The carrying amount of deposits consisted of the following as of September 30, 2024:

Cash and cash equivalents	\$ 7,127,230
Certificates of deposit	318,915
SBA	1,249
	\$ 7,447,394

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

(4) **Receivables:**

*Accounts Receivable*

The City's accounts receivable consisted of the following at September 30, 2024:

	<b>Gross Receivable</b>	<b>Allowance for uncollectible receivables</b>	<b>Net Receivable</b>
Governmental Activities:			
General Fund	\$ 25,682	\$ -	\$ 25,682
Totals – Governmental Activities	25,682	-	25,682
Business-Type Activities:			
Water and Sewer Fund	368,454	(140,319)	228,135
Totals – Business-Type Activities	368,454	(140,319)	228,135
Totals	\$ 394,136	\$ (140,319)	\$ 253,817

*Due from Other Governments*

In addition to accounts receivable, the City also recorded \$1,168,599 in due from other governments at September 30, 2024.

(5) **Interfund Loans and Transfers:**

Transfers are used to (1) move funds for the City's portion of the tax increment funding for the Community Redevelopment Agency as required by State Statutes and (2) move unrestricted revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

For the year ended September 30, 2024, individual fund transfers to and from other funds for the primary government were comprised of the following:

	<b>Transfers In</b>	<b>Transfers Out</b>
Governmental Activities:		
General Fund	\$ 187,752	\$ 249,706
CRA Fund	205,206	-
Total Governmental Activities	392,958	249,706
Business-type Activities:		
Airport Fund	54,500	-
Water Sewer Fund	-	197,752
Total Business-type Activities:	54,500	197,752
Totals - All Funds	\$ 447,458	\$ 447,458

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

**(6) Capital Assets:**

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

<b>Governmental activities:</b>	<b>Balance 09/30/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 09/30/24</b>
Capital assets not being depreciated:				
Land	\$ 401,368	\$ -	\$ -	\$ 401,368
Construction in progress	110,126	92,299	(202,425)	-
Total assets not being depreciated	<u>511,494</u>	<u>92,299</u>	<u>(202,425)</u>	<u>401,368</u>
Capital assets being depreciated and amortized:				
Land Improvements	709,573	-	-	709,573
Building and Improvements	6,861,530	243,255	-	7,104,785
Furniture and Improvements	3,116,780	21,799	-	3,138,579
Infrastructure	2,439,484	-	-	2,439,484
Right-to-use leased asset	35,113	-	-	35,113
Total assets being depreciated and amortized	<u>13,162,480</u>	<u>265,054</u>	<u>-</u>	<u>13,427,534</u>
Less accumulated depreciation and amortization for:				
Land improvements, building and building improvements, Furniture and improvements, and infrastructure	(6,967,191)	(381,496)	-	(7,348,687)
Less: accumulated depreciation and amortization	<u>(6,967,191)</u>	<u>(381,496)</u>	<u>-</u>	<u>(7,348,687)</u>
Total capital assets being depreciated and amortized, net	<u>6,195,289</u>	<u>(116,442)</u>	<u>-</u>	<u>6,078,847</u>
Governmental activities capital assets, net	<u>\$ 6,706,783</u>	<u>\$ (24,143)</u>	<u>\$ (202,425)</u>	<u>\$ 6,480,215</u>
<b>Business-type activities:</b>	<b>Balance 09/30/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 09/30/24</b>
Capital assets not being depreciated:				
Land	\$ 2,970,515	\$ -	\$ -	\$ 2,970,515
Construction in progress	7,583,433	868,991	(7,610,794)	841,630
Total assets not being depreciated	<u>10,553,948</u>	<u>868,991</u>	<u>(7,610,794)</u>	<u>3,812,145</u>
Capital assets being depreciated and amortized:				
Capital Improvements	3,223,490	-	-	3,223,490
Equipment	1,546,004	-	(236,138)	1,309,866
Utility System	52,554,234	7,683,791	-	60,238,025
Right-to-use leased asset	100,698	-	-	100,698
Total assets being depreciated and amortized	<u>57,424,426</u>	<u>7,683,791</u>	<u>(236,138)</u>	<u>64,872,079</u>
Less accumulated depreciation and amortization for:				
Equipment, buildings, utility systems and improvements	(24,760,049)	(1,975,020)	236,138	(26,498,931)
Total accumulated depreciation	<u>(24,760,049)</u>	<u>(1,975,020)</u>	<u>236,138</u>	<u>(26,498,931)</u>
Total capital assets being depreciated and amortized, net	<u>32,664,377</u>	<u>5,708,771</u>	<u>-</u>	<u>38,373,148</u>
Business-type activities capital assets, net	<u>\$ 43,218,325</u>	<u>\$ 6,577,762</u>	<u>\$ (7,610,794)</u>	<u>\$ 42,185,293</u>

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

**(6) Capital Assets:** (Continued)

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

Governmental activities:		
General government	\$	98,291
Public safety		24,169
Transportation		73,053
Culture and recreation		57,003
Physical environment		128,980
Total	<u>\$</u>	<u>381,496</u>
Business-type activities:		
Water and sewer	\$	1,854,957
Airport		120,063
Total	<u>\$</u>	<u>1,975,020</u>

**(7) Long-Term Liabilities:**

Long-term liability activity for the year ended September 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Publicly Issued:					
Real Estate Loan	\$ 692,253	\$ -	\$ (33,598)	\$ 658,655	\$ 35,022
Lease payable	21,122	-	(6,569)	14,553	7,030
Compensated absences	32,518	57,752	(50,515)	39,755	39,755
Total long-term liabilities	<u>\$ 745,893</u>	<u>\$ 57,752</u>	<u>\$ (90,682)</u>	<u>\$ 712,963</u>	<u>\$ 81,807</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Direct Placements:					
State Loan Program	\$ 3,470,033	\$ -	\$ (157,736)	\$ 3,312,297	\$ 160,247
DEP DW 190300	540,999	-	(23,494)	494,635	45,834
DEP DW 190301	319,341	-	(13,868)	291,972	27,637
DEP DW 190420	110,214	-	(12,778)	87,349	19,038
DEP DW 190421	947,087	398,730	-	1,345,817	1,345,817
Lease payable	65,267	-	(26,818)	38,449	18,995
Compensated absences	59,456	75,438	(68,107)	66,787	30,393
Total long-term liabilities	<u>\$ 5,512,397</u>	<u>\$ 474,168</u>	<u>\$ (271,456)</u>	<u>\$ 5,637,306</u>	<u>\$ 1,648,015</u>

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

(7) **Long-Term Liabilities:** (Continued)

Bonds and notes payable in the City’s governmental activities at September 30, 2024, were comprised of the following obligations:

**Real Estate Loan:** 3.94% note payable to bank payable in monthly installments of \$5,015 beginning May 2019 including interest, through March 2029 with remaining principal and interest payments due at that time, collateralized by building.

Annual debt service requirements to maturity for the City’s governmental activities bonds and notes payable are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Publicly Issued</u>		
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 35,022	\$ 25,161	\$ 60,183
2026	36,428	23,755	60,183
2027	37,892	22,292	60,184
2028	39,355	20,828	60,183
2029	509,958	9,719	519,677
	\$ 658,655	\$ 101,755	\$ 760,410

Bonds payable in the City’s business-type activities at September 30, 2024, were comprised of the following obligations:

**State Loan Program (DEP 54910P):** 1.54% note payable to government agency, payable in semi-annual installments of \$106,198 including interest through May 15, 2042, collateralized by water and sewer revenues.

**DEP DW 190300:** 2.71% note payable to government agency, payable in semi-annual installments of \$18,689 including interest through December 15, 2040, collateralized by water and sewer revenues.

**DEP DW 190301:** 2.71% note payable to government agency, payable in semi-annual installments of \$11,174 including interest through December 15, 2040, collateralized by water and sewer revenues.

**DEP DW 190420:** 1.34% note payable to government agency, payable in semi-annual installments of \$7,077 including interest through February 15, 2031, collateralized by water and sewer revenues.

**DEP DW 190421:** 0.00% note payable to government agency, payable in semi-annual installments of \$27,840 including interest through December 15, 2041, collateralized by water and sewer revenues.

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

(7) **Long-Term Liabilities:** (Continued)

Annual debt service requirements to maturity for the City's business-type activities bonds, and notes payable, are as follows:

<b>Year Ending September 30,</b>	<b>Business-type Activities</b>		<b>Total</b>
	<b>Direct Placements</b>		
	<b>Principal</b>	<b>Interest</b>	
2025	\$ 308,442	\$ 100,199	\$ 408,641
2026	272,264	69,614	341,878
2027	276,160	65,718	341,878
2028	280,131	61,748	341,879
2029	284,177	57,700	341,877
2030-2034	1,427,226	226,347	1,653,573
2035-2039	1,529,669	116,527	1,646,196
2040-2044	921,784	17,718	939,502
2045-2049	232,217	-	232,217
	<u>\$ 5,532,070</u>	<u>\$ 715,571</u>	<u>\$ 6,247,641</u>

(8) **Leases:**

The City has leases in effect for vehicles through 2027. The vehicles are considered right-to-use assets of the City. The City also leases buildings to tenants with terms ending from 2026 through 2038. The City records lease receivables representing the future cash payments and associated interest, while the deferred inflows represent the lease revenue to be recognized over the term of the lease. The City assumed a 6% interest rate based on expected borrowing rate.

As of September 30, 2024, total lease related assets by major class, and the related accumulated amortization, disclosed separately from other capital assets as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Right-to-use leased assets, being amortized:				
Vehicles	\$ 35,113	\$ -	\$ -	\$ 35,113
Accumulated amortization	\$ (9,364)	(7,023)	\$ -	(16,387)
Right-to-use leased assets, net	<u>\$ 25,749</u>	<u>\$ (7,023)</u>	<u>\$ -</u>	<u>\$ 18,726</u>
Business-type activities:				
Right-to-use leased assets, being amortized:				
Vehicles	\$ 100,698	\$ -	\$ -	\$ 100,698
Accumulated amortization	\$ (30,140)	(27,021)	\$ -	(57,161)
Right-to-use leased assets, net	<u>\$ 70,558</u>	<u>\$ (27,021)</u>	<u>\$ -</u>	<u>\$ 43,537</u>

The amortization expense for right-to-use leased assets was \$34,044 for the year ended September 30, 2024.

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

(8) **Leases:** (Continued)

Future minimum lease payments for the City’s governmental activities leases are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,030	\$ 1,021	\$ 8,051
2026	7,523	528	8,051
	<u>\$ 14,553</u>	<u>\$ 1,549</u>	<u>\$ 16,102</u>

Future minimum lease payments for the City’s business-type activities leases are as follows:

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 18,995	\$ 929	\$ 19,924
2026	19,454	470	19,924
	<u>\$ 38,449</u>	<u>\$ 1,399</u>	<u>\$ 39,848</u>

At September 30, 2024, the future minimum rental payments to be received by governmental activities of the City are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 53,778	\$ 13,119	\$ 66,897
2026	57,363	11,800	69,163
2027	59,779	10,397	70,176
2028	63,685	8,933	72,618
2029	66,758	7,371	74,129
2030-2034	163,305	22,672	185,977
2035-2039	108,750	4,242	112,992
Total	<u>\$ 573,418</u>	<u>\$ 78,534</u>	<u>\$ 651,952</u>

Total rental income for the year ended September 30, 2024 was \$58,710 and interest income was \$14,279 related to the leases of the buildings.

(9) **Commitments and Contingencies:**

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2024, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

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

(10) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

(11) **Other Postemployment Benefits (OPEB):**

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits through an implicit rate subsidy. The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(12) **Employees' Retirement Plans:**

**Florida Retirement System and Health Insurance Subsidy**

**Plan Description and Administration**

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all general employees hired before January 1, 1996, and all firefighters, regardless of date of hire. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs.

These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

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

(12) **Employees' Retirement Plans:** (Continued)

**Benefits Provided and Employees Covered**

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

**Financial Statements**

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

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

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

(12) **Employees' Retirement Plans:** (Continued)

**Contributions**

The entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2024, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2024</b>	<b>After June 30, 2024</b>
Regular Class	13.57%	13.63%
Senior Management (SMSC)	34.52%	34.52%
Special Risk	32.67%	32.79%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2024, actual contributions made for employees participating in FRS and HIS were as follows:

City Contributions – FRS	\$ 143,376
City Contributions – HIS	20,639
Employee Contributions – FRS	30,959

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

At September 30, 2024, the City reported a liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 979,487
HIS	365,692
Total	\$ 1,345,179

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2024 and June 30, 2023, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

<b>Plan</b>	<b>2024</b>	<b>2023</b>
FRS	0.002531974%	0.002565567%
HIS	0.002437785%	0.002332724%

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

(12) **Employees' Retirement Plans:** (Continued)

For the year ended June 30, 2024, pension expense was recognized related to the FRS and HIS plans as follows:

Plan	Pension Expense
FRS	\$ 117,915
HIS	14,335
Total	\$ 132,250

*Deferred outflows/inflows related to pensions:*

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,954	\$ -	\$ 3,531	\$ (702)
Changes of assumptions	134,248	-	6,472	(43,293)
Net difference between projected and actual investment earnings	-	(65,102)	-	(132)
Change in proportionate share	5,976	(42,004)	21,564	(9,368)
Contributions subsequent to measurement date	34,606	-	4,977	-
Total	\$ 273,784	\$ (107,106)	\$ 36,544	\$ (53,495)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2025	\$ (37,354)	\$ (5,606)	\$ (42,960)
2026	153,925	(3,068)	150,857
2027	9,215	(6,908)	2,307
2028	(1,987)	(4,850)	(6,837)
2029	8,273	(1,271)	7,002
Thereafter	-	(225)	(225)
	\$ 132,072	\$ (21,928)	\$ 110,144

*Actuarial assumptions:*

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

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

(12) **Employees' Retirement Plans:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2024, the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equities	45.0%	8.6%
Real estate	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
Total	<u>100.0%</u>	

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

(12) **Employees' Retirement Plans:** (Continued)

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

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

<b>Plan</b>	<b>Current Discount Rate</b>	<b>NPL with 1% Decrease</b>	<b>NPL at Current Discount Rate</b>	<b>NPL with 1% Increase</b>
FRS	6.70%	\$ 1,722,883	\$ 979,487	\$ 356,735
HIS	3.93%	416,293	365,692	323,684

(13) **Restatement of Beginning Fund Balance:**

Subsequent to issuance of the September 30, 2023, financial statements, it was identified that there was an overstatement of cash and accounts payable at September 30, 2023. Therefore, an adjustment to beginning fund balance of the water and sewer fund was made and is reflected in the accompanying financial statements.

The net effects of these adjustments on beginning fund balance and beginning net position are as follows:

	<b>Water and Sewer Fund</b>
Fund balance - 9/30/2023, as originally stated	36,024,050
Cash restatement	(195,607)
Accounts payable restatement	102,412
Fund balance - 9/30/2023, as restated	35,930,855

	<b>Business-Type Activities</b>
Net position - 9/30/2023, as originally stated	41,250,560
Cash restatement	(195,607)
Accounts payable restatement	102,412
Net position - 9/30/2023, as restated	41,157,365

(14) **Recent Accounting Pronouncements:**

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

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

(14) **Recent Accounting Pronouncements:** (Continued)

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

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The effective date for implementation is fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CARRABELLE, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,505,765	\$ 1,568,307	\$ 1,605,749	\$ 37,442
Permits and fees	285,000	216,360	243,501	27,141
Intergovernmental	59,850	1,272,102	946,531	(325,571)
Charges for services	64,150	90,496	140,313	49,817
Investment income	45,000	74,334	119,220	44,886
Miscellaneous	10,000	4,876	9,365	4,489
Total revenues	<u>1,969,765</u>	<u>3,226,475</u>	<u>3,064,679</u>	<u>(161,796)</u>
<b>Expenditures</b>				
Current:				
General government	512,500	526,085	814,330	(288,245)
Public safety	535,400	545,366	548,206	(2,840)
Transportation	690,100	622,715	395,708	227,007
Culture and recreation	-	1,250,004	912,172	337,832
Capital outlay	-	-	106,461	(106,461)
Debt service:				-
Principal retirement	61,000	55,798	33,598	22,200
Interest and fiscal charges	-	-	22,200	(22,200)
Total expenditures	<u>1,799,000</u>	<u>2,999,968</u>	<u>2,832,675</u>	<u>167,293</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>170,765</u>	<u>226,507</u>	<u>232,004</u>	<u>5,497</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	187,752	187,752
Transfers out	-	-	(249,706)	(249,706)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(61,954)</u>	<u>(61,954)</u>
<b>Net change in fund balances</b>	<u>170,765</u>	<u>226,507</u>	<u>170,050</u>	<u>(56,457)</u>
<b>Fund balances, beginning of year</b>	3,651,492	3,651,492	3,651,492	-
<b>Fund balances, end of year</b>	<u><u>\$ 3,822,257</u></u>	<u><u>\$ 3,877,999</u></u>	<u><u>\$ 3,821,542</u></u>	<u><u>\$ (56,457)</u></u>

**CITY OF CARRABELLE, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 150,000	\$ 154,844	\$ 154,844	\$ -
Investment income	-	11,007	11,007	-
Total revenues	<u>150,000</u>	<u>165,851</u>	<u>165,851</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Physical environment	511,000	292,308	199,091	93,217
Culture and recreation	38,000	5,749	5,749	-
Capital outlay	73,000	73,000	48,467	24,533
Total expenditures	<u>622,000</u>	<u>371,057</u>	<u>253,307</u>	<u>117,750</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(472,000)</u>	<u>(205,206)</u>	<u>(87,456)</u>	<u>117,750</u>
<b>Other financing sources (uses)</b>				
Transfers in	196,000	205,206	205,206	-
Total other financing sources (uses)	<u>196,000</u>	<u>205,206</u>	<u>205,206</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(276,000)</u>	<u>-</u>	<u>117,750</u>	<u>117,750</u>
<b>Fund balances, beginning of year</b>	250,112	250,112	250,112	-
<b>Fund balances, end of year</b>	<u>\$ (25,888)</u>	<u>\$ 250,112</u>	<u>\$ 367,862</u>	<u>\$ 117,750</u>

**CITY OF CARRABELLE, FLORIDA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	As of the Plan Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>										
Proportion of the net pension liability	0.002531974%	0.002565567%	0.002598302%	0.002550393%	0.002718544%	0.002909241%	0.003262706%	0.003316952%	0.003389060%	0.003199934%
Proportionate share of the net pension liability	\$ 979,487	\$ 1,022,297	\$ 966,777	\$ 192,653	\$ 1,178,257	\$ 1,001,902	\$ 982,744	\$ 981,132	\$ 855,740	\$ 413,314
Covered employee payroll	1,031,950	924,402	867,478	833,701	797,477	738,314	828,120	814,325	822,788	1,194,464
Proportionate share of the net pension liability as a percentage of covered employee payroll	94.92%	110.59%	111.45%	23.11%	147.75%	135.70%	118.67%	120.48%	104.00%	34.60%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
<b>Health Insurance Subsidy Program (HIS)</b>										
Proportion of the net pension liability	0.002437785%	0.002332724%	0.002379855%	0.002354444%	0.002297274%	0.002207136%	0.002534893%	0.002554142%	0.002653027%	0.002667368%
Proportionate share of the net pension liability	\$ 365,692	\$ 370,468	\$ 252,065	\$ 288,808	\$ 280,466	\$ 246,956	\$ 268,296	\$ 273,101	\$ 309,199	\$ 272,030
Covered employee payroll	1,031,950	924,402	867,478	833,701	797,477	738,314	828,120	814,325	822,788	1,194,464
Proportionate share of the net pension liability as a percentage of covered employee payroll	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.58%	22.77%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

**CITY OF CARRABELLE, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	For the Fiscal Year Ended September 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>										
Contractually required contribution	\$ 144,421	\$ 127,967	\$ 110,874	\$ 97,159	\$ 90,325	\$ 90,207	\$ 92,985	\$ 87,318	\$ 86,474	\$ 72,982
Contributions in relation to the contractually required contribution	144,421	127,967	110,874	97,159	90,325	90,207	92,985	87,318	86,474	72,982
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,031,950	\$ 924,402	\$ 867,478	\$ 833,701	\$ 797,477	\$ 738,314	\$ 828,120	\$ 814,325	\$ 822,788	\$ 1,194,464
Contributions as a percentage of covered employee payroll	13.99%	13.84%	12.78%	11.65%	11.33%	12.22%	11.23%	10.72%	10.51%	6.11%
<b>Health Insurance Subsidy Program (HIS)</b>										
Contractually required contribution	\$ 20,787	\$ 16,575	\$ 19,119	\$ 18,666	\$ 18,893	\$ 18,923	\$ 17,761	\$ 17,872	\$ 17,596	\$ 12,013
Contributions in relation to the contractually required contribution	20,787	16,575	19,119	18,666	18,893	18,923	17,761	17,872	17,596	12,013
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,031,950	\$ 924,402	\$ 867,478	\$ 833,701	\$ 797,477	\$ 738,314	\$ 828,120	\$ 814,325	\$ 822,788	\$ 1,194,464
Contributions as a percentage of covered employee payroll	2.01%	1.79%	2.20%	2.24%	2.37%	2.56%	2.14%	2.19%	2.14%	1.01%

**SUPPLEMENTARY INFORMATION**

**CITY OF CARRABELLE, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Federal/State Agency / Pass-Through Entity / Federal Program / State Project	CFDA/ CSFA Number	Contract / Grant Number	Expenditures
<b>FEDERAL AWARDS</b>			
<b>Department of Housing and Urban Development</b>			
Pass-through Florida Department of Economic Opportunity:			
Community Development Block Grants/State's Program	14.228	M0173	\$ 77,947
Community Development Block Grants/State's Program	14.228	M0175	120,913
Community Development Block Grants/State's Program	14.228	22-DB-OP-02-29-02-C03	600,996
Total CDBG - Entitlement Grants Cluster			<u>799,856</u>
<b>Total Department of Housing and Urban Development</b>			<u>799,856</u>
<b>Environmental Protection Agency</b>			
Pass-through Florida Department of Environmental Protection:			
Drinking Water State Revolving Fund	66.468	DW190421	201,454
<b>Total Environmental Protection Agency</b>			<u>201,454</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,001,310</u>
<b>STATE FINANCIAL ASSISTANCE</b>			
<b>Department of Environmental Protection</b>			
Pass-through Northwest Florida Water Management District:			
Water Management Districts - Land Acquisition and Improvement	37.022	17-069	\$ 52,362
Early Restoration Deepwater Horizon Oil Spill	37.081	20-011	404,798
<b>Total Department of Environmental Protection</b>			<u>457,160</u>
<b>Department of Transportation</b>			
Direct:			
Aviation Grant Programs	55.004	G2212	140,500
Aviation Grant Programs	55.004	G2N50	212,000
Total Aviation Grant Programs			<u>352,500</u>
<b>Total Department of Transportation</b>			<u>352,500</u>
<b>Executive Office of the Governor</b>			
Pass-through Florida Division of Emergency Management:			
Hurricane Loss Mitigation Program	31.066	DEM-24-HL-HLMP-19-00-B0194	194,000
<b>Total Executive Office of the Governor</b>			<u>194,000</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>\$ 1,003,660</u>

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance are an integral part of this statement.

**CITY OF CARRABELLE, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal grant activity of the City of Carrabelle, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or Chapter 10.550, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

The City did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Subrecipients:**

The City did not pass any monies recognized on the Schedule to subrecipients.

(5) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

**OTHER REPORTS AND SCHEDULE**

**CITY OF CARRABELLE, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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

***Financial Statements:***

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

Internal control over financial reporting:

Material weakness(es) identified?   X   yes        no

Significant deficiency(ies) identified?   X   yes        none reported

Noncompliance material to financial statements noted?        yes   X   no

***Federal Awards:***

Internal control over major Federal programs:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified?        yes   X   none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        yes   X   none reported

Auditee qualified as a low-risk auditee?    yes   X   no

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

Identification of major Federal programs:

<b>Assistance Listing Number</b>	<b>Program Name</b>
14.228	Community Development Block Grants (CDBG)

**State Financial Assistance:**

Internal control over major State projects:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Type of auditors' report issued on compliance for major State projects:

*Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? \_\_\_\_\_ yes  X  none reported

Dollar threshold used to distinguish between type A and type B programs:  \$301,098

Identification of major State programs:

<u>CSFA Number</u>	<u>Project Name</u>
37.081	Restoration Deepwater Horizon Oil Spill
55.004	Aviation Grant Programs

**B. Financial Statement Findings:**

**2024-001: 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:** 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 on the financial statements.

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

**2024-002: 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 including approval of journal entries.

**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 timely deposits of cash receipts, mailing signed checks without returning them to the employee responsible for accounts payable, and maintaining a management approved vendor list.

**Effect:** Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected.

**Recommendation:** We recommend management develop compensating controls.

#### **2024-003: Bank Reconciliations**

**Criteria:** Per standard accounting practices and internal control policies, bank reconciliations should be prepared monthly and reconciling items should be reviewed and resolved promptly.

**Condition:** During our audit, we reviewed the bank reconciliation processes for all active bank accounts. It was noted that some reconciliations contain aged outstanding items resulting in differences between the reconciliations and the trial balance.

**Cause:** The size of the City’s accounting and administrative staff precludes certain internal controls that would be preferred – including timely review of the bank reconciliations and resolution of aged outstanding items.

**Effect:** Unresolved reconciling items could lead to the misstatement of cash balances in the financial statements.

**Recommendation:** We recommend management develop internal controls and processes needed to ensure timely reconciliation of all bank accounts.

#### **2024-004: Controls over Utility Adjustments and Credit Memos**

**Criteria:** Internal controls over financial reporting should include timely review of any utility adjustments and credit memos.

**Condition:** For the year ended September 30, 2024, the City has no process to review utility adjustments or credit memos.

**Cause:** The City did not have processes in place to ensure that utility adjustments and credit memos are approved.

**Effect:** Incorrect or unauthorized recording of adjustments could lead to a material misstatement on the financial statements.

**Recommendation:** We recommend management develop internal controls and processes needed to review all utility adjustments and credit memos in a timely manner.

C. **Federal Award Findings and Questioned Costs:** None.

D. **State Project Findings and Questioned Costs:** None.

E. **Summary Schedule of Prior Audit Findings:**

**2023-001 Prepare Financial Statements in Accordance with GAAP and Significant Adjustments** – Corrective action not taken. See repeat finding 2024-001.

**2023-002 Segregation of Duties** – Corrective action not taken. See repeat finding 2024-002.

**2023-003 Controls over Utility Adjustments and Credit Memos** - Corrective action not taken. See repeat finding 2024-004.

F. **Corrective Action Plan:** See Management Response to Findings on page 65.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited the City of Carrabelle, Florida's (the City) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement*, and the requirements described in the Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2024. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

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

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

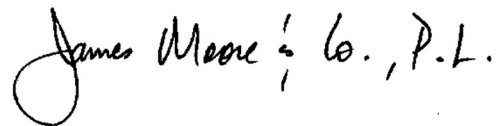
### **Report on Internal Control Over Compliance**

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

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

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

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

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

Tallahassee, Florida  
September 5, 2025



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carrabelle, Florida (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 5, 2025.

As discussed in the Independent Auditor's Report, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Water and Sewer and Airport Funds.

***Report on Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, and 2024-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2024-004 to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **Management's Response to Findings**

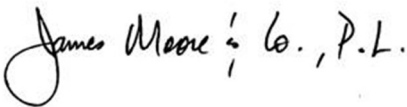
*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit, which is listed in the table of contents. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

We also noted certain matters that we reported to the City, in a separate management letter required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General dated September 5, 2025.

### **Purpose of This Report**

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

Tallahassee, Florida  
September 5, 2025





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

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

**Report on the Financial Statements**

We have audited the financial statements of the City of Carrabelle, Florida (the City), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated September 5, 2025.

As discussed in Note (11) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Water and Sewer and Airport Funds.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Report on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of the Florida Auditor General; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated September 5, 2025, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding #</b>	<b>2023 Finding #</b>	<b>2022 Finding #</b>
2024-001	2023-001	2022-001
2024-002	2023-002	2022-002
2024-004	2023-003	N/A

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

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed as required by accounting principles generally accepted in the United States of America in Note (1) to the financial statements.

### **Financial Condition and Management**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we recommended the following:

**2024-005 - Travel policy:** We recommend the City develop a written travel policy that is in accordance with Florida statutes and follow those policies internally.

**2024-006 - Policy manual documentation of restrictions:** We recommend the City update its policy manual to document net asset restrictions are in agreement with Florida statutes.

### **Property Assessed Clean Energy (PACE) Programs**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City’s geographical boundaries during the fiscal year under audit.

## **Additional Matters**

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

## **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 is 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.

## **Specific Special District Information – Carrabelle Community Redevelopment Agency**

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Carrabelle Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the CRA reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 1
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: 0
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$33,471
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$0
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
  - a. Vets Park  
Budget: \$73,000  
Expended: \$73,000
  - b. Façade Grants  
Budget: \$80,000  
Expended: \$40,800
  - c. Paving Projects  
Budget: \$125,725  
Expended: \$0

- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: the district's original budget totaled \$622,000 and was amended by the total amount of \$(250,942), for final budgeted expenditures of \$371,058.

### **Management's Response to Recommendations**

The City's responses to the recommendations identified in our audit are described in the management's response as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Letter**

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

Tallahassee, Florida  
September 5, 2025

*James Moore & Co., P.L.*

**INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT**

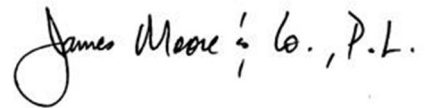
To the Honorable City Council,  
City of Carrabelle, Florida:

We have examined the City of Carrabelle, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2024. Management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with the Statute and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance for evaluating against the aforementioned statute during the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance with the Statute during the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks that the City was not in compliance with the Statute in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the City of Carrabelle, Florida complied with the aforementioned requirements, in all material respects, for the year ended September 30, 2024.



Tallahassee, Florida  
September 5, 2025

SEBRINA BROWN  
MAYOR-COMMISSIONER

KEITH WALDEN  
COMMISSIONER

BILL GRAY  
COMMISSIONER

ANTHONY MILLENDER  
COMMISSIONER

VANCE PEDRICK  
COMMISSIONER



DAN HARTMAN  
CITY ATTORNEY

COURTNEY DEMPSEY  
CITY ADMINISTRATOR

KEISHA MESSER  
CITY CLERK

1206 HWY 98 EAST  
CARRABELLE, FLORIDA 32322  
TELEPHONE: 850-697-3618  
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### Management's Response to Findings

#### **2024-001 Prepare Financial Statements in Accordance with GAAP and Significant Adj.**

The City is hopeful with the development and implementation of the accounting policy manual that the financial reporting will be improved. In some cases, implementation of certain accounting standards is complex and costly for the City, ex- GASB 68, GASB 78, and the soon to be implemented GASB 87, and the City relies on auditor assistance for proposing journal entries to comply with these standards. The City does send staff to classes held by the Florida Government Finance Officers Association to ensure staff is properly educated on accounting standards.

#### **2024-002 Segregation of Duties**

Due to the size of the City Staff it is difficult to create a separation of duties, however the City makes every effort to mitigate controls.

#### **2024-003 Cash Reconciliations**

The City will make efforts to clean up its bank reconciliations and ensure old outstanding items are removed from the reconciliations, as well as make sure the ending reconciliation balance ties to the general ledger.

#### **2024-004 Controls over Utility Adjustments and Credit Memos**

The City will develop internal controls and processes needed to review all utility adjustments and credit memos in a timely manner.

#### **2024-005 Travel Policy**

The City will develop a written travel policy that is in accordance with Florida statutes and follow these policies.

#### **2024-006 Policy Manual Documentation of Restrictions**

The City will update its policy manual to document net asset restrictions are in agreement with Florida Statutes

A handwritten signature in blue ink that reads "Courtney Dempsey".

Courtney Dempsey  
City Administrator