



**City of Chipley, Florida**

**FINANCIAL STATEMENTS**

**September 30, 2024**



	Page
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	4
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position .....	12
Statement of Activities .....	14
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds .....	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund .....	19
Community Redevelopment Agency .....	20
Statement of Net Position – Proprietary Funds .....	21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	23
Statement of Cash Flows – Proprietary Funds .....	24
Notes to Financial Statements .....	26
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in OPEB Liability, Related Ratios, and Notes to Schedule .....	58
Florida Retirement System Pension Plan	
Schedule of Employer's Proportionate Share of the Net Pension Liability .....	59
Schedule of Employer Contributions .....	60
Health Insurance Subsidy Program	
Schedule of Employer's Proportionate Share of the Net Pension Liability .....	61
Schedule of Employer Contributions .....	62
Notes to Required Supplementary Information .....	63



**REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	64
Independent Accountant’s Report on Compliance with <i>Local Government Investment Policies</i> .....	66
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	67
Schedule of Expenditures of Federal Awards .....	70
Notes to Schedule of Expenditures of Federal Awards.....	71
Schedule of Findings and Questioned Costs.....	72
Corrective Action Plan.....	74
Independent Auditor’s Management Letter .....	75



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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Community Redevelopment Agency for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibility of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

Insurance Subsidy Program and schedule of employer contributions – Health Insurance Subsidy Program, on pages 58 through 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of *Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule is a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Very truly yours,

  
CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama  
December 5, 2025

## City of Chipley, Florida Management's Discussion and Analysis

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

Since the MD&A is designed to present an overview of the City's current year's activities, resulting changes and currently known facts as well as the financial activities for the two fiscal years ended September 30, 2024 and September 30, 2023, please read in conjunction with the City's financial statements (beginning on page 12).

### FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$45,971,679 (net position). Of this amount, \$(1,603,834) is a deficit in unrestricted net position for governmental activities and \$(1,080,667) is a deficit in unrestricted net position for business-type activities, while \$312,439 is restricted net position for business-type activities and \$1,111,851 is restricted net position for governmental activities.
- Total net position increased by \$183,206. Of this amount, an increase of \$1,358,906 is attributable to governmental activities, and a decrease of \$1,175,700 is attributable to business-type activities.
- As of September 30, 2024, the general fund's unassigned fund balance was \$965,750.
- Governmental activities' total revenues increased \$1,360,504 or 29%, while governmental activities' total expenses increased \$232,622 or 5%. Business-type activities' total revenues decreased \$165,154 or 4%, while business-type activities' total expenses increased \$486,132 or 9%.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

## City of Chipley, Florida Management's Discussion and Analysis

### **Government-Wide Financial Statements**

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

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

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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

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

**Proprietary Funds**

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found beginning on page 26.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

**Statement of Net Position**

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City for the fiscal years ended September 30, 2024 and 2023. At the end of the fiscal year 2024, the City is able to report positive balances in two categories of net position for its governmental activities and its business-type activities. However, the City has a deficit balance in the unrestricted net position of governmental activities and business-type activities at the end of fiscal years 2024 and 2023.

**City of Chipley, Florida**  
**Management's Discussion and Analysis**

The following schedule reflects the condensed Statement of Net Position as of September 30, 2024 and 2023:

<i>September 30,</i>	<b>Governmental Activities</b>		
	<b>2024</b>	2023	Change
<b>Assets</b>			
Current and other assets	\$ 4,522,219	\$ 4,915,011	\$ (392,792)
Capital assets, net	8,456,344	6,885,890	1,570,454
<b>Total assets</b>	<b>12,978,563</b>	11,800,901	1,177,662
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to OPEB	35,327	49,228	(13,901)
Deferred outflows related to pensions	677,560	582,463	95,097
<b>Total deferred outflows of resources</b>	<b>712,887</b>	631,691	81,196
<b>Liabilities</b>			
Current liabilities	784,914	345,454	439,460
Noncurrent liabilities	5,709,147	6,353,458	(644,311)
<b>Total liabilities</b>	<b>6,494,061</b>	6,698,912	(204,851)
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to OPEB	49,261	63,676	(14,415)
Deferred inflows related to pensions	245,352	126,134	119,218
<b>Total deferred inflows of resources</b>	<b>294,613</b>	189,810	104,803
<b>Net Position</b>			
Net investment in capital assets	7,394,759	6,026,234	1,368,525
Restricted	1,111,851	1,273,419	(161,568)
Unrestricted (deficit)	(1,603,834)	(1,755,783)	151,949
<b>Total net position</b>	<b>\$ 6,902,776</b>	\$ 5,543,870	\$ 1,358,906

**City of Chipley, Florida**  
**Management's Discussion and Analysis**

<i>September 30,</i>	<b>Business-type Activities</b>		
	<b>2024</b>	2023	Change
<b>Assets</b>			
Current and other assets	\$ 1,279,306	\$ 1,802,433	\$ (523,127)
Capital assets, net	<b>44,959,182</b>	45,855,595	(896,413)
<b>Total assets</b>	<b>46,238,488</b>	47,658,028	(1,419,540)
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to OPEB	<b>20,410</b>	34,703	(14,293)
Deferred outflows related to pensions	<b>311,541</b>	262,494	49,047
<b>Total deferred outflows of resources</b>	<b>331,951</b>	297,197	34,754
<b>Liabilities</b>			
Current liabilities	<b>599,775</b>	800,696	(200,921)
Noncurrent liabilities	<b>6,757,691</b>	6,812,833	(55,142)
<b>Total liabilities</b>	<b>7,357,466</b>	7,613,529	(256,063)
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to OPEB	<b>16,035</b>	30,908	(14,873)
Deferred inflows related to pensions	<b>128,035</b>	66,185	61,850
<b>Total deferred inflows of resources</b>	<b>144,070</b>	97,093	46,977
<b>Net Position</b>			
Net investment in capital assets	<b>39,837,131</b>	40,631,798	(794,667)
Restricted	<b>312,439</b>	166,392	146,047
Unrestricted (deficit)	<b>(1,080,667)</b>	(553,587)	(527,080)
<b>Total net position</b>	<b>\$ 39,068,903</b>	\$ 40,244,603	\$ (1,175,700)

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$6.9 million for governmental activities and \$39.1 million for business-type activities.

The largest component \$47.2 million of the City's net position as of September 30, 2024, reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment and others), less any related debt outstanding to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City. Restricted net position is the next largest component, totaling \$1.4 million as of September 30, 2024. Restricted net position represent resources that are subject to external restrictions. The remaining balance of net position is a deficit in unrestricted net position totaling \$2.7 million.

**City of Chipley, Florida**  
**Management's Discussion and Analysis**

**Statement of Activities**

The following schedule summarizes revenues and expenses comparing the current year to the prior year, as derived from the government-wide Statement of Activities. Increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year ended September 30, 2024, the net position of the governmental activities increased \$1.3 million, or 24 percent, and the net position of the business-type activities decreased \$1.2 million, or 3 percent.

<i>For the years ended September 30,</i>	<b>Governmental Activities</b>		
	<b>2024</b>	2023	Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 174,259	\$ 185,012	\$ (10,753)
Operating grants and contributions	1,094,920	715,459	379,461
Capital grants and contributions	1,487,204	874,028	613,176
General revenues			
Taxes	2,932,462	2,631,343	301,119
Investment earnings	133,265	167,157	(33,892)
Other	257,593	146,200	111,393
<b>Total revenues</b>	<b>6,079,703</b>	4,719,199	1,360,504
<b>Expenses</b>			
Governmental activities			
General government	1,421,061	1,195,223	225,838
Public safety	1,645,824	1,788,205	(142,381)
Public works	1,250,478	875,428	375,050
Cemetery and grounds	-	222,415	(222,415)
Culture and recreation	358,618	369,740	(11,122)
Interest	44,816	37,164	7,652
<b>Total expenses</b>	<b>4,720,797</b>	4,488,175	232,622
Excess revenues over (under) expenses	1,358,906	231,024	1,127,882
Net position, beginning of year	5,543,870	5,312,846	231,024
Net position, end of year	\$ 6,902,776	\$ 5,543,870	\$ 1,358,906

**City of Chipley, Florida**  
**Management's Discussion and Analysis**

<i>For the years ended September 30,</i>	<b>Business-type Activities</b>		
	<b>2024</b>	2023	Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 3,940,913	\$ 3,822,444	\$ 118,469
Operating grants and contributions	5,921	-	5,921
Capital grants and contributions	396,384	756,702	(360,318)
General revenues			
Investment earnings	46,387	39,568	6,819
Other	155,512	91,557	63,955
<b>Total revenues</b>	<b>4,545,117</b>	4,710,271	(165,154)
<b>Expenses</b>			
Business-type activities			
Water	1,027,682	1,027,772	(90)
Sewer	2,989,161	2,613,680	375,481
Sanitation	1,086,260	1,021,853	64,407
Natural gas	617,714	571,380	46,334
<b>Total expenses</b>	<b>5,720,817</b>	5,234,685	486,132
Excess revenues over (under) expenses	(1,175,700)	(524,414)	(651,286)
Net position, beginning of year	40,244,603	40,769,017	(524,414)
Net position, end of year	\$ 39,068,903	\$ 40,244,603	\$ (1,175,700)

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

The general fund is reported as a major governmental fund. The general fund is the general operating fund of the City. All general tax revenue and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the general fund. As of the end of the fiscal year 2024, the City's general fund reported a fund balance of \$1,779,892. The restricted portion of this fund balance is \$719,820, the committed portion is \$83,901, the assigned portion is \$10,421 and the unassigned portion is \$965,750.

The Community Redevelopment Agency fund is reported as a major governmental fund and is a separate legal entity, but is required to be included in the City's reporting because of the significance of the financial relationships with the City. As of the end of the fiscal year 2024, the Community Redevelopment Agency fund reported a restricted fund balance of \$330,813.

## **City of Chipley, Florida Management's Discussion and Analysis**

As of the end of the fiscal year 2024, the City's other governmental funds (non-major funds) reported a restricted fund balance of \$61,218 and a committed fund balance of \$16,908.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

During fiscal year 2024, the City invested \$2.8 million in capital assets and increased total debt by \$285 thousand.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

### **Contacting the City's Financial Management**

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

**City of Chipley, Florida**  
**Statement of Net Position**

<i>September 30, 2024</i>	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,130,658	\$ 54,278	\$ 1,184,936
Investments	1,397,904	361,234	1,759,138
Receivables, net	373,356	451,750	825,106
Due from other governments	819,102	29,741	848,843
Internal balances	269,102	(269,102)	-
Restricted cash	297,403	651,405	948,808
Restricted investments	216,073	-	216,073
Land held for resale	18,621	-	18,621
Capital assets			
Non-depreciable	1,585,907	2,373,340	3,959,247
Depreciable, net	6,870,437	42,585,842	49,456,279
<b>Total assets</b>	<b>12,978,563</b>	<b>46,238,488</b>	<b>59,217,051</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to OPEB	35,327	20,410	55,737
Deferred outflows related to pensions	677,560	311,541	989,101
<b>Total deferred outflows of resources</b>	<b>712,887</b>	<b>331,951</b>	<b>1,044,838</b>
<b>Liabilities</b>			
Accounts payable	507,523	125,715	633,238
Accrued payroll liabilities	119,270	90,455	209,725
Other liabilities	-	6,533	6,533
Payable from restricted assets			
Accrued interest	10,474	13,903	24,377
Customer deposits	-	273,207	273,207
Unearned revenue - occupational licenses	29,465	-	29,465
Unearned revenue - intergovernmental	1,599,759	-	1,599,759
Non-current liabilities			
Net pension liability	2,691,919	1,272,716	3,964,635
OPEB liability	35,801	39,307	75,108
Due within one year			
Compensated absences	58,750	24,815	83,565
Notes payable	54,720	13,326	68,046
Bonds payable	34,177	51,821	85,998
Due in more than one year			
Compensated absences	360,894	388,764	749,658
Notes payable	177,336	2,707,937	2,885,273
Bonds payable	813,973	2,348,967	3,162,940
<b>Total liabilities</b>	<b>6,494,061</b>	<b>7,357,466</b>	<b>13,851,527</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to OPEB	49,261	16,035	65,296
Deferred inflows related to pensions	245,352	128,035	373,387
<b>Total deferred inflows of resources</b>	<b>294,613</b>	<b>144,070</b>	<b>438,683</b>

(Continued)

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

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

<i>September 30, 2024</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Net Position</b>			
Net investment in capital assets	7,394,759	39,837,131	47,231,890
Restricted	1,111,851	312,439	1,424,290
Unrestricted (deficit)	(1,603,834)	(1,080,667)	(2,684,501)
<b>Total net position</b>	<b>\$ 6,902,776</b>	<b>\$ 39,068,903</b>	<b>\$ 45,971,679</b>

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

**City of Chipley, Florida**  
**Statement of Activities**

*For the year ended September 30, 2024*

Functions/Programs	Expenses	Charges for Services	Program Operating Grants and Contributions
<b>Primary Government</b>			
Governmental activities:			
General government	\$ 1,421,061	\$ 73,823	\$ 376,080
Public safety	1,645,824	35,943	655,260
Public works	1,250,478	9,600	61,258
Culture and recreation	358,618	54,893	2,322
Interest	44,816	-	-
<b>Total governmental activities</b>	<b>4,720,797</b>	<b>174,259</b>	<b>1,094,920</b>
Business-type Activities:			
Water	1,027,682	801,048	-
Sewer	2,989,161	1,454,802	5,921
Sanitation	1,086,260	1,056,951	-
Natural gas	617,714	628,112	-
<b>Total business-type activities</b>	<b>5,720,817</b>	<b>3,940,913</b>	<b>5,921</b>
<b>Total primary government</b>	<b>\$ 10,441,614</b>	<b>\$ 4,115,172</b>	<b>\$ 1,100,841</b>

General revenues  
Taxes  
Ad valorem tax  
Sales taxes  
Utility taxes  
Interest income  
Miscellaneous  
Rental income

---

Total general revenues

---

Change in net position

---

Net position, beginning of year

---

Net position, end of year

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

Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Capital			
Grants and Contributions			
\$ -	\$ (971,158)	\$ -	\$ (971,158)
555,677	(398,944)	-	(398,944)
831,527	(348,093)	-	(348,093)
100,000	(201,403)	-	(201,403)
-	(44,816)	-	(44,816)
1,487,204	(1,964,414)	-	(1,964,414)
-	-	(226,634)	(226,634)
396,384	-	(1,132,054)	(1,132,054)
-	-	(29,309)	(29,309)
-	-	10,398	10,398
396,384	-	(1,377,599)	(1,377,599)
<u>\$ 1,883,588</u>	<u>(1,964,414)</u>	<u>(1,377,599)</u>	<u>(3,342,013)</u>
	1,378,920	-	1,378,920
	713,952	-	713,952
	839,590	-	839,590
	133,265	46,387	179,652
	158,393	155,512	313,905
	99,200	-	99,200
	<u>3,323,320</u>	<u>201,899</u>	<u>3,525,219</u>
	<u>1,358,906</u>	<u>(1,175,700)</u>	<u>183,206</u>
	<u>5,543,870</u>	<u>40,244,603</u>	<u>45,788,473</u>
	<u>\$ 6,902,776</u>	<u>\$ 39,068,903</u>	<u>\$ 45,971,679</u>

**City of Chipley, Florida**  
**Balance Sheet – Governmental Funds**

<i>September 30, 2024</i>	General Fund	Community Redevelopment Agency
<b>Assets</b>		
Cash and cash equivalents	\$ 1,113,683	\$ -
Investments	1,397,904	-
Receivables, net	307,319	66,037
Due from other governments	819,102	-
Due from other funds	269,102	-
Restricted cash	154,060	82,125
Restricted investments	-	216,073
<b>Total assets</b>	<b>\$ 4,061,170</b>	<b>\$ 364,235</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 474,034	\$ 33,422
Salaries and benefits payable	178,020	-
Unearned revenue - intergovernmental	1,599,759	-
Unearned revenue - occupational license	29,465	-
<b>Total liabilities</b>	<b>2,281,278</b>	<b>33,422</b>
<b>Fund balances</b>		
Restricted	719,820	330,813
Committed	83,901	-
Assigned	10,421	-
Unassigned	965,750	-
<b>Total fund balances</b>	<b>1,779,892</b>	<b>330,813</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,061,170</b>	<b>\$ 364,235</b>

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

	Nonmajor Funds		Total Governmental Funds
\$	16,975	\$	1,130,658
	-		1,397,904
	-		373,356
	-		819,102
	-		269,102
	61,218		297,403
	-		216,073
<hr/>			
\$	78,193	\$	4,503,598
<hr/>			
\$	67	\$	507,523
	-		178,020
	-		1,599,759
	-		29,465
<hr/>			
	67		2,314,767
	61,218		1,111,851
	16,908		100,809
	-		10,421
	-		965,750
<hr/>			
	78,126		2,188,831
<hr/>			
\$	78,193	\$	4,503,598
<hr/>			

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

*September 30, 2024*

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Total fund balance - governmental funds	\$ 2,188,831
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds.	8,456,344
Certain assets held for resale are not current financial resources and, therefore are not reported in the governmental funds.	18,621
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(245,352)
Deferred inflow of resources related to OPEB earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(49,261)
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	677,560
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	35,327
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(2,691,919)
OPEB liability	(35,801)
Compensated absences	(360,894)
Accrued interest on debt	(10,474)
Bonds, notes and leases payable	(1,080,206)
Net position of governmental activities	\$ 6,902,776

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

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

<i>For the year ended September 30, 2024</i>	General Fund	Community Redevelopment Agency
<b>Revenues</b>		
Taxes	\$ 2,940,230	\$ -
Licenses and permits	64,830	-
Fines, forfeitures and penalties	13,596	-
Intergovernmental	2,386,514	132,072
Charges for services	119,656	-
Interest	112,199	21,061
Rental income	99,200	-
Miscellaneous revenue	154,248	-
<b>Total revenues</b>	<b>5,890,473</b>	<b>153,133</b>
<b>Expenditures</b>		
Current		
General government	1,538,792	333,432
Public safety	2,984,418	-
Public works	1,462,970	-
Culture and recreation	317,902	-
Debt service, principal	-	-
Debt service, interest	-	-
<b>Total expenditures</b>	<b>6,304,082</b>	<b>333,432</b>
Excess (deficiency) of revenues over (under) expenditures	(413,609)	(180,299)
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	108,765
Transfers out	(219,696)	-
Proceeds from issuance of debt	285,000	-
<b>Total other financing sources (uses)</b>	<b>65,304</b>	<b>108,765</b>
Net change in fund balances	(348,305)	(71,534)
Fund balances, beginning of year	2,128,197	402,347
<b>Fund balances, end of year</b>	<b>\$ 1,779,892</b>	<b>\$ 330,813</b>

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

	Nonmajor Funds	Total Governmental Funds
\$	-	\$ 2,940,230
	-	64,830
	-	13,596
	-	2,518,586
	-	119,656
	5	133,265
	-	99,200
	22,714	176,962
	22,719	6,066,325
	-	1,872,224
	19,059	3,003,477
	-	1,462,970
	-	317,902
	68,271	68,271
	40,674	40,674
	128,004	6,765,518
	(105,285)	(699,193)
	110,931	219,696
	-	(219,696)
	-	285,000
	110,931	285,000
	5,646	(414,193)
	72,480	2,603,024
\$	78,126	\$ 2,188,831

**City of Chipley, Florida**

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

*For the year ended September 30, 2024*

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Net change in fund balances - total governmental funds \$ (414,193)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the period. 1,571,877

In the statement of activities, the gain or loss on the disposal of capital assets is reported. Whereas in the governmental funds, total proceeds from disposals are reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets. (1,423)

Current year increase in land held for resale 14,800

Cash pensions contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decreased net position. 7,710

Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources and therefore, is not reported as an expenditure in governmental funds. (3,553)

Current year increase in accrued interest expense (4,143)

Long-term compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 404,560

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. (216,729)

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Change in net position of governmental activities \$ 1,358,906

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

**City of Chipley, Florida**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual – General Fund**

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 2,907,449	\$ 2,956,039	\$ 2,940,230	\$ (15,809)
Licenses and permits	65,000	75,348	64,830	(10,518)
Fines, forfeitures and penalties	21,326	21,591	13,596	(7,995)
Intergovernmental	7,750,709	9,257,977	2,386,514	(6,871,463)
Charges for services	117,184	122,234	119,656	(2,578)
Interest	130,000	130,000	112,199	(17,801)
Rental income	99,201	99,201	99,200	(1)
Miscellaneous	60,400	169,674	154,248	(15,426)
<b>Total revenues</b>	<b>11,151,269</b>	<b>12,832,064</b>	<b>5,890,473</b>	<b>(6,941,591)</b>
<b>Expenditures</b>				
General government	1,839,525	2,118,789	1,538,792	579,997
Public safety	2,054,147	3,467,797	2,984,418	483,379
Public works	6,984,993	7,221,998	1,462,970	5,759,028
Culture and recreation	268,997	317,914	317,902	12
<b>Total expenditures</b>	<b>11,147,662</b>	<b>13,126,498</b>	<b>6,304,082</b>	<b>6,822,416</b>
Excess of revenues over (under) expenditures	3,607	(294,434)	(413,609)	(119,175)
<b>Other Financing Sources (Uses)</b>				
Transfers in	15,250	15,250	-	(15,250)
Transfers out	(103,301)	(96,047)	(219,696)	(123,649)
Proceeds from issuance of debt	-	46,995	285,000	238,005
<b>Total other financing sources (uses)</b>	<b>(88,051)</b>	<b>(33,802)</b>	<b>65,304</b>	<b>99,106</b>
Net change in fund balances	(84,444)	(328,236)	(348,305)	(20,069)
Fund balances - beginning of the year	2,128,197	2,128,197	2,128,197	-
<b>Fund balances - end of year</b>	<b>\$ 2,043,753</b>	<b>\$ 1,799,961</b>	<b>\$ 1,779,892</b>	<b>\$ (20,069)</b>

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

**City of Chipley, Florida**

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 132,072	\$ 132,072	\$ 132,072	\$ -
Interest	24,000	24,000	21,061	(2,939)
<b>Total revenues</b>	<b>156,072</b>	<b>156,072</b>	<b>153,133</b>	<b>(2,939)</b>
<b>Expenditures</b>				
General government	666,633	666,633	333,432	333,201
Excess (deficiency) of revenues over (under) expenditures	(510,561)	(510,561)	(180,299)	330,262
<b>Other Financing Sources (Uses)</b>				
Transfers in	108,765	108,765	108,765	-
Net change in fund balances	(401,796)	(401,796)	(71,534)	330,262
Fund balances, beginning of year	402,347	402,347	402,347	-
<b>Fund balances, end of year</b>	<b>\$ 551</b>	<b>\$ 551</b>	<b>\$ 330,813</b>	<b>\$ 330,262</b>

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

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

<i>September 30, 2024</i>	Business-type	
	Water	Sewer
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 6,842	\$ 5,757
Investments	5,199	6,059
Accounts receivable, net	96,816	173,011
Due from other governments	414	29,327
Restricted assets		
Cash and cash equivalents	177,264	394,017
Total current assets	286,535	608,171
Non-current assets		
Land and construction in progress	112,750	2,245,740
Capital assets, net of depreciation	5,082,667	37,113,127
Total non-current assets	5,195,417	39,358,867
Total assets	\$ 5,481,952	\$ 39,967,038
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to OPEB	\$ 8,049	\$ 7,481
Deferred outflows related to pensions	98,773	154,236
Total deferred outflows of resources	\$ 106,822	\$ 161,717
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 28,826	\$ 80,856
Accrued payroll liabilities	29,770	40,005
Other accrued liabilities	1,917	1,746
Compensated absences	8,296	9,941
Due to other funds	10,000	147,102
Total current liabilities	78,809	279,650
Current liabilities payable from restricted assets		
Accrued interest	324	12,518
Notes payable, current portion	-	-
Bonds payable, current portion	2,800	49,021
Total current liabilities payable from restricted assets	3,124	61,539

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

Activities - Enterprise Funds

	Sanitation		Natural Gas		Total
\$	38,677	\$	3,002	\$	54,278
	344,750		5,226		361,234
	120,464		61,459		451,750
	-		-		29,741
	54,246		25,878		651,405
	558,137		95,565		1,548,408
	10,350		4,500		2,373,340
	283,574		106,474		42,585,842
	293,924		110,974		44,959,182
\$	852,061	\$	206,539	\$	46,507,590
\$	2,497	\$	2,383	\$	20,410
	25,293		33,239		311,541
\$	27,790	\$	35,622	\$	331,951
\$	2,404	\$	13,629	\$	125,715
	6,951		13,729		90,455
	-		2,870		6,533
	1,700		4,878		24,815
	-		112,000		269,102
	11,055		147,106		516,620
	629		432		13,903
	6,639		6,687		13,326
	-		-		51,821
	7,268		7,119		79,050

(Continued)

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

<i>September 30, 2024</i>	Business-type	
	Water	Sewer
<b>Noncurrent liabilities</b>		
Compensated absences	\$ 129,971	\$ 155,737
Customer deposits	82,745	110,929
Net pension liability	455,176	560,213
Notes payable	-	2,679,525
OPEB liability	14,579	13,453
Bonds payable	90,400	2,258,567
<b>Total noncurrent liabilities</b>	<b>772,871</b>	<b>5,778,424</b>
<b>Total liabilities</b>	<b>\$ 854,804</b>	<b>\$ 6,119,613</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to OPEB	6,975	8,662
Deferred inflows related to pensions	29,529	71,303
<b>Total deferred inflows of resources</b>	<b>\$ 36,504</b>	<b>\$ 79,965</b>
<b>Net Position</b>		
Net investment in capital assets	\$ 5,102,217	\$ 34,371,754
Restricted	91,287	221,152
Unrestricted (deficit)	(496,038)	(663,729)
<b>Total net position (deficit)</b>	<b>\$ 4,697,466</b>	<b>\$ 33,929,177</b>

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

Activities - Enterprise Funds

Sanitation		Natural Gas		Total
\$	26,626	\$	76,430	\$ 388,764
	54,024		25,509	273,207
	101,569		155,758	1,272,716
	14,151		14,261	2,707,937
	5,508		5,767	39,307
	-		-	2,348,967
	201,878		277,725	7,030,898
\$	220,201	\$	431,950	\$ 7,626,568
	398		-	16,035
	10,568		16,635	128,035
\$	10,966	\$	16,635	\$ 144,070
\$	273,134	\$	90,026	\$ 39,837,131
	-		-	312,439
	375,550		(296,450)	(1,080,667)
\$	648,684	\$	(206,424)	\$ 39,068,903

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

<i>For the year ended September 30, 2024</i>	Business-type	
	Water	Sewer
<b>Operating Revenues</b>		
Charges for services	\$ 801,048	\$ 1,454,802
Miscellaneous revenue	77,969	72,598
Total operating revenues	879,017	1,527,400
<b>Operating Expenses</b>		
Salaries and benefits	522,795	707,610
Services and supplies	278,973	905,586
Depreciation	206,254	1,314,257
Other expenses	15,474	34,694
Total operating expenses	1,023,496	2,962,147
Operating income (loss)	(144,479)	(1,434,747)
<b>Nonoperating Revenues (Expenses)</b>		
Grant revenue	-	402,305
Interest income	224	20,014
Interest expense	(4,186)	(27,014)
Total nonoperating revenues (expenses)	(3,962)	395,305
Change in net position	(148,441)	(1,039,442)
Net position (deficit) - beginning of year	4,845,907	34,968,619
Net position (deficit) - end of year	\$ 4,697,466	\$ 33,929,177

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

Activities - Enterprise Funds

	Sanitation	Natural Gas	Total
\$	1,056,951	\$ 628,112	\$ 3,940,913
	-	4,945	155,512
	1,056,951	633,057	4,096,425
	122,829	248,946	1,602,180
	929,702	336,153	2,450,414
	29,298	27,268	1,577,077
	3,406	4,287	57,861
	1,085,235	616,654	5,687,532
	(28,284)	16,403	(1,591,107)
	-	-	402,305
	25,064	1,085	46,387
	(1,025)	(1,060)	(33,285)
	24,039	25	415,407
	(4,245)	16,428	(1,175,700)
	652,929	(222,852)	40,244,603
\$	648,684	\$ (206,424)	\$ 39,068,903

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

	Business-type	
<i>For the year ended September 30, 2024</i>	Water	Sewer
<b>Operating Activities</b>		
Receipts from customers, users and others	\$ 874,515	\$ 1,520,346
Payments to suppliers	(273,263)	(1,177,633)
Payments to employees	(498,264)	(691,609)
Net cash provided by (used in) operating activities	102,988	(348,896)
<b>Noncapital Financing Activities</b>		
Advances (loans) to (from) other funds	(75,000)	(13,648)
<b>Capital and Related Financing Activities</b>		
Grant revenue	6,789	668,416
Purchases and construction of capital assets	-	(406,904)
Principal paid on capital debt	(2,700)	(86,325)
Interest paid on capital debt	(4,195)	(27,583)
Net cash provided by (used in) capital and related financing activities	(106)	147,604
<b>Investing Activities</b>		
Interest and dividends	224	20,014
Proceeds from sale of investments	-	321,791
Purchase of investments	(4,783)	-
Net cash provided by (used in) investing activities	(4,559)	341,805
Net increase (decrease) in cash and cash equivalents	23,323	126,865
Cash and cash equivalents, beginning of year	160,783	272,909
Cash and cash equivalents, end of year	\$ 184,106	\$ 399,774

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

Activities - Enterprise Funds

	Sanitation	Natural Gas	Total
\$	1,053,613	\$ 623,469	\$ 4,071,943
	(933,718)	(332,779)	(2,717,393)
	(118,633)	(231,128)	(1,539,634)
	1,262	59,562	(185,084)
	-	(76,500)	(165,148)
	59	-	675,264
	(273,760)	-	(680,664)
	(6,341)	(6,380)	(101,746)
	(1,233)	(1,250)	(34,261)
	(281,275)	(7,630)	(141,407)
	25,064	1,084	46,386
	218,071	13,915	553,777
	-	-	(4,783)
	243,135	14,999	595,380
	(36,878)	(9,569)	103,741
	129,801	38,449	601,942
\$	92,923	\$ 28,880	\$ 705,683

(Continued)

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

<i>For the year ended September 30, 2024</i>	Business-type	
	Water	Sewer
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>		
<b>Provided by (Used In) Operating Activities</b>		
Operating income (loss)	\$ (144,479)	\$ (1,434,747)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	206,254	1,314,257
Changes in operating assets and liabilities		
Accounts receivable	(5,747)	(8,832)
Deferred outflows related to pension	(17,041)	(16,034)
Deferred outflows related to OPEB	5,440	-
Accounts payable	20,601	(237,760)
Accrued payroll liabilities	4,218	2,153
Other accrued liabilities	573	545
Compensated absences	20,313	13,848
Pension liability	(5,704)	(7,593)
OPEB liability	1,592	1,945
Deferred inflows related to pension	21,364	28,438
Deferred inflows related to OPEB	(5,641)	(6,894)
Customer deposits	1,245	1,778
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 102,988</b>	<b>\$ (348,896)</b>

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

Activities - Enterprise Funds

	Sanitation	Natural Gas	Total
\$	(28,284)	\$ 16,403	\$ (1,591,107)
	29,298	27,268	1,577,077
	(5,271)	(10,087)	(29,937)
	(3,738)	(5,585)	(42,398)
	1,209	995	7,644
	(616)	7,278	(210,497)
	853	2,736	9,960
	-	334	1,452
	3,343	15,082	52,586
	(1,251)	(1,639)	(16,187)
	354	-	3,891
	4,686	6,278	60,766
	(1,254)	-	(13,789)
	1,933	499	5,455
\$	1,262	\$ 59,562	\$ (185,084)

## City of Chipley, Florida Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### ***Reporting Entity***

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

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

#### ***Blended Component Units***

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

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

#### ***Related Organization***

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

#### ***Government-Wide and Fund Financial Statements***

The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements are comprised of the statement of net position and the statement of changes in net position which reports information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Fiduciary funds of the government are eliminated from this presentation since these resources are not available for general government funding purposes. Governmental activities, which normally are supported by taxes and

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Government-Wide and Fund Financial Statements (continued)***

intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

***Fund Financial Statements***

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

***Budgetary Information***

***Budgetary Basis of Accounting***

Each year formal budgets are legally adopted and amended as required by the City Council for all governmental funds. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the council. The level of budgetary control (i.e., the level at which expenditures may not

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgetary Information (continued)***

*Budgetary Basis of Accounting (continued)*

legally exceed appropriations) is the government function category level. The budget for each fund is adopted on the modified accrual basis of accounting consistent with GAAP.

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

*Budget Amendments*

During fiscal year 2024, there were general fund supplemental budget appropriations of \$1,978,836 or 17.75% of the original budget. The following items represent the major additional appropriations:

***General Fund***

Capital outlays	\$ 46,995
Various federal and state grants	1,507,268
Various personnel services and operating costs	424,573
<hr/>	
Total general fund	\$ 1,978,836

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

*Cash and Cash Equivalents*

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

*Investments*

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Investments (continued)*

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

*Receivables*

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

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

*Interfund Activities and Transactions*

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

*Restricted Assets*

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

*Capital Assets*

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

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Capital Assets (continued)*

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

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

*Deferred Outflows/Inflows of Resources*

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

The City has two (2) items that qualify for reporting as deferred outflows of resources, deferred outflows related to pensions and OPEB, both reported in the government-wide and proprietary funds statements of net position.

The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the pension or OPEB liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two (2) items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years.

*Unearned Revenue*

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Compensated Absences*

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

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

*Long-Term Obligations*

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

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

*Pensions*

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Other Post-Employment Benefits (OPEB) Liability*

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

*Categories and Classification of Net Position and Fund Balance*

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

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

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

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

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

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

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Categories and Classification of Net Position and Fund Balance (continued)*

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

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

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

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

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

***Revenues and Expenditures/Expenses***

*Program revenues* – Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

The current property tax calendar is as follows:

Lien date:	January 1, 2023
Levy date:	November 1, 2023
Due date:	March 31, 2024
Delinquent date:	April 1, 2024

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenues and Expenditures/Expenses (continued)***

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

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

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

***Use of Estimates***

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

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued December 5, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently Issued Accounting Pronouncements***

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued Accounting Pronouncements (continued)***

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

GASB Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement 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. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to 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. In addition to other items, the Statement:

- Addresses changes to information presented in the MD&A;
- Requires governments to display the inflows and outflows related to unusual or infrequent items separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows;
- Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses;
- Requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements;
- Requires governments to present budgetary comparison information using a single method of communication (RSI).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued Accounting Pronouncements (continued)***

additional disclosures for capital assets held for sale and that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

**Note 2: DETAILED NOTES ON ALL FUNDS**

***Deposits and Investments***

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

The City invests in the Florida State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME). The Local Government Surplus Funds Trust Fund is a “2a-7 like” pool and, therefore, the City’s pool account balance (amortized cost) is used as the fair value for financial reporting. At September 30, 2024, the fair value and the carrying value of these funds was \$1,975,211. The funds are reported as investments in the amount of \$1,759,138, and as restricted investments of \$216,073.

Florida PRIME is administered by the SBA, under the regulatory oversight of the State of Florida. Florida PRIME is rated by Standard and Poor’s as AAAM. At September 30, 2024, Florida PRIME’s investments dollar weighted average days to maturity (WAM) was 39 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM and weighted average life (WAL) is 74 days. Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2023 through September 30, 2024. As of September 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City’s daily access to 100 percent of their account value.

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

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (continued)***

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

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

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

Investments are comprised of the following, at amortized cost.

Investment Type	Fair Value	Purchase Date to Maturity			
		0 – 1 Year	1 – 2 Years	2 – 3 Years	3 – 5 Years
Florida PRIME	\$ 1,975,211	\$ 1,975,211	\$ -	\$ -	\$ -

***Accounts Receivable***

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

Governmental Funds	General Fund	Community
		Redevelopment Agency
Taxes	\$ 125,945	\$ -
Franchise fees	47,705	-
Revolving loan receivable	-	66,037
Intergovernmental	133,669	-
<b>Total</b>	<b>\$ 307,319</b>	<b>\$ 66,037</b>

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Accounts Receivable (continued)***

Proprietary Funds	Water	Sewer	Sanitation	Natural Gas
Accounts – utility billings (1)	\$ 103,223	\$ 184,814	\$ 127,520	\$ 63,654
Allowance for uncollectibles	(6,569)	(11,803)	(8,027)	(3,959)
Other	162	-	971	1,764
<b>Total</b>	<b>\$ 96,816</b>	<b>\$ 173,011</b>	<b>\$ 120,464</b>	<b>\$ 61,459</b>

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

***Due from Other Governments***

The \$819,102 reported in governmental activities and \$29,741 reported in business-type activities are due from the State of Florida for grant reimbursements. The amounts due are deemed collectible.

***Interfund Balances***

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures. These amounts should be repaid during the next fiscal year. The composition of interfund balances as of September 30, 2024 is shown below:

	Payable Fund			
	Water	Sewer	Gas	Total
<b>Receivable Fund</b>				
General	\$ 10,000	\$ 147,102	\$ 112,000	\$ 269,102

***Interfund Transfers***

	Transfers In		
	Debt Service	CRA	Total
<b>Transfers Out</b>			
General	\$ 110,931	\$ 108,765	\$ 219,696

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

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets**

The following is a summary of changes in capital assets during the year ended September 30, 2024:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,066,395	\$ -	\$ -	\$ -	\$ 1,066,395
Construction-in-progress	242,090	703,763	-	(426,341)	519,512
Capital assets, not being depreciated	\$ 1,308,485	\$ 703,763	\$ -	\$ (426,341)	\$ 1,585,907
Capital assets, being depreciated					
Furniture and equipment	\$ 3,359,633	\$ 907,202	\$ -	\$ -	\$ 4,266,835
Improvements other than buildings	4,889,899	508,003	-	426,341	5,824,243
Buildings	4,638,059	28,972	65,556	-	4,601,475
Capital assets, being depreciated	12,887,591	1,444,177	65,556	426,341	14,692,553
Less accumulated depreciation for					
Furniture and equipment	2,781,281	197,548	64,133	(267,458)	2,647,238
Improvements other than buildings	1,953,278	269,964	-	-	2,223,242
Buildings	2,575,627	108,551	-	267,458	2,951,636
Total accumulated depreciation	7,310,186	576,063	64,133	-	7,822,116
Total capital assets being depreciated, net	\$ 5,577,405	\$ 868,114	\$ 1,423	\$ 426,341	\$ 6,870,437
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated					
Land	\$ 2,356,559	\$ -	\$ -	\$ -	\$ 2,356,559
Construction-in-progress	11,714,408	388,237	-	(12,085,864)	16,781
Capital assets, not being depreciated	\$ 14,070,967	\$ 388,237	\$ -	\$ (12,085,864)	\$ 2,373,340

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Capital Assets (continued)***

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, being depreciated					
Building and plant	\$ 51,339,666	\$ -	\$ -	\$ 12,085,864	\$ 63,425,530
Equipment and vehicles	2,940,815	292,427	16,758	-	3,216,484
Capital assets, being depreciated	54,280,481	292,427	16,758	12,085,864	66,642,014
Less accumulated depreciation for					
Building and plant	20,074,070	1,458,049	-	-	21,532,119
Equipment and vehicles	2,421,783	119,028	16,758	-	2,524,053
Total accumulated depreciation	22,495,853	1,577,077	16,758	-	24,056,172
Total capital assets being depreciated, net	\$ 31,784,628	\$ (1,284,650)	\$ -	\$ 12,085,864	\$ 42,585,842

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

<i>For the year ended September 30,</i>	2024
Governmental activities	
General government	\$ 150,900
Public safety	139,742
Public works	230,332
Culture and recreation	55,089
<b>Total depreciation expense - governmental activities</b>	<b>\$ 576,063</b>
Business-type activities	
Water	\$ 206,254
Sewer	1,314,257
Sanitation	29,298
Natural Gas	27,268
<b>Total depreciation expense - business-type activities</b>	<b>\$ 1,577,077</b>

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities***

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Revenue bonds	\$ 634,240	\$ 238,000	\$ 24,090	\$ 848,150	\$ 34,177
Notes	229,237	47,000	44,181	232,056	54,720
Compensated absences	797,348	164,523	542,227	419,644	58,750
<b>Total</b>	<b>\$ 1,660,825</b>	<b>\$ 449,523</b>	<b>\$ 610,498</b>	<b>\$ 1,499,850</b>	<b>\$ 147,647</b>
<b>Business-type activities</b>					
Revenue bonds	\$ 2,451,964	\$ -	\$ 51,176	\$ 2,400,788	\$ 51,821
Notes	2,771,833	-	50,570	2,721,263	13,326
Compensated absences	360,993	118,934	66,348	413,579	24,815
<b>Total</b>	<b>\$ 5,584,790</b>	<b>\$ 118,934</b>	<b>\$ 168,094</b>	<b>\$ 5,535,630</b>	<b>\$ 89,962</b>

Debt service requirements on long-term debt at September 30, 2024 are as follows:

<i>Year ending September 30,</i>	Governmental Activities			
	Revenue Bonds		Notes	
	Principal	Interest	Principal	Interest
2025	\$ 34,177	\$ 37,267	\$ 54,720	\$ 11,396
2026	35,173	35,751	57,079	9,033
2027	37,212	34,191	41,678	6,308
2028	38,297	32,569	36,764	4,245
2029	40,430	30,838	25,815	2,364
2030-2034	225,954	125,891	16,000	1,139
2035-2039	274,743	71,534	-	-
2040-2044	162,164	15,011	-	-
<b>Total</b>	<b>\$ 848,150</b>	<b>\$ 383,052</b>	<b>\$ 232,056</b>	<b>\$ 34,485</b>

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Debt and Liabilities (continued)**

Year ending September 30,	Business-type Activities			
	Revenue Bonds		Notes	
	Principal	Interest	Principal	Interest
2025	\$ 51,821	\$ 30,805	\$ 13,326	\$ 1,878
2026	52,473	30,128	68,215	1,279
2027	53,130	29,451	108,245	717
2028	53,894	28,764	93,758	-
2029	54,565	28,076	93,758	-
2030-2034	284,005	129,385	468,792	-
2035-2039	303,857	109,880	468,792	-
2040-2044	325,486	88,437	468,792	-
2045-2049	320,142	65,723	468,792	-
2049-2054	331,581	47,013	468,793	-
2055-2059	350,655	28,151	-	-
2060-2062	219,179	9,036	-	-
<b>Total</b>	<b>\$ 2,400,788</b>	<b>\$ 624,849</b>	<b>\$ 2,721,263</b>	<b>\$ 3,874</b>

Notes payable at September 30, 2024 are comprised of the following:

	Governmental Activities
<b>Capital City Bank</b> – A note payable in annual installments of \$12,830.27 including interest at 4.95%. The note matures on June 15, 2028 and secured by a vehicle.	\$ 45,467
<b>Capital City Bank</b> – A note payable in annual installments of \$17,138.36 including interest at 5.25%. The note matures on June 15, 2030 and secured by a vehicle.	86,078
<b>Capital City Bank</b> – A note payable in annual installments of \$11,040.44 including interest at 5.53%. The note matures on December 20, 2028 and is secured by a vehicle.	47,000
<b>Capital City Bank</b> – A note payable in annual installments of \$7,253.56 including interest at 4.07%. The note matures on February 3, 2026 and is secured by a vehicle.	13,537
<b>One Florida Bank</b> – A note payable in annual installments of \$6,976.94 including interest at 4.5%. The note matures on February 1, 2027 and secured by a vehicle.	19,150
<b>PeoplesSouth Bank</b> – A note payable in annual installments of \$10,876.73 including interest at 2.95%. The note matures on July 4, 2025 and is secured by a vehicle.	20,824
	<b>\$ 232,056</b>

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities (continued)***

	Business-Type Activities
<b>One Florida Bank</b> – A note payable in annual installments of \$7,574.15 including interest at 4.5%. The note matures on February 1, 2027 and is secured by pledged non-ad valorem tax revenues.	\$ 20,790
<b>One Florida Bank</b> – A note payable in annual installments of \$7,629.70 including interest at 4.5%. The note matures on April 1, 2027 and is secured by pledged non-ad valorem tax revenues.	20,948
<b>Florida Department of Environmental Protection</b> – A Clean Water State Revolving Fund Loan issued May 15, 2021 to finance the cost of acquisition and construction of certain capital improvement in connection with the sewer utility system. The loan is secured by a pledge of revenues as security for the repayment of the debt and shall be the funds, including investment income, on deposit in the debt service accounts. Principal and interest paid for the year ended September 30, 2024 and total pledged revenues were \$15,931 and \$368,922, respectively. Principal and interest payments were 4.32% of the pledged revenue for the year ended September 30, 2024. Semi-annual installments of \$46,879.20 are due in November and May. The note matures on May 15, 2054.	2,679,525
<b>Total</b>	\$ 2,721,263

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities (continued)***

*Bonds Payable*

Bonds payable at September 30, 2024 are comprised of the following:

	<u>Governmental Activities</u>
<b>City of Chipley Public Improvement Revenue Bonds – 2002A Series</b> , authorized and issued \$546,000, interest at 4.75%, principal and interest payable annually on September 1, collateralized by pledge of solid waste disposal system revenues. Bonds are held by the U.S. Department of Agriculture, Rural Development.	\$ 342,150
<b>City of Chipley Public Improvement Revenue Bonds – 2024 Series</b> , authorized and issued \$238,000, interest at 3.50%, principal and interest payable annually on May 23, collateralized by pledge of solid waste disposal system net revenues and revenues from an interlocal agreement with Jackson County, Florida. The interlocal agreement specifies that Jackson County will contribute \$1,500 annually for each term of the interlocal agreement. Bonds are held by the U.S. Department of Agriculture, Rural Development.	238,000
<b>City of Chipley Public Improvement Revenue Bonds – 2003 Series</b> , authorized and issued \$400,000, interest at 4.675%, principal and interest payable annually on September 1, collateralized by pledge of solid waste disposal system net revenues and revenues from an interlocal agreement with Washington County, Florida. The interlocal agreement specifies that Washington County will share equally with the City the full repayment of the bonds and will pay to the City, in equal installments, a sum equal to one-half of the annual bond payment. Bonds are held by the U.S. Department of Agriculture, Rural Development.	268,000
<b>Total</b>	\$ 848,150

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities (continued)***

*Bonds Payable (continued)*

	Business-Type Activities
<b>Water and Sewer Revenue Bonds – 2006 Series</b> , authorized and issued \$128,900, interest at 4.375%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	\$ 93,200
<b>Water and Sewer Revenue Bonds – 2022 Series</b> , authorized and issued \$2,404,000, interest at 1.125%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	2,307,588
<b>Total</b>	\$ 2,400,788

The City has pledged future water and sewer system net revenues to repay \$5,080,313 in revenue bonds issued in 2006 and 2022 and the state revolving funds notes. Proceeds from the bonds were used for capital improvements and rehabilitation or expansion of the City’s water and sewer systems. Principal and interest on the bonds are payable through 2062, solely from the water and sewer system net revenues and an interlocal agreement with Washington County in which the City agreed to pay half of the debt service related to the portion of the debt which financed the construction of a library. Annual principal and interest on the debt required approximately 1 percent of such net revenues for the year ended September 30, 2024. Principal and interest paid for the current year and total customer net revenues were \$61,552 and \$2,823,039, respectively.

***Net Position and Fund Balances***

Restricted net position is comprised of the following at September 30, 2024:

	Governmental	Business-Type
Restricted to capital improvements	\$ 719,820	\$ 209,848
Restricted to debt service	61,218	102,591
Restricted to economic development	330,813	-
<b>Total</b>	\$ 1,111,851	\$ 312,439

A net position deficit of \$206,424 exists in the natural gas fund resulting from the rising costs of natural gas. The City adjusted natural gas fees each year beginning in fiscal year 2021, and the deficit was reduced by \$16,428 for the year ended September 30, 2024.

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Net Position and Fund Balances (continued)***

	General Fund	Community Redevelopment Agency	Nonmajor Government Funds	Total Governmental Funds
Restricted				
Capital Improvements	\$ 719,820	\$ -	\$ -	\$ 719,820
Debt Service	-	-	61,218	61,218
Economic development	-	330,813	-	330,813
Committed				
Cemetery	83,901	-	-	83,901
Volunteer Fire Department	-	-	16,908	16,908
Assigned				
Recreation	10,421	-	-	10,421
Unassigned	965,750	-	-	965,750
<b>Total</b>	<b>\$ 1,779,892</b>	<b>\$ 330,813</b>	<b>\$ 78,126</b>	<b>\$ 2,188,831</b>

**Note 3: RETIREMENT PLANS**

***Florida Retirement System Pension Plan***

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

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

The Pension Plan provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. For Special Risk Class members, normal retirement is age 55 with at least six years of Special Risk service, or twenty-five years of Special Risk service, regardless of age, or age 52 with 25 years of Special Risk service and up to four years of active duty wartime service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the Pension Plan provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service or thirty-three years regardless of age. For Special Risk Class members, normal retirement is age 60 with at least eight years of Special Risk service, or thirty years of Special Risk service, regardless of age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

***Florida Retirement System Pension Plan (continued)***

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates are applied to employee salaries as follows: regular employees-13.63% DROP Program-21.13%, special risk employees-32.79%, senior management-34.52% and elected officials-58.68%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications with the exception of DROP program participants who do not make contributions.

The City's contributions to the Pension Plan for the year ended September 30, 2024, was \$456,754, and equal to the actuarially determined contributions for the year. Total payroll for the City employees covered by the Pension Plan was \$2,517,361 for the year ended September 30, 2024. The City's total payroll was \$2,783,712 for the same period. Net pension liabilities are generally liquidated by the general fund.

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

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.* At September 30, 2024, the City reported a liability of \$3,080,311 for its proportionate share of the collective net pension liability for the Pension Plan. 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 June 30, 2024. The City's proportion of the collective net pension liability was based on the employers' shares of contributions to the Pension Plan relative to the total employer contributions of all participating employers. At June 30, 2024, the City's proportion of the Pension Plan was 0.007963%, which was an increase of 0.000262% from its proportion measured as of June 30, 2023.

For the year ended September 30, 2024, the City recognized pension expense of \$101,618 for the Pension Plan. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 311,194	\$ -
Changes of assumptions	422,185	-
Net difference between projected and actual earnings on pension plan investments	-	(204,733)
Changes in proportion and differences between employer contributions and proportionate share of contributions	98,960	(46,798)
Employer contributions subsequent to the measurement date	103,535	-
<b>Total</b>	<b>\$ 935,874</b>	<b>\$ (251,531)</b>

**Note 3: RETIREMENT PLANS (Continued)**

***Florida Retirement System Pension Plan (continued)***

\$103,535 reported as deferred outflows of resources related to the Pension Plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended  
September 30,

2025	\$	131,502
2026		131,502
2027		131,502
2028		131,501
2029		54,801

*Actuarial assumptions.* The total pension liability for the Pension Plan was determined by an actuarial valuation as of July 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	6.70%
Projected salary increases	3.50%
* Net of pension plan investment expense	

The actuarial assumptions used in the actuarial valuation as of July 1, 2024 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the Pension Plan based upon participant data for the period July 1, 2018 to June 30, 2023.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

The long-term expected rate of return for the Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

**City of Chipley, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

**Florida Retirement System Pension Plan (continued)**

Asset Class	Target Allocation (1)	Annual Arithmetic Return*	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
<b>Total</b>	<b>100%</b>			

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

\* Includes assumed rate of inflation of 2.40%

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

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City’s proportionate share of collective net pension liability	\$ 5,418,156	\$ 3,080,311	\$ 1,121,867

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Pension Plan Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the Pension Plan prepared as of June 30, 2024. The auditor’s report dated January 10, 2025 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2024 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Note 3: RETIREMENT PLANS (Continued)**

***Health Insurance Subsidy Program***

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

The City's contributions to the HIS for the year ended September 30, 2024, was \$50,452, and equal to the actuarially determined contributions for the year. These contributions were paid by their due date. Total payroll for the City employees covered by the HIS was \$2,517,361 for the year ended September 30, 2024. The City's total payroll was \$2,783,712 for the same period.

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.* At September 30, 2024, the City reported a liability of \$884,324 for its proportionate share of the collective net pension liability. For the HIS, 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 July 1, 2023. The City's proportion of the collective net pension liability was based on the employers' shares of contributions to the HIS relative to the total employer contributions of all participating employers. At June 30, 2024, the City's proportion of the HIS was 0.005895%, which was a decrease of 0.000043% from its proportion measured as of June 30, 2023.

For the year ended September 30, 2024, the City recognized pension expense of \$1,547 for the HIS. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the HIS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,539	\$ (1,698)
Changes of assumptions	15,650	(103,269)
Net difference between projected and actual earnings on pension plan investments	-	(320)
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,034	(16,569)
Employer contributions subsequent to the measurement date	10,004	-
<b>Total</b>	<b>\$ 53,227</b>	<b>\$ (121,856)</b>

**Note 3: RETIREMENT PLANS (Continued)**

**Health Insurance Subsidy Program (continued)**

\$10,004 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS will be recognized in the pension's expense as follows:

Year Ended	
September 30,	
2025	\$ (15,044)
2026	(15,044)
2027	(15,044)
2028	(15,044)
2029	(15,044)
Thereafter	(3,413)

The total pension liability for the HIS was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return*	3.93%
Projected salary increases	3.50%

\* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of July 1, 2023 for the HIS were based on the results of an investigation of the economic and demographic experience for the Florida Retirement System (the "FRS") based upon participant data for the period July 1, 2018 to June 30, 2023.

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021.

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

*Discount rate.* The discount rate used to measure the total pension liability for the HIS was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion rate is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Note 3: RETIREMENT PLANS (Continued)**

**Health Insurance Subsidy Program (continued)**

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.93% for the HIS as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.93%) or 1-percentage point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
City's proportionate share of collective net pension liability	\$ 1,006,690	\$ 884,324	\$ 782,741

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Pension Plan Comprehensive Annual Financial Report for the fiscal year ended June 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the Pension Plan prepared as of June 30, 2024. The auditor's report dated January 10, 2025 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2024 along with supporting schedules is also available. The additional financial and actuarial information is available from the following website:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

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

**Plan Description**

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

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

***Funding Policy***

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

As of September 30, 2024, no trust has been established and no assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4.

***Plan Membership***

The City currently determines the eligibility, benefit provisions and changes to those provisions applicable to retirees in accordance with applicable City ordinances, federal and state laws. At October 1, 2023, OPEB membership consisted of the following:

**Summary of Employer Census Data**

Number of active members	33
Number of retired and disabled members	-
Number of spouses receiving benefits	-

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the September 30, 2024 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate investment rate of return - 3.75%
- Health care cost trend rate - 5.00%
- Mortality rates – Florida Retirement System Mortality Table

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

In the October 1, 2023 actuarial valuation, the Individual Entry Age, Level Dollar Closed cost method was used. The actuarial assumptions included a healthcare cost trend level 5.00% for medical. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At September 30, 2024, the City reported a total OPEB liability of \$75,108. The GASB 75 information has been provided as of the September 30, 2024 measurement date.

**City of Chipley, Florida**  
**Notes to Financial Statements**

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

***Actuarial Assumptions and Other Inputs (continued)***

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

<i>As of and for the year ended September 30,</i>	<b>2024</b>	<b>2023</b>
Total OPEB liability - beginning	\$ 66,443	\$ 35,760
Changes due to:		
Service costs	6,173	3,519
Interest	2,492	2,526
Differences between expected and actual experience	-	20,752
Changes in assumptions and methods	-	1,219
Benefit payments	-	2,667
Net changes in total OPEB liability	8,665	30,683
Total OPEB liability - ending	\$ 75,108	\$ 66,443

The City reported changes in assumptions since the prior measurement date. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2023. These calculations are based in the Individual Entry Age, Level Dollar Closed cost method required by GASBC P52.

***Sensitivity of the Total OPEB Liability***

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

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB Liability	\$ 87,560	\$ 75,108	\$ 65,529
	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	\$ 64,218	\$ 75,108	\$ 88,371

**City of Chipley, Florida**  
**Notes to Financial Statements**

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability (Gain)/Loss	\$ 50,572	\$ (57,723)
Changes of assumptions	5,165	(7,573)
	<b>\$ 55,737</b>	<b>\$ (65,296)</b>

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

Year Ended September 30,	Deferred Outflows of Resources
2025	\$ (548)
2026	(548)
2027	(548)
2028	(10,849)
2029	248
Thereafter	2,686
<b>Total</b>	<b>\$ (9,559)</b>

**Note 5: COMMITMENTS AND CONTINGENCIES**

*Grants* - Grant funds received and disbursed by the City are for specific purposes and are subject to review by grantor agencies. Such reviews may result in requests for reimbursements due to disallowed expenditures. Based upon experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City. As of September 30, 2024, there were no questioned or disallowed costs as a result of reviews by grantor agencies in process or completed.

*Construction Commitments* - The City had open contract commitments for improvements as of September 30, 2024 as follows:

Contract amounts	\$ 8,856,710
Less: Amount expended through September 30, 2024	710,999
<b>Remaining commitment on contract</b>	<b>\$ 8,145,711</b>

**Note 6: RISK MANAGEMENT**

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

**Note 7: LITIGATION**

The City is involved in several litigations and claims arising in the ordinary course of operations. In the opinion of management, the range of potential recoveries or liabilities would not materially affect the financial position of the City at September 30, 2024. Accordingly, no accruals for loss contingency have been made in the accompanying financial statements.

**Note 8: MAJOR SUPPLIER**

All natural gas sold by the natural gas fund is purchased from a single supplier, Florida Gas Utility. Purchases totaled \$240,584. Florida Gas Utility is currently the City's sole supplier of natural gas.

**City of Chipley, Florida**  
**Required Supplementary Information**

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

<i>As of and for the year ended September 30,</i>	<b>2024</b>	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 66,443	\$ 35,760	\$ 44,303	\$ 66,393	\$ 66,825	\$ 176,397	\$ 170,973
Changes due to:							
Service costs	6,173	3,519	3,640	4,855	2,489	5,318	2,749
Interest	2,492	2,526	1,406	5,477	2,407	16,796	6,736
Differences between expected and actual experience	-	20,752	-	(21,362)	-	(112,265)	-
Changes in assumptions and methods	-	1,219	-	(573)	-	1,300	7,598
Benefit payments	-	2,667	(13,589)	(10,487)	(5,328)	(20,721)	(11,659)
Net changes in total OPEB liability	8,665	30,683	(8,543)	(22,090)	(432)	(109,572)	5,424
Total OPEB liability - ending	\$ 75,108	\$ 66,443	\$ 35,760	\$ 44,303	\$ 66,393	\$ 66,825	\$ 176,397
Covered-employee payroll for the measurement period	\$ 1,860,114	\$ 1,788,571	\$ 1,324,938	\$ 1,273,979	\$ 1,291,689	\$ 1,242,008	\$ 1,335,483
OPEB liability as a percentage of covered-employee payroll	4.04%	3.71%	2.70%	3.48%	5.14%	5.38%	13.21%
Plan net fiduciary position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

**Notes to OPEB Required Supplementary Information**

Actuarial cost method	Individual entry age
Amortization method	Level Dollar, Closed
Remaining amortization period	9 years
Asset valuation method	N/A
Medical inflation	5.00%
Investment return	3.75%
Retirement age	Graded percentage rates starting at first eligibility for Normal Retirement
Mortality	Florida Retirement System Mortality Table

**City of Chipley, Florida**  
**Required Supplementary Information**

**Schedule of Employer's Proportionate Share  
of the Net Pension Liability  
Florida Retirement System Pension Plan  
Last Ten Years**

<i>As of and for the year ended June 30,</i>	<b>2024</b>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	<b>0.007963%</b>	0.007701%	0.007667%	0.007490%	0.007624%	0.008506%	0.008221%	0.008400%	0.008848%	0.008602%
Employer's proportionate share of the net pension liability	<b>\$ 3,080,311</b>	\$ 3,070,351	\$ 2,852,703	\$ 565,762	\$ 3,304,271	\$ 2,929,453	\$ 2,476,158	\$ 2,485,639	\$ 2,234,242	\$ 1,111,018
Covered payroll*	<b>\$ 2,587,318</b>	\$ 2,328,053	\$ 2,130,250	\$ 2,077,855	\$ 2,000,926	\$ 1,991,905	\$ 1,804,772	\$ 1,770,759	\$ 1,783,369	\$ 1,781,214
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	<b>119.05%</b>	131.88%	133.91%	27.23%	165.14%	147.07%	137.20%	140.37%	125.28%	62.37%
Plan fiduciary net position as a percentage of the total pension liability	<b>83.70%</b>	82.38%	82.90%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

\*Covered payroll during measurement period is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2024 the measurement period is the twelve month period beginning July 1, 2023.

**City of Chipley, Florida**  
**Required Supplementary Information**

**Schedule of Employer Contributions**  
**Florida Retirement System Pension Plan**  
**Last Ten Years**

<i>As of and for the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution**	\$ 456,754	\$ 388,859	\$ 322,684	\$ 294,161	\$ 271,390	\$ 261,467	\$ 242,646	\$ 261,073	\$ 220,909	\$ 205,049
Contributions in relation to the actuarially determined contribution	456,754	388,859	322,684	294,161	271,390	261,467	242,646	261,073	220,909	205,049
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	\$ 2,517,361	\$ 2,399,227	\$ 2,137,189	\$ 2,108,768	\$ 2,050,433	\$ 1,985,261	\$ 1,841,915	\$ 1,819,586	\$ 1,798,143	\$ 1,885,154
Contributions as a percentage of covered payroll	18.14%	16.21%	15.10%	13.95%	13.24%	13.17%	13.17%	14.35%	12.29%	10.88%

\*Employer's covered payroll during the fiscal year is the total paid to covered employees (not just pensionable payroll). For fiscal year 2024, the period is October 1, 2023 through September

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

**Schedule of Employer's Proportionate  
Share of the Net Pension Liability  
Health Insurance Subsidy Program  
Last Ten Years**





**Schedule of Employer Contributions  
Health Insurance Subsidy Program  
Last Ten Years**





**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Note 1: FLORIDA RETIREMENT SYSTEMS (FRS)**

The following actuarial assumptions changed in 2024:

- The projected salary increases increased from 3.25% to 3.50%.
- The scale for mortality rates using the PUB-2010 base table, projected generationally with Scale MP-2021 was updated from Scale MP-2018

**Note 2: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)**

The following actuarial assumptions changed in 2024:

- The projected salary increases increased from 3.25% to 3.50%.
- The discount rate increased from 3.65% to 3.93%.
- The scale for mortality rates using the PUB-2010 base table, projected generationally with Scale MP-2021 was updated from Scale MP-2018

**Note 3: OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)**

There were no significant changes in actuarial valuation or assumptions.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Chipley, Florida (the “City”) as of and for the year ended September 30, 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 December 5, 2025.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in

internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

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

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

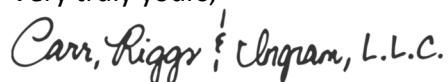
### **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures of the City's response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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.

### **Purpose of this Report**

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

Very truly yours,



CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama  
December 5, 2025



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**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH *LOCAL GOVERNMENT INVESTMENT POLICIES***

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

We have examined City of Chipley, Florida’s (the “City”) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, respectively, during the year ended September 30, 2024. Management of the City is responsible for the City’s compliance with the specified requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024.

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

Very truly yours,

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama  
December 5, 2025



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

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

We have audited the City of Chipley, Florida’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2024. The City’s major federal programs are identified in the summary of auditor’s 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 for the year ended September 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, 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, 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Very truly yours,

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

December 5, 2025

**City of Chipley, Florida**  
**Schedule of Expenditures of Federal Awards**

Federal Agency			Passed	
Pass-Through Entity			Through to	
Federal Program	ALN	Grant I.D. Number	Subrecipients	Expenditures
<b>U.S. Department of Homeland Security</b>				
Pass-through Florida Department of Emergency Management				
Disaster Grants - Public Assistance	97.036	Z0890	\$ -	\$ 91,875
<b>U.S. Department of Agriculture</b>				
Pass-through Florida Department of Agriculture and Consumer Services				
Waste Disposal Systems for Rural Communities	10.760	SG670112	-	347,853
Community Facilities Loan and Grant Program	10.766	Resolution 22-31	-	328,211
Cooperative Forestry Assistance	10.664	N/A	-	8,405
Department total			-	684,469
<b>U.S. Department of Housing and Urban Development (HUD)</b>				
Pass-through Florida Department of Economic Opportunity				
Community Development Block Grants/State's program and Non-entitlement Grants in Hawaii	14.228	M0014	-	123,013
Community Development Block Grants/State's program and Non-entitlement Grants in Hawaii	14.228	MT148	-	99,100
Community Development Block Grants/State's program and Non-entitlement Grants in Hawaii	14.228	H2567	-	23,407
Community Development Block Grants/State's program and Non-entitlement Grants in Hawaii	14.228	M0041	-	374,575
ALN 14.228/Department total			-	620,095
<b>U.S. Department of Energy</b>				
Direct Award				
State Energy Program	81.041	30764	-	88,190
<b>U.S. Department of Treasury</b>				
Direct Award				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19 Y5052	-	618,777
<b>U.S. Department of Justice</b>				
Direct Award				
Equitable Sharing Program	16.922	N/A	-	2,000
Total Expenditures of Federal Awards			\$ -	\$ 2,105,406

*See independent auditor's report and accompanying notes to schedule of expenditures of federal awards.*

**City of Chipley, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2024**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass-through entities. The City has obtained Assistance Listing Number (ALN) numbers to ensure that all programs have been identified in the Schedule. ALN numbers have been appropriately listed by applicable programs. Federal programs with different ALN numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance.

**Note 2: INDIRECT COST**

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

**Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES**

The City did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2024.

**Note 4: SUB-RECIPIENTS**

During the year ended September 30, 2024 the City had no sub-recipients.

**Note 5: NONCASH ASSISTANCE AND OTHER**

The City did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2024.

**Note 6: CONTINGENCIES**

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

**Note 7: FEDERAL PASS-THROUGH FUNDS**

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

**City of Chipley, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2024**

**Section I: Summary of Auditor’s Results**

**Financial Statements**

- |  |            |
|--|------------|
| 1. Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP | Unmodified |
| 2. Internal control over financial reporting:  |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                             | Yes        |
| c. Noncompliance material to the financial statements noted?   | No         |

**Federal Awards**

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

<b>Assistance Listing Number (ALN)</b>	<b>Federal Program</b>
21.027	Coronavirus State and Local Fiscal Recovery Funds
5. Dollar threshold used to distinguish between type A and type B programs	\$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	Yes

**Section II: Financial Statements Findings**

**2024-001 Timeliness of Audited Financial Statements**

**Criteria** - 2 CFR 200.512 and Florida Statutes Sections 218.32 requires the City to submit a completed audit, the data collection form, and the annual financial report “within the earlier of 30 calendar days after receipt of the auditor’s report, or nine months after the end of the audit period.”

**Condition** – The September 30, 2024 audit was due to the Federal Audit Clearinghouse (“FAC”) and the State of Florida June 30, 2025. The reports were not filed by the due date.

**Cause** – Audit was not able to be completed by the due dates required by Federal and State law.

**Effect** – A complete audit and data collection form were not submitted within nine months of the end of the audit period to the Federal Audit Clearinghouse and the State of Florida.

**Recommendation** – The City should strengthen controls to ensure the required reporting requirements are met.

**Management Response:** The City had significant turnover during the current year that led to delays in the issuance of audited financial statements. The City has put procedures in place to monitor the timely filing of future audit reporting.

**City of Chipley, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2024**

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

No such findings noted.

**Section IV: Summary Schedule of Prior Audit Findings**

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs.

**City of Chipley, Florida  
Corrective Action Plan  
For the Year Ended September 30, 2024**



***City of Chipley***

1442 Jackson Avenue  
Post Office Box 1007  
Chipley, Florida 32428  
Phone: (850) 638-6350



**1442 Jackson Avenue Post Office Box 1007 Chipley, Florida 32428  
Phone: (850) 638-6350**

**Financial Statement Findings**

Management Response: The City had significant turnover during the current year that led to delays in the issuance of audited financial statements. The City has put procedures in place to monitor the timely filing of future audit reporting.

Responsible Party: Patrice Tanner, City Administrator

Proposed Completion Date: September 30, 2025



**CARR, RIGGS & INGRAM, L.L.C.**

**Carr, Riggs & Ingram, L.L.C.**  
1117 Boll Weevil Circle  
Enterprise, AL 36330

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CRLadv.com

## **INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

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

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

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

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance, Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 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 financial audit report.

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Community Redevelopment Agency (“CRA”) was created by the City pursuant to State Statutes with commissioners of the Agency being City Council Members. During 1997, the City passed an ordinance establishing a board of directors (the “Board”) for the CRA. The City appoints the Board to four year terms. Operations are administered by the Council appointed Board and are financed with City and county funds.

## **Financial Condition and Management**

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

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

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

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

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

## **Specific Information**

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

- a. The total number of district employees compensated in the last pay period of the CRA's fiscal year was 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year was 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$0.
- e. No construction projects with a total cost of at least \$65,000 were approved by the district that is scheduled to begin on or after October 1 of the fiscal year.

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is presented herein on page 20. The district did not amend their budget during the year.

### **Additional Matters**

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

### **Purpose of this Letter**

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

Very truly yours,

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

December 5, 2025