

CITY OF PAHOKEE



AGENDA

City Commission Special Meeting

Thursday, June 26, 2025, at 4:00 PM

Pahokee Commission Chambers
360 East Main Street
Pahokee, Florida 33476

CITY COMMISSION:

Mayor Keith W. Babb, Jr.
Vice Mayor Sanquetta Cowan-Williams
Commissioner Derrick Boldin
Commissioner Everett D. McPherson, Sr.
Commissioner James H. Scott

CHARTER OFFICERS:

Michael E. Jackson, City Manager
Nylene Clarke, City Clerk
Burnadette Norris-Weeks, P.A., City Attorney

[TENTATIVE: SUBJECT TO REVISION]

AGENDA

A. INVOCATION AND PLEDGE OF ALLEGIANCE

B. ROLL CALL

C. TOPIC

1. RESOLUTION 2025-38 A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA ACCEPTING THE EXTERNAL AUDITOR’S REPORT ON THE AUDIT OF THE CITY OF PAHOKEE FINANCIAL STATEMENTS AND SINGLE AUDIT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2024, AS SET FORTH IN COMPOSITE EXHIBIT “A” ATTACHED HERETO; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

D. PUBLIC COMMENTS

E. ADJOURN

Any citizen of the audience wishing to appear before the City Commission to speak with reference to any agenda or non-agenda item must complete the “Request for Appearance and Comment” form and present completed form to the City Clerk prior to commencement of the meeting.

Should any person seek to appeal any decision made by the City Commission with respect to any matter considered at this meeting, such person will need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. (Reference: Florida Statutes 286.0105)

In accordance with the provisions of the Americans with Disabilities Act (ADA), this document can be made available in an alternate format upon request. Special accommodations can be provided upon request with three (3) days advance notice of any meeting, by contacting the Office of the City Clerk at 561-924-5534. If hearing impaired, contact Florida Relay at 800-955-8771 (TDD) or 800-955-8770 (Voice), for assistance. (Reference: Florida Statutes 286.26)



MEMORANDUM

TO: Honorable Mayor & City Commissioners

VIA: Michael E. Jackson, City Manager

FROM: Joseph R. Martin, Finance Director

SUBJECT: Resolution to accept and file the External Auditor Report and Single Audit for year ending September 30, 2024.

DATE: June 24, 2025

GENERAL SUMMARY/BACKGROUND:

The audit of the financial statements of City of Pahokee, Florida as of and for the year ended September 30, 2024, 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; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Chapter 10.550, *Rules of the Auditor General*

BUDGET IMPACT:

To inform the City Commission of anticipated amendment FY 2024 2025 due to two years audit services charged for fiscal years ending 9/30/23 and 9/30/24 to the Adopted Budget FY 2024 2025.

LEGAL NOTE:

Defer to City Attorney

STAFF RECOMMENDATION:

Staff Recommend Approval

ATTACHMENTS:

Resolution 2025-38

RESOLUTION NO. 2025-38

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA ACCEPTING THE EXTERNAL AUDITOR’S REPORT ON THE AUDIT OF THE CITY OF PAHOKEE FINANCIAL STATEMENTS AND SINGLE AUDIT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2024, AS SET FORTH IN COMPOSITE EXHIBIT “A” ATTACHED HERETO; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Pahokee’s required audit performed by HCT Certified Public Accountants & Consultants, LLC, an independent firm, which has issued its Audit Report on the City’s financial statements for the year ended September 30, 2024, and their Report (Single Audit) on the City’s Compliance with requirements for each of the City’s major programs for the year ending September 30, 2024; and

WHEREAS, the auditor has issued Summary of Opinions as Follows:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Henderson Endowment Fund	Unmodified
Capital Projects Fund	Unmodified
Special Revenues Fund	Unmodified
Marina and Campground Fund	Qualified
Cemetery Fund	Qualified

WHEREAS, the City Commission of the City of Pahokee (“City Commission”) finds that accepting and filing the External Auditor’s Report and Single Audit, attached hereto as Exhibit “A”, is in the best interest of the City and its residents.

NOW THEREFORE, BE RESOLVED BY THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA, AS FOLLOWS:

Section 1. Adoption of Representations. The foregoing “Whereas” clauses are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

Section 2. Approval and Authorization. The City Commission of the City of Pahokee hereby accepts and files the External Auditor’s Report on the Audit of the City’s financial statements and Single Audit for the Year Ending September 30, 2024, copies of which shall be on file with the Office of the City Clerk.

Section 3. Conflict. All resolutions in conflict herewith are hereby and expressly repealed.

Section 4. Effective Date. This Resolution shall be effective immediately upon its passage and adoption.

PASSED and **ADOPTED** this 26th day of June, 2025.

Keith W. Babb, Jr., Mayor

ATTEST:

Nylene Clarke, CMC, City Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**

Burnadette Norris-Weeks, P.A.
City Attorney

Moved by: _____

Seconded by: _____

VOTE:

Mayor Babb	_____ (Yes)	_____ (No)
Vice Mayor Cowan-Williams	_____ (Yes)	_____ (No)
Commissioner Boldin	_____ (Yes)	_____ (No)
Commissioner McPherson	_____ (Yes)	_____ (No)
Commissioner Scott	_____ (Yes)	_____ (No)

EXHIBIT "A"

External Auditor's Report and Single Audit for the year ending September 30, 2024

(ATTACHED)

City of Pahokee, Florida

Financial Statements

For the Fiscal Year ended September 30, 2024

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INDEPENDENT AUDITOR’S REPORT

To The Honorable Mayor and Members of the City Council
City of Pahokee, Florida

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund information of the City of Pahokee, 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Henderson Endowment Fund	Unmodified
Capital Projects Fund	Unmodified
Special Revenues Fund	Unmodified
Marina and Campground Fund	Qualified
Cemetery Fund	Qualified

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the “Basis for Qualified and Unmodified Opinions” section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Business-type Activities, Cemetery Fund, and Marina and Campground Fund of the City of Pahokee, Florida, as of September 30, 2024, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, and each major governmental funds of the City of Pahokee, Florida, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit of the financial statements of the Governmental Activities, the Business-Type Activities, and each major fund information in accordance with auditing standards generally accepted in the United States of America. 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 of Pahokee, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

We did not audit the financial statements of the Florida Retirement System (included in the General fund), which represents 1 percent, 4 percent, and 1 percent, respectively, of the assets, deferred, liabilities, and expenses of the City of Pahokee, Florida's pension plan as of September 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Florida Retirement System, is based solely on the report of the other auditors.

Matters Giving Rise to the Qualified Opinion on the Cemetery Fund, Marina and Campground Fund, and Business-Type Activities

The City has not performed a physical count of inventories and has not maintained perpetual inventory records for the Cemetery Fund. The City also has not established adequate internal controls over the completeness of revenues and receivables of the Cemetery Fund. The amount by which these items would affect the assets, net position, revenue, and expenses of the Cemetery Fund and the Business-Type Activities could not be determined. The City has not established adequate internal controls over the completeness of revenues and unearned revenues for the Marina and Campground Fund. The amount by which these items would affect the assets, liabilities, net position, and revenues of the Marina and Campground Fund and the Business-Type Activities could not be determined.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pahokee, Florida'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 it is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 of Pahokee, Florida'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 of Pahokee, Florida'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 5-12, budgetary comparison information, on pages 67-71, the schedule of funding progress – other postemployment benefits, on page 73, and the pension schedules, on pages 74-77, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 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 those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral

part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal controls over financial reporting and compliance.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 20, 2025

City of Pahokee, Florida
Management's Discussion and Analysis
September 30, 2024

As the City Manager of the City of Pahokee, I offer readers of our financial statements this narrative overview and analysis of our financial activities for the fiscal year ended September 30, 2024. I encourage readers to consider the information presented here in conjunction with the City's financial statements beginning on page 13.

FINANCIAL HIGHLIGHTS

- The City of Pahokee's sum of assets and deferred outflows of resources less the sum of its liabilities and deferred inflows of resources is \$20,406,730 (net position) as of September 30, 2024. Unrestricted net position, which may be used to meet the government's ongoing obligations to citizens, was \$1,912,416 as of September 30, 2024.
- The governmental net position increased by \$2,463,812 for the fiscal year ended September 30, 2024.
- The business-type net position decreased by \$493,370 for the fiscal year ended September 30, 2024. The decrease was primarily a result of the depreciation of City capital assets.
- The business-type activities revenues decreased by \$21,984 during the fiscal year ended September 30, 2024, as a result of fewer revenues earned from services in FY 2024.
- The total net cost of all City programs was \$5,550,240 during the fiscal year ending September 30, 2024. This is a decrease of \$274,808 from the total net cost of all City programs during the prior fiscal year.
- The City's long-term liabilities totaled \$440,005, an increase of \$29,529 during the current fiscal year.

USING THIS REPORT

Management's Discussion and Analysis introduces the City's financial statements. The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. The financial statements are described below.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Pahokee's finances in a manner similar to a private-sector business. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

City of Pahokee, Florida
 Management's Discussion and Analysis (continued)
 September 30, 2024

USING THIS REPORT (Continued)

Government-Wide Financial Statements (Continued)

The two government-wide statements report on the City's net position and how they have changed. Net position, the difference between the City's assets and liabilities, is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the City's overall health.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Government activities – Most of the City's basic services are reported here, including the police, fire, public services, parks and recreation, and general administration. Property taxes, franchise fees, shared revenues, and solid waste collection services finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. These activities include cemetery services, and marina and campground services.

Fund Financial Statements

Our fund-based financial statements begin on page 13. The fund financial statements provide detailed information about the most significant funds but do not provide information on the City as a whole. Funds are acting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can be readily converted to cash flow and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities. However, more detailed information is provided on the City's enterprise funds such as additional information provided in the statement of cash flows.

City of Pahokee, Florida
Management's Discussion and Analysis (continued)
September 30, 2024

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City has reported its financial statements in a government-wide format using the required GASB 34 reporting model. A comparative analysis of government-wide data is presented in the following sections.

Net position

The City's combined net position as of September 30, 2024, was \$20,406,730. The City's Governmental Activities net position was reported as \$15,365,163, of which \$2,784,834 was unrestricted and available to fund future operations. The City's business-type activities net position as of September 30, 2024, is reported as \$5,041,567. The total net position included an unrestricted net position deficit of \$872,418.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 7,407,811	\$ 9,094,335	\$ (318,700)	\$ (346,673)	\$ 7,089,111	\$ 8,747,662
Capital assets	11,088,781	8,894,892	5,716,752	6,216,476	16,805,533	15,111,368
Total assets	18,496,592	17,989,227	5,398,052	5,869,803	23,894,644	23,859,030
Deferred outflows of resources						
Pension related items	92,518	78,673	-	-	92,518	78,673
Total deferred outflows of resources	92,518	78,673	-	-	92,518	78,673
Current and other liabilities	2,700,641	2,204,938	350,457	329,001	3,051,098	2,533,939
Long-term liabilities outstanding	378,734	405,700	3,458	3,295	382,192	408,995
Total liabilities	3,079,375	2,610,638	353,915	332,296	3,433,290	2,942,934
Deferred inflows of resources						
Unearned revenue	116,577	2,532,185	2,570	2,570	119,147	2,534,755
Pension related items	27,995	23,726	-	-	27,995	23,726
Total deferred inflows of resources	144,572	2,555,911	2,570	2,570	147,142	2,558,481
Net position:						
Invested in capital assets (net of related debt)	11,088,781	8,894,892	5,716,752	6,216,476	16,805,533	15,111,368
Restricted items	1,491,548	1,524,072	197,233	156,584	1,688,781	1,680,656
Unrestricted	2,784,834	2,482,387	(872,418)	(838,123)	1,912,416	1,644,264
Total net position	\$ 15,365,163	\$ 12,901,351	\$ 5,041,567	\$ 5,534,937	\$ 20,406,730	\$ 18,436,288

City of Pahokee, Florida
Management's Discussion and Analysis (continued)
September 30, 2024

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Changes in Net Position

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

- The governmental activities reported a total increase in net position of \$2,463,812 for the fiscal year ended September 30, 2024.
- The business-type activities reported a total decrease in net position of \$(493,370) for the fiscal year ended September 30, 2024.

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City of Pahokee, Florida
Management's Discussion and Analysis (continued)
September 30, 2024

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charge for services	\$ 1,380,225	\$ 1,333,135	\$ 276,247	\$ 296,223	\$ 1,656,472	\$ 1,629,358
Operating grant and contribution	3,183,690	2,534,513	-	-	3,183,690	2,534,513
Capital grant	126,878	191,264	-	-	126,878	191,264
General revenues:						
Ad valorem taxes	748,175	668,744	-	-	748,175	668,744
Local option sales tax	181,362	187,821	-	-	181,362	187,821
Infrastructure surtax	536,653	499,141	-	-	536,653	499,141
Utility taxes	486,036	469,396	-	-	486,036	469,396
Franchise fees	300,779	307,805	-	-	300,779	307,805
Intergovernmental shared revenues	1,136,753	1,329,143	-	-	1,136,753	1,329,143
Unrestricted investment earnings	69,108	58,575	-	40	69,108	58,615
Lease and rental revenues	89,689	83,081	16,983	18,801	106,672	101,882
Miscellaneous revenues	56,894	67,766	-	150	56,894	67,916
Total revenues	<u>8,296,242</u>	<u>7,730,384</u>	<u>293,230</u>	<u>315,214</u>	<u>8,589,472</u>	<u>8,045,598</u>
Program expenses:						
General government	1,830,327	2,450,448	-	-	1,830,327	2,450,448
Public safety	942,098	864,634	-	-	942,098	864,634
Transportation	1,082,706	938,842	-	-	1,082,706	938,842
Culture and recreation	998,295	945,508	-	-	998,295	945,508
Physical environment	696,814	621,515	-	-	696,814	621,515
Interest on long term debt	-	4,101	-	-	-	4,101
Marina	-	-	864,983	820,407	864,983	820,407
Cemetery	-	-	203,807	230,855	203,807	230,855
Total expenses	<u>5,550,240</u>	<u>5,825,048</u>	<u>1,068,790</u>	<u>1,051,262</u>	<u>6,619,030</u>	<u>6,876,310</u>
Increase (decrease) in net assets						
before transfer in (out)	2,746,002	1,905,336	(775,560)	(736,048)	1,970,442	1,169,288
Transfer in/(out)	(282,190)	(15,844)	282,190	15,844	-	-
Increase (decrease) in net position	<u>2,463,812</u>	<u>1,889,492</u>	<u>(493,370)</u>	<u>(720,204)</u>	<u>1,970,442</u>	<u>1,169,288</u>
Net position at beginning of year	<u>12,901,351</u>	<u>11,011,859</u>	<u>5,534,937</u>	<u>6,255,141</u>	<u>18,436,288</u>	<u>17,267,000</u>
Net position at end of year	<u>\$15,365,163</u>	<u>\$12,901,351</u>	<u>\$ 5,041,567</u>	<u>\$ 5,534,937</u>	<u>\$ 20,406,730</u>	<u>\$ 18,436,288</u>

For the fiscal year ended September 30, 2024, total taxes were \$1,952,226 and comprised 23% of the total revenues of \$8,589,472 for governmental activities during the year. For the fiscal year ended September 30, 2024, operating and capital grants revenues were \$3,310,568 for governmental activities, which represented 39% of total revenues. The majority of the operating and capital grant awards were for road improvements, parks, and recreational grants. Governmental activities intergovernmental shared revenues were \$1,136,753 and represented 13% of total revenues.

City of Pahokee, Florida
Management's Discussion and Analysis (continued)
September 30, 2024

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Financial Analysis of the Major Governmental Funds

As of September 30, 2024, the City of Pahokee's governmental funds reported a combined ending fund balance of \$4,646,853. The City reported an increase in the governmental fund balance of \$343,323 for the fiscal year ended September 30, 2024.

Financial Analysis of the Major Governmental Funds

The General Fund is the chief operating fund of the City of Pahokee. As of September 30, 2024, the General Fund unassigned fund balance was \$2,543,362; and the total non-spendable fund balance was \$611,943.

As of September 30, 2024, the Henderson Endowment Fund reported a non-spendable fund balance in the amount of \$875,000, no change from prior year.

As of September 30, 2024, the Capital Projects Fund reported a committed fund deficit in the amount of \$(877,636). The Capital Projects Fund was established in FY 2019 to account for the capital projects of the City that are grant funded. Major projects were conducted using discretionary surtax revenues that were previously accounted for in the General Fund. The deficit fund balance represents projects that were supported by the General Fund.

Financial Analysis of the Major Proprietary Funds

Marina and Campground Fund

As of September 30, 2024, the Marina and Campground Fund reported unrestricted net position deficit of (\$522,423) and investment in capital assets of \$5,602,679. The Marina and Campground Fund total net position decreased by \$510,974 during the fiscal year ended September 30, 2024. The decrease was due to construction in progress capital assets being transferred into service and the assets being depreciated.

Cemetery Fund

As of September 30, 2024, the Cemetery Fund reported an unrestricted net position deficit of (\$349,995), investment in capital assets of \$114,073 and \$197,233 in restricted net position. The Cemetery Fund total net position increased by \$17,604 during the fiscal year ended September 30, 2024. The increase was due to a transfer in of funds from the general fund.

General Fund Budgetary Highlights

General Fund actual revenues were less than budgeted revenues by \$(388,308) for the fiscal year ended September 30, 2024. General Fund budgeted expenditures were more than actual expenditures by \$251,563 during the fiscal year ended September 30, 2024.

City of Pahokee, Florida
Management's Discussion and Analysis (continued)
September 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 404,742	\$ 404,742	\$ 98,000	\$ 98,000	\$ 502,742	\$ 502,742
Construction in Progress	6,517,509	4,937,660	-	-	6,517,509	4,937,660
Improvements other than buildings	3,355,485	2,742,059	1,368,394	1,598,812	4,723,879	4,340,871
Buildings	695,044	732,914	4,250,358	4,519,664	4,945,402	5,252,578
Equipment	116,001	77,517	-	895	116,001	78,412
Total	<u>\$11,088,781</u>	<u>\$ 8,894,892</u>	<u>\$ 5,716,752</u>	<u>\$ 6,217,371</u>	<u>\$ 16,805,533</u>	<u>\$ 15,112,263</u>

As of September 30, 2024, the City had invested \$16,805,533 (net of accumulated depreciation) in a broad range of capital assets including parks and recreation facilities, roads, marina and campground sites, and cemetery land. Additional information can be found in Note 5 of the notes to the financial statements.

Long-term Liabilities

As of September 30, 2024, the City had \$440,005 in total long-term liabilities as shown in the following table. Additional information can be found in Note 7 of the notes to the financials.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Compensated absences	137,217	122,903	5,011	4,776	142,228	127,679
Net pension liability	158,586	143,606	-	-	158,586	143,606
OPEB obligation	139,191	139,191	-	-	139,191	139,191
Total	<u>\$ 434,994</u>	<u>\$ 405,700</u>	<u>\$ 5,011</u>	<u>\$ 4,776</u>	<u>\$ 440,005</u>	<u>\$ 410,476</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2024 fiscal year, General Fund revenue projections were conservative and consistent with previous years.

The budget was balanced based on annual revenue intake and external projected revenue for services. Occasionally, the City if required would utilize reserves, however this practice has not occurred in two years thus protecting those funds for unforeseen commitments or emergencies.

The millage rate remained the same, 6.5419 mills.

City of Pahokee, Florida
Management's Discussion and Analysis (continued)
September 30, 2024

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report was 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 any questions about this report or need additional financial information, please contact the City Manager at the following address:

City of Pahokee, Florida
City Manager
207 Begonia Drive
Pahokee, FL 33476

CITY OF PAHOKEE, FLORIDA
Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,475,684	\$ 41,367	\$ 4,517,051
Receivable (net)			
Accounts	155,894	4,968	160,862
Taxes	1,526,275	-	1,526,275
Due from other government	74,955	-	74,955
Internal balances	607,877	(588,671)	19,206
Inventory	-	26,403	26,403
Prepaid items	2,103	-	2,103
Restricted assets:			
Cash and cash equivalents	565,023	197,233	762,256
Capital assets			
Non-depreciable	6,922,251	98,000	7,020,251
Depreciable, net of depreciation	4,166,530	5,618,752	9,785,282
Total assets	18,496,592	5,398,052	23,894,644
Deferred outflows of resources:			
Pension and OPEB related items	92,518	-	92,518
Total deferred outflows	92,518	-	92,518
Liabilities:			
Accounts payable	2,610,314	322,811	2,933,125
Accrued liabilities	34,067	6,093	40,160
Deposits	-	20,000	20,000
Non-current liabilities			
Due within in one year	56,260	1,553	57,813
Due in more than one year	80,957	3,458	84,415
Net pension liability	158,586	-	158,586
Net OPEB liability	139,191	-	139,191
Total liabilities	3,079,375	353,915	3,433,290
Deferred inflows of resources			
Unearned revenues	116,577	2,570	119,147
Pension and OPEB related items	27,995	-	27,995
	144,572	2,570	147,142
Net Position:			
Invested in capital assets, net of related debt	11,088,781	5,716,752	16,805,533
Restricted for:			
Infrastructure	616,548	-	616,548
Perpetual care	-	166,927	166,927
Pre-need	-	30,306	30,306
Endowment-nonexpendable	875,000	-	875,000
Unrestricted	2,784,834	(872,418)	1,912,416
Total net position	\$ 15,365,163	\$ 5,041,567	\$ 20,406,730

CITY OF PAHOKEE, FLORIDA
Statement of Activities
For the year ended September 30, 2024

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business- Type Activities	Total
Governmental activities:							
General government	\$ 1,830,327	\$ 285,038	\$ 2,308,010	\$ -	\$ 762,721	\$ -	\$ 762,721
Public safety	942,098	165,143	-	-	(776,955)	-	(776,955)
Transportation	1,082,706	-	875,195	-	(207,511)	-	(207,511)
Culture and recreation	998,295	72,629	485	86,628	(838,553)	-	(838,553)
Physical environment	696,814	857,415	-	40,250	200,851	-	200,851
Interest	-	-	-	-	-	-	-
Total governmental activities	<u>5,550,240</u>	<u>1,380,225</u>	<u>3,183,690</u>	<u>126,878</u>	<u>(859,447)</u>	<u>-</u>	<u>(859,447)</u>
Business-type activities:							
Marina and campground	864,983	161,602	-	-	-	(703,381)	(703,381)
Cemetery	203,807	114,645	-	-	-	(89,162)	(89,162)
Total business-type activities	<u>1,068,790</u>	<u>276,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(792,543)</u>	<u>(792,543)</u>
Total primary governmental	<u>\$ 6,619,030</u>	<u>\$ 1,656,472</u>	<u>\$ 3,183,690</u>	<u>\$ 126,878</u>	<u>(859,447)</u>	<u>(792,543)</u>	<u>(1,651,990)</u>
General revenue:							
Ad Valorem taxes					748,175	-	748,175
Local option gas taxes					181,362	-	181,362
Infrastructure surtax					536,653	-	536,653
Utility taxes					486,036	-	486,036
Franchise fees					300,779	-	300,779
Intergovernmental shared revenues					1,136,753	-	1,136,753
Unrestricted investment earnings					69,108	-	69,108
Miscellaneous revenues					56,894	-	56,894
Rental income					89,689	16,983	106,672
Transfers					(282,190)	282,190	-
Total general revenues and transfers					<u>3,323,259</u>	<u>299,173</u>	<u>3,622,432</u>
Change in net position					2,463,812	(493,370)	1,970,442
Net position - beginning					12,901,351	5,534,937	18,436,288
Net position - ending					<u>\$ 15,365,163</u>	<u>\$ 5,041,567</u>	<u>\$ 20,406,730</u>

See notes to the financial statements

CITY OF PAHOKEE, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Henderson Endowment Fund	Special Revenues Fund	Capital Projects Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,144,388	\$ 876,963	\$ 1,321,013	\$ 133,320	\$ 4,475,684
Accounts receivable, net	155,894	-	-	-	155,894
Taxes receivable	121,762	-	32,408	1,372,105	1,526,275
Due from government	74,486	-	-	469	74,955
Prepaid items	2,103	-	-	-	2,103
Advances to other funds	609,840	-	-	-	609,840
Restricted assets:					
Cash and cash equivalents	394,139	-	170,884	-	565,023
Total assets	<u>\$ 3,502,612</u>	<u>\$ 876,963</u>	<u>\$ 1,524,305</u>	<u>\$ 1,505,894</u>	<u>\$ 7,409,774</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 196,663	\$ -	\$ 30,121	\$ 2,383,530	\$ 2,610,314
Accrued liabilities	34,067	-	-	-	34,067
Due to other funds	-	1,963	-	-	1,963
Total liabilities	<u>230,730</u>	<u>1,963</u>	<u>30,121</u>	<u>2,383,530</u>	<u>2,646,344</u>
Deferred inflows of resources					
Unearned revenue	105,967	-	-	-	105,967
Unavailable revenue	10,610	-	-	-	10,610
Total deferred inflows of resources	<u>116,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,577</u>
Fund balances:					
Non-spendable:					
Prepaid items	2,103	-	-	-	2,103
Advances to other funds	609,840	-	-	-	609,840
Endowment - nonexpendable	-	875,000	-	-	875,000
Committed for					
Capital projects	-	-	1,494,184	(877,636)	616,548
Unassigned	2,543,362	-	-	-	2,543,362
Total fund balances	<u>3,155,305</u>	<u>875,000</u>	<u>1,494,184</u>	<u>(877,636)</u>	<u>4,646,853</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,502,612</u>	<u>\$ 876,963</u>	<u>\$ 1,524,305</u>	<u>\$ 1,505,894</u>	<u>\$ 7,409,774</u>

CITY OF PAHOKEE, FLORIDA
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 September 30, 2024

Fund Balance – Total Governmental Funds
 \$
 4,646,853

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. However, they are reported in the government-wide statements.		
Governmental capital assets	\$ 20,520,389	
Less accumulated depreciation	(9,431,608)	11,088,781
Long-term liabilities, including accrued interest payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences	(137,217)	
Pension liabilities	(158,586)	
OPEB liabilities	(139,191)	(434,994)
Deferred outflows or resources and deferred inflows of resources related to defined benefit pension plans are applicable to future periods and are not reported in the government funds		
Pension related deferred outflows	92,518	
Pension and OPEB related deferred inflows	(27,995)	64,523
Total Net Position – Governmental Activities		\$ 15,365,163

CITY OF PAHOKEE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended September 30, 2024

	General Fund	Henderson Endowment Fund	Special Revenues Fund	Capital Projects Fund	Total Governmental Funds
Revenues:					
Taxes	\$ 1,415,573	\$ -	\$ 536,653	\$ -	\$ 1,952,226
Licenses and permits	576,141	-	-	-	576,141
Intergovernmental	1,113,162	-	2,308,010	939,036	4,360,208
Charges for services	1,034,833	-	-	-	1,034,833
Fines and forfeitures	165,143	-	-	-	165,143
Investment income	42,610	26,498	-	-	69,108
Lease and rental revenues	89,689	-	-	-	89,689
Miscellaneous revenues	56,893	-	-	-	56,893
Total revenues	<u>4,494,044</u>	<u>26,498</u>	<u>2,844,663</u>	<u>939,036</u>	<u>8,304,241</u>
Expenditures:					
Current:					
General government	1,727,011	-	153,862	-	1,880,873
Public safety	938,846	-	-	-	938,846
Transportation	854,249	-	-	-	854,249
Culture and recreation	846,501	-	1,000	-	847,501
Physical environment	696,814	-	-	-	696,814
Capital outlay	-	-	929,926	1,530,519	2,460,445
Debt services:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>5,063,421</u>	<u>-</u>	<u>1,084,788</u>	<u>1,530,519</u>	<u>7,678,728</u>
Excess of revenues over (under) before other financing sources (uses):	<u>(569,377)</u>	<u>26,498</u>	<u>1,759,875</u>	<u>(591,483)</u>	<u>625,513</u>
Other financing sources (uses)					
Transfers in/(out)	891,542	(26,498)	(1,147,234)	-	(282,190)
Sale of assets	-	-	-	-	-
Total other financing sources (uses):	<u>891,542</u>	<u>(26,498)</u>	<u>(1,147,234)</u>	<u>-</u>	<u>(282,190)</u>
Net change in fund balance	322,165	-	612,641	(591,483)	343,323
Fund balances, beginning of year	<u>2,833,140</u>	<u>875,000</u>	<u>881,543</u>	<u>(286,153)</u>	<u>4,303,530</u>
Fund balances, end of year	<u>\$ 3,155,305</u>	<u>\$ 875,000</u>	<u>\$ 1,494,184</u>	<u>\$ (877,636)</u>	<u>\$ 4,646,853</u>

CITY OF PAHOKEE, FLORIDA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the year ended September 30, 2024

Net change in fund balance – total governmental funds	\$ 343,323
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Amounts reported for governmental activities in the statement of activities are

Governmental fund report capital outlay as expenditures. However, in the statement of the activities the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	\$ 2,460,445	
Less current year depreciation	(400,634)	2,059,811

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

Change in compensated absences	14,314	
Change in net pension liability	14,980	
Pension expense	55,696	
Change in deferred outflows related to pension and OPEB	(54,048)	
Change in deferred inflows related to pension	29,736	

Change in net position of governmental activities	\$ 2,463,812
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CITY OF PAHOKEE, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2024

	Major Funds		Total Business-Type Activities Enterprise Funds
	Marina and Campground	Cemetery	
Assets			
Current assets:			
Cash and cash equivalents	\$ 100	\$ 41,267	\$ 41,367
Accounts receivable, net	500	4,468	4,968
Due from other funds	-	1,963	1,963
Inventory	-	26,403	26,403
Restricted assets:			
Cash and cash equivalents	-	197,233	197,233
Total current assets	600	271,334	271,934
Capital assets:			
Property, plant and equipment	17,377,769	590,085	17,967,854
Less accumulated depreciation	(11,775,090)	(476,012)	(12,251,102)
Total non-current assets	5,602,679	114,073	5,716,752
Total assets	\$ 5,603,279	\$ 385,407	\$ 5,988,686

CITY OF PAHOKEE, FLORIDA
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2024

	Major Funds		Total Business-Type Activities Enterprise Funds
	Marina and Campground	Cemetery	
Liabilities and net assets			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 318,730	\$ 4,081	\$ 322,811
Accrued liabilities	3,459	2,634	6,093
Deposits	20,000	-	20,000
Compensated absences-current	-	1,553	1,553
Total current liabilities	342,189	8,268	350,457
Non-current liabilities:			
Compensated absences	-	3,458	3,458
Advances from other funds	178,264	412,370	590,634
Total non-current liabilities	178,264	415,828	594,092
Total liabilities	520,453	424,096	944,549
Deferred inflows of resources			
Unearned revenues	2,570	-	2,570
Total deferred inflows of resources	2,570	-	2,570
Net position:			
Invested in capital assets	5,602,679	114,073	5,716,752
Restricted for:			
Perpetual care	-	166,927	166,927
Pre-need	-	30,306	30,306
Unrestricted	(522,423)	(349,995)	(872,418)
Total net position	\$ 5,080,256	\$ (38,689)	\$ 5,041,567

CITY OF PAHOKEE, FLORIDA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2024

	Marina and Campground	Cemetery	Total Enterprise Funds
Operating revenues:			
Sales	\$ 161,602	\$ 114,645	\$ 276,247
Rental income	13,581	3,402	16,983
Total operating revenues	<u>175,183</u>	<u>118,047</u>	<u>293,230</u>
Operating expenses:			
Cost of sales	-	8,378	8,378
Personal services	29,643	139,911	169,554
Contractual services	500	4,490	4,990
Utilities	149,141	10,587	159,728
Supplies	21,769	9,672	31,441
Equipment	400	-	400
Insurance	45,639	14,990	60,629
Depreciation	538,574	4,663	543,237
Repairs and maintenance	65,843	10,980	76,823
Other	13,474	136	13,610
Total operating expenses	<u>864,983</u>	<u>203,807</u>	<u>1,068,790</u>
Operating (loss)	<u>(689,800)</u>	<u>(85,760)</u>	<u>(775,560)</u>
Non-operating revenues (expenses):			
Interest revenue	-	-	-
Miscellaneous revenues	-	-	-
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfer	(689,800)	(85,760)	(775,560)
Transfer in	<u>178,826</u>	<u>103,364</u>	<u>282,190</u>
Change in net position	(510,974)	17,604	(493,370)
Net position, beginning of year	<u>5,591,230</u>	<u>(56,293)</u>	<u>5,534,937</u>
Net position, end of year	<u><u>\$ 5,080,256</u></u>	<u><u>\$ (38,689)</u></u>	<u><u>\$ 5,041,567</u></u>

CITY OF PAHOKEE, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2024

	Marina and Campground	Cemetery	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 200,437	\$ 100,026	\$ 300,463
Payments to suppliers	(296,766)	(30,663)	(327,429)
Payments to employees	(29,381)	(139,911)	(169,292)
Net cash provided by (used in) operating activities	(125,710)	(70,548)	(196,258)
Cash flows from non-capital financing activities:			
Payments (to) other funds	(9,603)	-	(9,603)
Operating transfers in	178,826	103,364	282,190
Net cash provided by non-capital financing activities	169,223	103,364	272,587
Cash flows from capital and related financing activities:			
Acquisition and construct of capital assets	(43,513)	-	(43,513)
Net cash provided by (used in) capital and related activities	(43,513)	-	(43,513)
Cash flows from investing activities:			
Interest and dividends on investments	-	-	-
Other revenue	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	32,816	32,816
Cash and cash equivalents at beginning of year	100	205,684	205,784
Cash and cash equivalents at end of year	\$ 100	\$ 238,500	\$ 238,600

CITY OF PAHOKEE, FLORIDA
Statement of Cash Flows (Continued)
Proprietary Funds
For the year ended September 30, 2024

	Marina and		
	Campground	Cemetery	Total
Cash flows from operating activities:			
Operating (loss)	\$ (689,800)	\$ (85,760)	\$ (775,560)
Adjustments to reconcile operating income (loss) to			
net cash provided by operating activities:			
Depreciation and amortization	538,574	4,663	543,237
Change in assets and liabilities:			
(Increase) decrease in receivables	235	14,211	14,446
Increase (decrease) in accounts payable	25,019	(3,810)	21,209
Increase (decrease) in accrued liabilities	262	(87)	175
Increase (decrease) in deposits	-	-	-
Increase (decrease) in compensated absences	-	235	235
Total adjustments	564,090	15,212	579,302
Net cash provided by (used in) operating activities	<u>\$ (125,710)</u>	<u>\$ (70,548)</u>	<u>\$ (196,258)</u>
 Cash and cash equivalents:			
Unrestricted	\$ 100	\$ 41,267	\$ 41,367
Restricted	-	197,233	197,233
Total cash and cash equivalents	<u>\$ 100</u>	<u>\$ 238,500</u>	<u>\$ 238,600</u>

CITY OF PAHOKEE, FLORIDA
Notes to Financial Statements
September 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Pahokee, Florida (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Financial Reporting Entity

The City of Pahokee is a municipal corporation organized pursuant to Chapter 9872, Laws of Florida, in 1923. The City provides the full range of municipal services contemplated by statute or charter. The services provided include law enforcement, fire control, roads and streets, culture and recreation, public improvements, planning and zoning, marina and campground, garbage and solid waste, cemetery, and general administrative services.

As required by generally accepted accounting principles, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the City is financially accountable. The City is financially accountable if:

- a) the City appoints a voting majority of the organization's governing board and (1) the City is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City,

or

- b) the organization is fiscally dependent on the City and (1) there is a potential for the organization to provide specific financial benefits to the City or (2) impose specific financial burdens on the City.

Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading.

Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a

CITY OF PAHOKEE, FLORIDA
Notes to Financial Statements
September 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The underlying accounting system for the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the City are classified into two categories: governmental funds and enterprise funds. Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

The City reports the following as major governmental funds.

The *General Fund* is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Henderson Endowment Fund* is used to account for the permanently restricted principal received from the Estate of Henderson and the related investment income restricted for cemetery operation.

The *Special Revenues Fund* is used to account for the City's proceeds from specific sources not accounted for in the General Fund.

The *Capital Projects Fund* is used to account for the completion of the City's capital projects.

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports on the following major proprietary funds:

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The *Marina and Campground Fund* accounts for leasing activities of the marina and campsite area.

The *Cemetery Fund* accounts for the operation of the Port Mayaca Cemetery.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. The City does not accrue property tax revenues since the collection of these taxes coincides with the fiscal year in which levied, and since the City consistently has no material uncollected property taxes at year end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for governmental fund revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences, claims and judgments, are recorded only when payment is due.

Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash. Property taxes, franchise taxes, licenses, interest revenue, intergovernmental revenues, and charges for services 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses report on the costs to maintain the proprietary systems, 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with maturities of three months or less when purchased.

Investments

Investments are stated at fair value, except as discussed below. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The City categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

Investments include amounts held in the Florida PRIME investment pool administered by the State Board of Administration. The City reports its investment in Florida PRIME at amortized cost. Investments in Florida PRIME are exempt from the GASB 72 fair value hierarchy disclosures.

Accounts Receivable

Accounts receivable from the governmental funds and enterprise funds consist of billed and unbilled receivables.

Inventory

Inventory is valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventory are recorded as expenditures when consumed rather than when purchased.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance

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reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks) are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000. Capital assets are recorded at cost or the fair market value of the assets at the time of contribution. Depreciation has been provided over the useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20-40 years
Improvements	20-30 years
Equipment	3-10 years

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the government and its employees are accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. All vacation, sick leave, and sabbatical leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Interest Cost

Interest costs in governmental funds in the fund basis statements are charged to expenditures as incurred. Construction period interest incurred in proprietary funds is capitalized and included in the cost of the assets in accordance with generally accepted accounting principles.

Unavailable Revenue

The government reports unavailable revenue on its governmental funds balance sheet. Unavailable revenues in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both

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revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Unearned Revenue

The government reports unearned revenue on its government wide statement of net position and proprietary statement of net position. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures.

Deferred Outflows of Resources

In addition to assets, the statement of financial position might sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that is applicable to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) in the current period. At the current time, the City has only pension related items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position might sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) in the current period. At the current time, the City has three items that qualify for reporting in this category: (1) Pension related items; (2) Local business tax receipts that are received by the City prior to the period for which the taxes are levied are reported as deferred inflows of resources on both the entity-wide statement of net position and on the governmental funds balance sheet; and (3) Governmental fund revenues that are not received within 60 days of the fiscal year end don't meet the availability criterion for revenue recognition of the modified accrual basis of accounting and are therefore reported as deferred inflows of resources on the governmental funds balance sheet.

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Net position is displayed in the following three components:

1. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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2. *Restricted net position* – Consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions of enabling legislation.
3. *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balances

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following categories:

1. *Nonspendable Fund Balance* – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
2. *Restricted Fund Balance* – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. *Committed Fund Balance* – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the City’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (an ordinance) it employed to previously commit those amounts.
4. *Assigned Fund Balance* – Includes amounts intended to be used by the City for specific purposes but are neither restricted nor committed. Intent should be expressed by the City Commission or the City Manager to which the City Commission has delegated authority to assign amounts to be used for specific purposes. The authority for making an assignment is not required to be the City’s highest level of decision-making authority. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed.

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5. *Unassigned Fund Balance* – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the City's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

Implementation of Governmental Accounting Standards Board Statements

The City evaluated the significance and relevance for implementation of the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2024.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. 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. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A

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liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Recently Issued Accounting Pronouncements

A brief description of new accounting pronouncements that might have a significant impact on the City's financial statements is presented below. Management is currently evaluating the impact of the adoption of these pronouncements on the City's financial statements.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement will 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 defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. 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 to 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. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

This Statement is effective for the fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

In April 2024, the GASB issued 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. This Statement is effective for the fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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In September 2024, the GASB issued 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 assets 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 additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Funds. All budgets are legally enacted. The annual appropriated budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Except for not budgeting for depreciation, the annual appropriated budgets for the Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles. For budgeting purposes, current year encumbrances are not treated as expenditures.

The following procedures are utilized to establish the annual budget:

1. Prior to August 1st, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1st, the budget is legally enacted through passage of a resolution.
4. The City Manager is authorized to transfer budgeted amounts within functional areas (general government, public safety, transportation, and culture and recreation); however, any revisions that alter the total expenditure of the functional area must be approved by the City Commission through a legally enacted resolution.
5. Appropriations along with encumbrances lapse on September 30th.

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Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide.

The tax levy of the City is established by the City Commission prior to October 1st of each year and the Palm Beach County Property Appraiser incorporates the City's millage into the total tax levy, which includes Palm Beach County, the Palm Beach County School Board, and special district tax requirements. All property is reassessed according to its fair market value on January 1st of each year, which is also the lien date. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all the appropriate requirements of State statutes. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The tax rate for the Palm Beach County Fire/Rescue Municipal Service Taxing Unit (MSTU) is included in the 10 mills. See Note 15. The millage rate assessed by the City for the year ended September 30, 2024, was 6.5419 (\$6.5419 for each \$1,000 of assessed valuation). The MSTU portion of the City's millage rate was 3.4581 mills.

All taxes are due and payable on November 1st of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without a discount. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1st following the tax year, certificates are sold for all delinquent taxes on real property. After the sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2024, unpaid delinquent taxes were not material.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The City's deposits at year end are considered insured for custodial credit risk purposes. At year end, the City's reported amounts were \$5,279,307 for Fiscal year 2024 and \$6,321,614 for fiscal year 2023. The City also had \$550 in petty cash.

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Investments

Florida Statutes and the City's investment policy authorize the City to invest in the following types of securities:

- The Local Government Surplus Funds Trust Fund.
- Direct obligations of the United States Treasury.
- Interest bearing time deposits (Certificates of Deposit) or savings accounts in Qualified Public Depositories as defined in Florida Statutes.
- Obligations of federal agencies and instrumentalities.
- The Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

The investment policy applies to all funds held by the City in excess of those required to meet current expenses, with the exception of pension fund assets and funds whose uses are restricted by debt covenants or legal, regulatory or other constraints. The State Board of Administration (SBA) administers the Florida PRIME investment pool, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The investment in Florida PRIME is reported at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 79). The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

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With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value in the Florida PRIME.

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value in the Florida PRIME.

The weighted average days to maturity (WAM) of Florida PRIME at September 30, 2024, was 51 days. A portfolio’s WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of Florida PRIME to interest rate changes.

GASB 72 requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

- Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.
- Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level at which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

As of September 30, 2024, the City did not hold any investment that are required to be reported in accordance with GASB 72.

As of September 30, 2024, the City had the following investments:

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<u>Investment Measured at Amortized Cost</u>	<u>Maturity</u>	<u>Amount</u>
Florida PRIME	50 days	<u>\$ 369,223</u>

A reconciliation of cash and cash equivalents and investments as shown on the statement of net position to deposits and investments as of September 30, 2024, is as follows:

By category:	
Deposits	\$ 4,909,534
Petty cash	550
Investments	<u>369,223</u>
Total deposits and investments	<u>\$ 5,279,307</u>
Presented in the statement of net position:	
Unrestricted cash and cash equivalents	\$ 4,517,051
Restricted cash and cash equivalents	<u>762,256</u>
Total cash and cash equivalents	<u>\$ 5,279,307</u>

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City’s investment policies limit its investments to high quality investments to control credit risk. As of September 30, 2024, the SBA Florida PRIME Pool was rated AAA by Standard and Poor’s.

Interest Rate Risk

The Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the interest rate risk. The City’s investment policy attempts to match investment maturities with known cash needs and anticipated cash flow requirements to limit interest rate risk. Investments of current operating funds are limited to maturities of no longer than five years. Investments of bond reserves, construction funds, and other non-operating funds shall have a term appropriate to the need for funds, but no longer than ten years.

Concentration of Credit Risk

Concentration on credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. To limit concentration of credit risk, the City’s investment policy has established the following maximum limits by instrument:

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Investment Instrument	Maximum
Local Government Surplus Funds Trust Fund	75%
Direct Obligations of the U.S. Treasury	75%
Money Market, CD's and Savings Accounts	75%
Other U.S. Government Obligations/Agencies	50%

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2024, are comprised of the following:

	General Fund	Special Revenues Fund	Capital Projects Fund	Marina and Campground Fund	Cemetery Fund
Billed	\$ 65,967	\$ -	\$ -	\$ 500	\$ 4,468
Unbilled	162,952	-	-	-	-
Taxes receivable	121,762	32,408	1,372,105	-	-
Grant receivables	-	-	-	-	-
Due from other governments	74,486	-	469	-	-
Subtotal	425,167	32,408	1,372,574	500	4,468
Less allowance for uncollectable	(73,025)	-	-	-	-
Total	<u>\$ 352,142</u>	<u>\$ 32,408</u>	<u>\$ 1,372,574</u>	<u>\$ 500</u>	<u>\$ 4,468</u>

The Palm Beach County Water Utility Department (PBCWUD) provides billing and collection services for the City's solid waste collection activities. Amounts collected by the PBCWUD but not yet paid to the City are reported as due to other governments. The amounts are reported net of a one percent administrative fee.

NOTE 5 – CAPITAL ASSETS

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

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	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 404,742	\$ -	\$ -	\$ -	\$ 404,742
Construction in progress	4,937,660	2,457,652	-	(877,803)	6,517,509
Total not being depreciated	5,342,402	2,457,652	-	(877,803)	6,922,251
Capital assets being depreciated:					
Improvements other than buildings	5,290,230	2,962	-	877,803	6,170,995
Buildings	5,256,903	39,888	-	-	5,296,791
Equipment	2,021,275	-	-	-	2,021,275
Leased equipment	15,056	94,021	-	-	109,077
Total being depreciated	12,583,464	136,871	-	877,803	13,598,138
Total at historical cost	17,925,866	2,594,523	-	-	20,520,389
Less accumulated depreciation for:					
Improvements other than buildings	(2,548,171)	(267,339)	-	-	(2,815,510)
Buildings	(4,523,989)	(77,758)	-	-	(4,601,747)
Equipment	(1,943,758)	(46,135)	-	-	(1,989,893)
Leased equipment	(15,056)	(9,402)	-	-	(24,458)
Total accumulated depreciation	(9,030,974)	(400,634)	-	-	(9,431,608)
Governmental activities capital assets, net	\$ 8,894,892	\$ 2,193,889	\$ -	\$ -	\$ 11,088,781
	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 98,000	\$ -	\$ -	\$ -	\$ 98,000
Total not being depreciated	98,000	-	-	-	98,000
Capital assets being depreciated:					
Improvements other than buildings	9,492,803	43,513	-	-	9,536,316
Buildings	8,170,492	-	-	-	8,170,492
Equipment	163,046	-	-	-	163,046
Total being depreciated	17,826,341	43,513	-	-	17,869,854
Total at historical cost	17,924,341	43,513	-	-	17,967,854
Less accumulated depreciation for:					
Improvements other than buildings	(7,893,991)	(273,931)	-	-	(8,167,922)
Buildings	(3,650,828)	(269,306)	-	-	(3,920,134)
Equipment	(163,046)	-	-	-	(163,046)
Total accumulated depreciation	(11,707,865)	(543,237)	-	-	(12,251,102)
Business-types activities capital assets, net	\$ 6,216,476	\$ (499,724)	\$ -	\$ -	\$ 5,716,752

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

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Governmental activities:	
General government	\$ 18,131
Public safety	3,252
Transportation	228,457
Culture and recreation	150,794
Total depreciation expense governmental activities	<u><u>\$ 400,634</u></u>
Business-type activities:	
Marina & Campground	\$ 538,574
Cemetery	4,663
Total depreciation expense business-type activities	<u><u>\$ 543,237</u></u>

NOTE 6 – INTERFUND TRANSACTIONS

The composition of the interfund balances at September 30, 2024, is as follows:

<u>Due to/from other funds:</u>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Cemetery Fund	Henderson Endowment Fund	<u><u>\$ 1,963</u></u>

The outstanding balances between funds result primarily from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur; transactions are recorded in the accounting system; and payments between funds are made.

<u>Advances to/from other funds:</u>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Marina and Campground Fund	178,264
General Fund	Cemetery Fund	412,370
		<u><u>\$ 590,634</u></u>

The outstanding balances between funds represent interfund loans to cover operating deficits.

Transfers

Interfund transfers for the year ended September 30, 2024, are as follows:

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<u>Transfers Out</u>	<u>Transfer In</u>	<u>Amount</u>
Special Revenues Fund	General Fund	\$ 1,147,234
General Fund	Marina and Campground Fund	178,826
General Fund	Cemetery Fund	76,866
Henderson Endowment Fund	Cemetery Fund	26,498
		<u>\$ 1,429,424</u>

NOTE 7 – LONG-TERM LIABILITIES

Governmental Activities

Long-term liabilities of the governmental activities at September 30, 2024, consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:					
Compensated absences	\$ 122,903	\$ 182,715	\$ (168,401)	\$ 137,217	\$ 56,260
Net pension liability	143,606	14,980	-	158,586	-
OPEB	139,191	-	-	139,191	-
Total governmental	<u>\$ 405,700</u>	<u>\$ 197,695</u>	<u>\$ (168,401)</u>	<u>\$ 434,994</u>	<u>\$ 56,260</u>

Business-Type Activities

Long-term liabilities of the business-type activities at September 30, 2024, consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Business-type activities:					
Compensated absences	<u>\$ 4,776</u>	<u>\$ 6,858</u>	<u>\$ (6,623)</u>	<u>\$ 5,011</u>	<u>\$ 1,553</u>

The liability for compensated absences, other postemployment benefits, and the net pension liability have been paid out of the fund where the related employees work.

NOTE 8 – FLORIDA RETIREMENT SYSTEM

General Information

All full-time employees hired before January 1, 1996, are eligible to participate in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the Florida Retirement System Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing multiple-employer defined benefit

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pension plan, to assist retired members of any state administered retirement system in paying the costs of health insurance.

Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or calling toll free at 877-377-1737. The report is also available at the Florida Department of Management Services web site www.dms.myflorida.com.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (FRSP) and the Florida Retirement System Health Insurance Subsidy Program and additions to/deduction from the FRSP and HIS fiduciary net position have been determined on the same basis as they are reported by FRSP and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Significant Accounting Policies

PENSION PLAN

Plan Description

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

Regular Class
 Special Risk Class
 Elected Officials Class
 Senior Management Service Class

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service.

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Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

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

The following table shows the percentage value for each year of service credit earned:

Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
Special Risk Class	
Service from December 1, 1970, through September 30, 1974,	2.00%
Service on or after October 1, 1974,	3.00%
Elected Officials Class	3.00%
Senior Management Service Class	2.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

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Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1st of each year. The employer contribution rates by job class for the fiscal year ended September 30, 2024, were as follows:

Class	10/01/23 through 06/30/24	07/01/24 through 09/30/24
Regular Class	8.26%	8.47%
Senior Management Service Class	24.06%	24.41%
Special Risk Class	24.50%	25.48%
DROP	14.03%	14.60%

The employer contribution rates include a 1.66% HIS Plan subsidy. Except for DROP, the rates also include 0.06% for administrative costs of the Public Employee Optional Retirement Program.

For the fiscal year ending September 30, 2024, the City made contributions of \$12,622 to the Pension Plan and the City’s employees made contributions of \$25,873, for total contributions of \$38,495.

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 \$86,226 for its proportionate share of the Pension Plan’s net pension liability. 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, 2024. The City’s proportionate share of the net pension liability was based on the City’s 2023-2024 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2024, the City's proportionate share was 0.000222894 percent, which was a increase of 0.00000010812 percent from its proportionate share measured as of June 30, 2023. For the fiscal year ended September 30, 2024, the City recognized pension expense of \$14,819 related to the Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions on the following page from the following sources:

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Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,711	\$ -
Change of assumptions	11,818	-
Net difference between projected and actual earnings of Pension Plan investments	-	5,731
Change in proportion and differences between City Pension Plan contributions and proportionate share of contributions	14,965	3,856
	<u>\$ 35,494</u>	<u>\$ 9,587</u>

The deferred outflows of resources related to the Pension Plan, totaling \$2,337 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other 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:

Fiscal Year Ending September 30	Amount
2024	\$ 1,748
2025	2,417
2026	2,888
2027	3,875
2028	1,734
Thereafter	195
	<u>\$ 12,857</u>

Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2024
Measurement date	June 30, 2023
Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

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Mortality
Actuarial cost method

Generational RP-2000 with projection scale BB
Individual Entry Age

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Assumed Inflation - Mean			2.4%	1.4%

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

Discount Rate

The long-term expected rate of return assumption of 6.90% used in the discount rate calculations consists of two building block components: 1) a real (in excess of inflation) return of 4.5%, consistent with the currently articulated real return target in the current Florida State Board of Administration’s investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; 2) a long-term average annual inflation assumption of 2.6% as most recently adopted in October 2018 by the FRS Actuarial Assumption Conference. The discount rate of 6.90% used for the net pension liability calculations differs from the 7.50% investment rate of return chosen by the FRS Actuarial Assumptions Conference used for funding policy.

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City’s proportionate share of the net pension liability

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would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

Asset Class	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the net pension liability	\$ 151,668	\$ 86,226	\$ 31,404

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payable to the Pension Plan

At September 30, 2024, the City reported no payable for outstanding contributions to the Pension Plan.

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM

Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by the required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative

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appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$4,084 for the fiscal year ended September 30, 2024.

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 \$72,360 for its proportionate share of the HIS Plan's net pension liability. 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, 2024. The City's proportionate share of the net pension liability was based on the City's 2023-2024 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members.

At June 30, 2024, the City's proportionate share was 0.00000372122 percent, which was an increase of 0.00000110246 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the City recognized a pension expense of \$7,292. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 699	\$ 139
Change in assumptions	1,281	8,566
Net difference between projected and actual earnings on pension plan investments	-	26
Change in proportion and differences between City pension plan contributions and proportionate share of contributions	30,245	5,727
	<u>\$ 32,225</u>	<u>\$ 14,458</u>

The deferred outflows of resources related to the HIS Plan, totaling \$404 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

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Fiscal Year Ending September 30	Amount
2024	\$ 4,345
2025	4,395
2026	4,326
2027	5,030
2028	5,978
Thereafter	4,789
	\$ 28,863

Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2024
Measurement date	June 30, 2023
Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.58%
Investment rate of return	N/A
Mortality	GenerationalRP-2000 with projection scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2024, valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 3.58%. 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 date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.65%, 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 one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

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Asset Class	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
City's proportionate share of the net pension liability	\$ 82,372	\$ 72,360	\$ 64,048

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At September 30, 2024, the City reported no payable for outstanding contributions to the HIS Plan.

The following table provides a summary of significant information related to the Florida Retirement System defined benefit plans for the year ended September 30, 2024:

Description	Pension Plan	HIS Program	Total
Total pension liability	\$ 529,084	\$ 76,010	\$ 605,094
Plan fiduciary net position	442,858	3,650	446,508
Net pension liability	86,226	72,360	158,586
Deferred outflows of resources	35,494	32,225	67,719
Deferred inflows of resources	9,587	14,458	24,045
Pension expense	14,819	7,291	22,110

NOTE 9 – GENERAL EMPLOYEES' RETIREMENT PLAN

The General Employees Retirement Plan (the "Plan") is a single employer defined contribution pension plan established by the City to provide retirement and death benefits to general employees hired on or after January 1, 1996. A defined contribution pension plan has terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of these contributions, and forfeitures of other participant's benefits that may be allocated to the participant's account. Under the terms of the Plan agreement, all forfeitures shall be used to reduce the employer's contributions.

Vesting commences at a rate of 20% each year until the employee is fully vested after five years. Credited service begins with the first day of the month coinciding with or the next day following six months of service. Plan provisions and contribution requirements are established and may be amended by the City Commission.

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The City is required to contribute 3% of the covered compensation. Plan members are not allowed to contribute to the Plan. However, if Plan members contribute 3% of compensation to the Internal Revenue Code Section 457 Deferred Compensation Plan (see Note 10), the City will make a matching contribution of 4.35% to the General Employees' Retirement Plan. For the year ended September 30, 2024, the City recognized pension expense of \$52,245 for the General Employees' Retirement Plan, which included forfeitures of \$93,914. At September 30, 2024, the City reported no payable for outstanding contributions to the Plan.

The Plan is administered by the Florida League of Cities, which provides various investment alternatives. Participants direct the allocation of contributions to investment alternatives offered under the Plan. Because the City does not hold or administer funds for the Plan, the Plan does not meet the criteria for inclusion in the City's financial statements as a fiduciary fund.

NOTE 10 – DEFERRED COMPENSATION PLAN

Employees of the City of Pahokee may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Valic, Inc. administers the deferred compensation plan.

On December 15, 1998, the Deferred Compensation Plan was amended to conform with the changes in the Internal Revenue Code brought about by the Small Business Job Protection Act of 1996 (the "Act"). The Act requires that eligible deferred compensation plans established and maintained by governmental employers be amended to provide that all assets of the plan be held in trust, or under one or more appropriate annuity contracts or custodial accounts, for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, plan assets will no longer be subject to the claims of the City's general creditors.

Because the City has little administrative involvement and does not perform the investing function for funds in the Pinnacle Associates Plan, the City's activities do not meet the criteria for inclusion in the fiduciary funds of a government.

NOTE 11 – DEFICIT NET POSITION OF INDIVIDUAL

As of September 30, 2024, the Marina and Campground Enterprise Fund reported a positive net position but reported a deficit of (\$510,974) as a change in net position, and the Cemetery Enterprise Fund reported (\$38,689) in total net position and a positive of \$17,604 as a change in net position.

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NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has not significantly reduced insurance coverage from the prior year, and there were no settled claims which exceeded insurance coverage during the past three fiscal years.

Florida Statutes limit the City's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

NOTE 13 – LITIGATION CONTINGENCIES

The City is involved in various litigations and claims arising in the course of operations. It is the opinion of legal counsel that the likelihood of unfavorable outcome and the amounts of potential losses cannot be reasonably determined at this time. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

NOTE 14 – COMMITMENTS

Palm Beach County Fire Rescue Services Interlocal Agreement

On September 12, 2006, the City entered into a 10-year inter-local agreement with Palm Beach County to provide fire suppression, emergency medical services, special operations, hazardous materials response and mitigation, emergency communications, confined space rescue, dive rescue, fire code inspections, arson investigation, new construction inspection, community education programs, and all other emergency and non-emergency services to the City of Pahokee commencing October 1, 2006. Under the terms of the Agreement, the City transferred all the City's fire rescue apparatus and related equipment, to Palm Beach County Fire Rescue on October 1, 2006.

The costs of the services under the Agreement are to be funded through the Fire/Rescue MSTU pursuant to ordinances adopted by the County and the City providing for the inclusion of the City into the Fire/Rescue MSTU. It is anticipated that the County Fire/Rescue dispatch and related communication services to the City will be funded from countywide ad valorem tax revenues through the Countywide Common Dispatch program offered by the County to any fire-rescue providers that desire these services. If the County's ability to fund the dispatch and related communication services from non-MSTU revenues is eliminated for any reason, then the County may fund these dispatch and related services to the City through the Fire/Rescue MSTU. The tax rate for the MSTU is included in the 10 mills the City is legally allowed to assess. For the fiscal year ended September 30, 2024, the MSTU portion of the City's millage rate was 3.4581 mills.

CITY OF PAHOKEE, FLORIDA
Notes to Financial Statements
September 30, 2024

Should the City for any reason no longer be included in the Fire/Rescue MSTU during the term of the Agreement, the City shall pay the County an annual, or prorated, contract amount equal to the value of taxable property within the incorporated boundaries of the City multiplied by the Fire/Rescue MSTU millage rate.

As part of the Agreement, the City agreed to lease the building and surrounding property known as the Pahokee Fire Station to the County for its use as a fire station for the sum of one dollar per year for a period of ten years commencing on October 1, 2006.

The City entered into an inter-local agreement with the Palm Beach County Sheriff's Office to provide law enforcement services commencing February 12, 2006, and ending September 30, 2008. The agreement was later amended to extend the contract through September 30, 2009. On July 12, 2020, the City approved the eleventh addendum to the agreement extending the agreement through September 30, 2024. The contractual cost for the year ended September 30, 2024 was \$599,940.

NOTE 15 – SPECIAL ENDOWMENT

On October 12, 1999, the Port Mayaca Cemetery received \$875,000 from an estate. The bequest was intended as a permanent endowment for the cemetery. All earnings on the principal amount can be used by the cemetery for the upkeep, maintenance, and beautification of the cemetery. In addition, the cemetery is allowed to borrow up to \$100,000 to purchase equipment or to make improvements to the cemetery. Any amount borrowed must be paid back into the endowment over a period not to exceed seven years.

The City has established a permanent fund to account for the endowment principal, investment earnings, and transfers to the Cemetery Fund for upkeep, maintenance, and beautification of the cemetery. During the fiscal year ended September 30, 2024, the permanent fund transferred \$26,498 to the Cemetery Fund.

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS

In June 2015, GASB released GASB Statement No. 75 which replaces the accounting standards for other post-employment benefits (OPEB) for employer accounting. This standard will be applied to post employment medical benefits that are provided to the City's retirees. Prior to the GASB No. 75, benefits were accounted for under GASB No. 45.

Under GASB No. 45, the net OPEB obligation was a liability of the City. Under GASB No. 75, the entire unfunded actuarial accrued liability is now reported on the financial statements. There is no longer a net OPEB obligation. The annual expense is equal to the increase (decrease) in the funded actuarial accrued liability. To minimize expense volatility, some of the increase (decrease) is deferred.

CITY OF PAHOKEE, FLORIDA
Notes to Financial Statements
September 30, 2024

Plan Description

The City provides a single employer defined benefit health care plan to all of its employees. The plan allows its employees and their beneficiaries to continue to obtain health benefits upon retirement. The normal retirement age for City employees is age 62 for employees enrolled in the retirement plan before July 1, 2011 and age 65 for employees enrolled in the retirement plan after July 1, 2011. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Funding Policy

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City’s actuaries in their actuarial valuation calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree’s own payments for the year.

Plan membership

Based on the actuarial valuation results as of September 30, 2024, the number of participants included in the plan is as follows:

Retired participants	-
Active employees	39
Total	39

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2022
Actuarial cost method	Entry Age Normal (Alternative Measurement Method)
Amortization method	Level Dollar - Open
Amortization period	30-year closed period
Asset valuation method	Not Applicable
Actuarial assumptions:	
Discount rate	2.43%
Healthcare cost trend	10.00% for 2019, 9.44% for 2020, 8.89% for 2021 decreasing to 5.0% in

CITY OF PAHOKEE, FLORIDA
Notes to Financial Statements
September 30, 2024

Mortality

2028
RP-20 14 Combined Annuitant Mortality
Table for males and females.
The Mortality Table reflects recent rates
developed by the Society of Actuaries.

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of 9/30/2022	\$ 139,191	\$ -	\$ 139,191
Service Cost	-	-	-
Interest on Total OPEB Liability	-	-	-
Difference Between Expected and Actual Experience	139,191	-	139,191
Changes of Assumptions and Other Inputs	-	-	-
Benefit Payments	-	-	-
Other Changes	-	-	-
Net Changes	-	-	-
Balances as of 9/30/2023	\$ 139,191	\$ -	\$ 139,191

Sensitivity of Net OPEB Liability

The following table presents the net OPEB liability, using a discount rate and health care cost trend rate that is 1-percentage point lower and 1-percentage point higher:

	1% Decrease 1.43%	Current Discount Rate 2.43%	1% Increase 3.43%
Discount rate	\$ 173,067	\$ 139,191	\$ 113,480

Discount Rate

The City does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher (or equivalent quality on another rating scale). A rate of 2.43% is used, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of September 30, 2024.

OPEB Expense

Service Cost	\$ 8,875
Interest on Service Cost	3,761
Total	12,636
Interest Cost	-
Difference Between Expected & Actual Experience	224
Changes of Assumptions and Other Inputs	1,408
Total	\$ 14,268

CITY OF PAHOKEE, FLORIDA
Notes to Financial Statements
September 30, 2024

Schedule of Deferred Inflows and Outflows of Resources

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,950
Changes of assumptions	24,799	-
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	\$ 24,799	\$ 3,950

The deferred outflows and deferred inflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan are as follows:

Fiscal Year Ending September 30	Outflows	Inflows
2024	\$ 1,408	\$ (224)
2025	1,408	(224)
2026	1,408	(224)
2027	1,408	(224)
2028	1,408	(224)
Thereafter	17,759	(2,830)
	\$ 24,799	\$ (3,950)

NOTE 17 – OPERATING LEASES

Effective October 1, 2021, the City implemented GASB 87 Leases. There was no change in the beginning net position / fund balance due to the implementation, and no restatement was required.

Everglades Preparatory Academy

In March 2007, the City entered into an agreement with Everglades Preparatory Academy, Inc. (Everglades) to lease certain facilities at the Old Pahokee High School to Everglades. The term of the lease was for a 10-year period commencing on May 1, 2007, with an option to renew for an additional 10-year term. In 2017, Everglades exercised its option to renew the lease. Total lease payments received under the lease during the fiscal year ended September 30, 2024 were \$33,349. As of September 30, 2024, the cost of the land and building under the operating lease was \$2,607,755 and accumulated depreciation was \$2,425,376 resulting in a net book value of \$182,379. The building is fully depreciated.

CITY OF PAHOKEE, FLORIDA
Notes to Financial Statements
September 30, 2024

The General Fund's amortization lease payments receivable as of September 30, 2024, are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 34,329	\$ 1,944	\$ 36,273
2026	35,334	1,044	36,378
2027	21,100	182	21,282
	<u>\$ 90,763</u>	<u>\$ 3,170</u>	<u>\$ 93,933</u>

Lutheran Services Florida

In May 2014, the City entered into an agreement with Lutheran Services Florida, Inc. (Lutheran) to lease to Lutheran a building and various other improvements located at 380 East Dr. Martin Luther King Jr. Boulevard to Lutheran. The term of the lease was for a 5-year period commencing May 2014. Lutheran has the right to terminate the lease for any reason upon 120 days prior written notice to the City. Total lease payments received under the lease during the fiscal year ended September 30, 2024, were \$15,951. As of September 30, 2024, the cost of the land and building under the operating lease was \$100,800 and accumulated depreciation was \$83,664, resulting in a net book value of \$17,136. The building is fully depreciated.

Metro PCS

In April 2005 the City entered into an agreement with MetroPCS California/Florida, Inc. (Metro PCS) to lease land consisting of approximately 180 square feet located at 335 Muck City Road to Metro PCS for use as a personal communications service system. The lease term was for a 5-year period commencing on April 29, 2005. The agreement will be automatically renewed for four additional terms of 5 years each unless Metro PCS provides the City notice of intention not to renew not less than 90 days prior to the expiration of any renewal term. Total lease payments received under the lease during the fiscal year ended September 30, 2024, were \$25,062. As of September 30, 2024, the cost of the land under the operating lease was approximately \$81.

The General Fund's amortization lease payments receivable as of September 30, 2024, are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 15,204	\$ 140	\$ 15,344
	<u>\$ 15,204</u>	<u>\$ 140</u>	<u>\$ 15,344</u>

NOTE 18 – SUBSEQUENT EVENT

Management has evaluated subsequent events to determine if events or transactions occurring through June 20, 2025, the date the financial statements available to be issued, require potential adjustment to or disclosure in the financial statements.

Required Supplementary Information

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 2,055,565	\$ 2,055,565	\$ 1,415,573	\$ (639,992)
Licenses and permits	971,200	971,200	576,141	(395,059)
Intergovernmental	855,700	855,700	1,113,162	257,462
Charges for services	755,870	755,870	1,034,833	278,963
Fines and forfeitures	84,000	84,000	165,143	81,143
Investment income	129,155	129,155	42,610	(86,545)
Lease and Rental Revenue	-	-	89,689	89,689
Miscellaneous	63,658	63,658	56,893	(6,765)
Total revenues	4,915,148	4,915,148	4,494,044	(421,104)
Expenditures:				
Current:				
General government	2,271,149	2,271,149	1,727,011	544,138
Public safety	599,940	599,940	938,846	(338,906)
Transportation	883,859	883,859	854,249	29,610
Culture and recreation	954,445	954,445	846,501	107,944
Physical environment	530,004	530,004	696,814	(166,810)
Other sources	75,587	75,587	-	75,587
Total expenditures	5,314,984	5,314,984	5,063,421	251,563
Excess of revenues over expenditures	(399,836)	(399,836)	(569,377)	(169,541)
Other financing sources (uses):				
Operating transfer in	655,528	655,528	-	(655,528)
Operating transfer out	(255,692)	(255,692)	891,542	1,147,234
Total other financing sources (uses):	399,836	399,836	891,542	491,706
Net change in fund balance	\$ -	\$ -	322,165	\$ 322,165
Fund balance, beginning of year			2,833,140	
Fund balance, end of year			\$ 3,155,305	

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Henderson Endowment Fund
For the Fiscal Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Interest income	\$ 15,700	\$ 15,700	\$ 26,498	\$ 10,798
Total revenues	15,700	15,700	26,498	10,798
Expenditures:				
Current:				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	15,700	15,700	26,498	10,798
Other financing sources (uses):				
Operating transfer out	(15,700)	(15,700)	(26,498)	(10,798)
Total other financing sources (uses):	(15,700)	(15,700)	(26,498)	(10,798)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			875,000	
Fund balance, end of year			\$ 875,000	

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Special Revenues Fund
For the Fiscal Year Ended September 30, 2024

	Original Budget	Final Budget	Final Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 480,000	\$ 480,000	\$ 536,653	\$ 56,653
Intergovernmental	-	-	-	-
Total revenues	480,000	480,000	536,653	56,653
Expenditures:				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Capital Outlay	480,000	480,000	51,445	428,555
Total expenditures	480,000	480,000	51,445	428,555
Excess of revenues over expenditures				
financing sources (uses):	-	-	485,208	
Operating transfer in	-	-	-	
Total other financing sources (uses):	-	-	-	
Net change in fund balance	-	-	485,208	
Fund balance, beginning of year			881,541	
Fund balance, end of year			\$ 1,366,749	

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Debt Service Fund
For the Fiscal Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Total revenues	-	-	-	-
Expenditures:				
Current:				
Debt service:				
Principal	120,078	120,078	153,431	(33,353)
Interest	15,156	15,156	4,070	11,086
Total expenditures	135,234	135,234	157,501	(22,267)
Excess of revenues over expenditures	(135,234)	(135,234)	(157,501)	(22,267)
Other financing sources (uses):				
Operating transfer in	135,234	135,234	157,501	(22,267)
Total other financing sources (uses):	135,234	135,234	157,501	(22,267)
Net change in fund balance	\$ -	\$ -	-	\$ (44,534)
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Capital Projects Fund
For the Fiscal Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 1,200,000	\$ 1,980,000	\$ 939,036	\$ (1,040,964)
Total revenues	<u>1,200,000</u>	<u>1,980,000</u>	<u>939,036</u>	<u>(1,040,964)</u>
Expenditures:				
Current:				
Capital Outlay	<u>1,200,000</u>	<u>1,980,000</u>	<u>1,530,519</u>	<u>449,481</u>
Total expenditures	<u>1,200,000</u>	<u>1,980,000</u>	<u>1,530,519</u>	<u>449,481</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(591,483)</u>	<u>(591,483)</u>
Other financing sources (uses):				
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(591,483)</u>	<u>\$ (591,483)</u>
Fund balance, beginning of year			<u>(286,153)</u>	
Fund balance, end of year			<u><u>\$ (877,636)</u></u>	

CITY OF PAHOKEE, FLORIDA
Notes to the Budgetary Required Supplementary Information
For the Fiscal Year Ended September 30, 2024

Note 1 - Basis of Accounting

A budgetary comparison schedule is presented for the General Fund as required by generally accepted accounting principles. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are described in Note 2 to the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Note 2 - Stewardship, Compliance, and Accountability

Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the functional area level and expenditures may not legally exceed budgeted appropriations at that level.

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Funding Progress
Other Postemployment Benefits
For the Fiscal Year Ended September 30, 2024

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age(1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2012	\$ -	\$ 89,191	\$ 89,191	\$ -	N/A	N/A
10/1/2015	-	84,708	84,708	-	1,182,214	7.17%
10/1/2017	-	88,987	88,987	-	1,428,366	6.23%
10/1/2018	-	96,173	96,173	-	1,428,366	6.73%
10/1/2020	-	139,191	139,191	-	1,017,696	13.68%

The schedule of funding progress presented above will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The City implemented GASB 45 during the fiscal year ended September 30, 2013, and elected to apply the statement prospectively. Consequently, there are no disclosures for prior years. The City is required to have an actuarial valuation every three years. The next valuation was scheduled for October 1, 2022. In future years, required trend data will be presented.

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System
Pension Plan

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 8,522	\$ 5,217	\$ 5,382	\$ 5,868	\$ 5,257	\$ 5,841	\$ 6,103	\$ 6,172	\$ 10,203	\$ 12,622
Contribution in relation to the contractually required contribution	8,522	5,217	5,382	5,868	5,257	5,841	6,103	6,172	10,203	12,622
City's covered-employee payroll	132,646	87,507	92,780	110,573	104,500	110,536	63,383	63,383	63,383	99,458
Contribution as a percentage of covered-employee payroll	6.42%	5.96%	5.80%	5.31%	5.03%	5.28%	9.63%	9.74%	16.10%	12.69%

* Amount represented for each fiscal year were determined as Of 9/30.

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System
Pension Plan

Last Ten Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability (asset)	0.000349549%	0.000213941%	0.000206741%	0.000205914%	0.000169532%	0.000175806%	0.000160215%	0.000144630%	0.000212082%	0.000222894%
City's proportion share of the net pension liability (asset)	\$ 45,149	\$ 54,020	\$ 61,174	\$ 62,022	\$ 58,383	\$ 76,197	\$ 12,102	\$ 53,814	\$ 53,814	\$ 86,226
City's covered-employee payroll	87,507	92,780	110,573	104,500	110,536	63,383	63,383	63,383	63,383	99,458
City's proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.59%	58.22%	55.32%	59.35%	52.82%	120.22%	19.09%	84.90%	84.90%	86.70%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	84.88%	83.89%	83.70%	82.61%	78.85%	96.40%	82.38%	82.38%	83.70%

* Amount represented for each fiscal year were determined as of 6/30.

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Employer Contribution
Florida Retirement System
Retiree Health Insurance Subsidy Program

Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 1,781	\$ 1,453	\$ 1,541	\$ 1,571	\$ 1,644	\$ 1,761	\$ 1,325	\$ 1,126	\$ 2,448	\$ 4,084
Contribution in relation to the contractually required contribution	1,781	1,453	1,541	1,571	1,644	1,761	1,325	1,126	2,448	4,084
City's covered-employee payroll	87,507	92,780	110,573	104,500	104,500	63,383	63,383	63,383	63,383	99,458
Contribution as a percentage of covered-employee payroll	2.0%	1.6%	1.4%	1.5%	1.6%	2.8%	2.1%	1.8%	3.9%	4.1%

* Amount represented for each fiscal year were determined as of 9/30.

CITY OF PAHOKEE, FLORIDA
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System
Retiree Health Insurance Subsidy Program

Last Ten Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability (asset)	0.040376046%	0.041674824%	0.042122000%	0.044162719%	0.045544109%	0.000076570%	0.000074857%	0.000074857%	0.000372122%	0.000482368%
City's proportion share of the net pension liability (asset)	\$ 47,198	\$ 35,422	\$ 31,124	\$ 30,668	\$ 33,121	\$ 37,319	\$ 27,650	\$ 19,707	\$ 19,707	\$ 72,360
City's covered-employee payroll	87,507	92,780	110,573	104,500	110,536	63,383	63,383	63,383	63,383	99,458
City's proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.94%	38.18%	28.15%	29.35%	29.96%	58.88%	43.62%	31.09%	31.09%	72.75%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.81%	4.80%

* Amount represented for each fiscal year were determined as Of 6/30.

Compliance Section

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

To The Honorable Mayor and Members of the City Council
City of Pahokee, 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, and each major fund information of the City of Pahokee, 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 June 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) 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 deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. In prior years certain deficiencies in internal control were noted as described in the accompanying schedule of findings and questioned costs as items 2010-01, 2015-01, and 2016-01 that we considered to be material weaknesses.

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 determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned cost as items 2014-04 and 2017-01.

City of Pahokee, Florida's Response to Findings

The City of Pahokee, Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Pahokee, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 20, 2025

HCT Certified Public Accountants & Consultants, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of Pahokee, Florida

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

We have audited the City of Pahokee, 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 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 and 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.

Responsibility 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*, and 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 2014-04 and 2015-01. Our opinion on each major State project is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-01, 2015-01, 2016-01, and 2017-01 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

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.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 20, 2025

CITY OF PAHOKEE, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2024

Schedule of Expenditures of Federal Awards

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
U.S. Department of Transportation			
Small County Outreach Program Highway construction	55.009	FM#442030-1-54-01/G-1753	1,348,073
Total Department of Transportation			1,348,073
U.S. Department of Treasury			
Coronavirus State and Local Fiscal Recovery	21.027	R2018-1440	2,180,576
Total Department of Treasury			2,180,576
Total Expenditures of Federal Awards			\$ 3,528,649

Schedule of Expenditures of State Financial Assistance

Grantor/Pass-Through Grantor/Program Title	CSFA Number	Grant/Contract Number	State Expenditures
U.S. Department of Environmental Protection (FDEP)			
FDEP East Lake Villas - Stormwater Improvement Grant	37.039	LP50113	182,448
Total Department of Enviromental Protection			182,448
Total Schedule of Expenditures of Federal Awards, State Financial Assistance			\$ 3,711,097

CITY OF PAHOKEE, FLORIDA
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2024

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) represents all of the Federal Awards and State Financial Assistance of the City during the fiscal year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirement 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. Therefore, the Schedule presents only a selected portion of the operations of the City; it is not intended to, and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule is presented using the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources.

NOTE 3 – INDIRECT COST RATE

The City has elected not to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditure is disallowed by a grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreement and applicable federal laws and regulations.

NOTE 5 – LOAN AND LOAN GUARANTEE PROGRAMS

The City had no loans attached to a federal or state program that are required to be disclosed as described in 2 CFR section 200.502(b).

I. Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Henderson Endowment Fund	Unmodified
Special Revenues Fund	Unmodified
Capital Projects Fund	Unmodified
Marina and Campground Fund	Qualified
Cemetery Fund	Qualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(s) X yes none reported

Noncompliance material to financial statements noted?

 X yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) identified yes X none reported

Type of auditor's report issued on compliance for major programs: **Unmodified.**

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

 yes X no

Identification of major programs:

<u>CFDA No(s).</u>	<u>Names of Federal Programs or Cluster</u>
55.009	Small County Outreach Program – Highway Construction
21.027	Coronavirus State and Local Fiscal Recovery

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 750,000

Auditee qualified as low risk auditee? yes X no

II. Financial Statement Findings

A. Current Year Finding

2024-01 - Purchases not properly approved and supported

Condition:

A sample of purchases made with the City's credit card showed:

1. Two transactions with no vendor invoice were
2. Two transactions lacked the appropriate level of approval before purchases occurred.

Effect:

No compliance with the City's policies and standards.

Cause:

Lack of management's oversight.

Recommendation:

Management should reinforce compliance with the City's policies regarding purchases and use of Credit cards.

Views of responsible officials and planned corrective actions: Management is addressing via corrective action aligning and updating Purchasing Policy and Credit Card Policy. The City will impose disciplinary procedures for non-compliance with the Policies.

B. Prior Years' Findings

Finding 2010 – 01 – Material weakness

Condition: The City did not perform a physical count of inventories and has not maintained perpetual inventory records for the Cemetery Fund. Also, the City has not established adequate controls over the completeness of revenues and receivables for the Cemetery Fund.

Criteria: Adequate accounting records and internal controls are required for the preparation of financial statements.

Effect: Because of inadequacies in internal controls and accounting records relating to the Cemetery Fund, we were unable to form opinions regarding the amounts of inventories, accounts receivable, service revenue, and cost of goods sold for the fund.

Recommendation: We recommend the City implements the following for the Cemetery Fund:

- 1) Perform an annual physical count of inventories at year end.
- 2) Develop and maintain perpetual inventory records.
- 3) Develop and implement procedures to monitor the completeness of revenues and receivables.

Current year status: Partially implemented.

Views of responsible officials and planned corrective actions: The City acknowledges the necessity of implementing established policies and processes to monitor and evaluate activities at the Cemetery. The administration has implemented various policy modifications, one of which is transferring all accounting and cash receipt operations from the cemetery to the Finance Department at City Hall. This reform aims to enhance accountability and establish stricter controls over cemetery operations. The City's employment of a full-time coordinator since January 2019 enables more effective monitoring and oversight.

The administration is assessing software options that incorporate precise mapping capabilities together with an inventory module. These software solutions should be capable of generating timely monitoring reports, ensuring compliance. Currently, the City is using Excel to capture data for implementation of the identified software with the capabilities of mapping with an inventory module.

Finding 2014 – 04 – Noncompliance or other matters that are required to be reported under Government Auditing Standards

Condition: During our testing of credit card activity, we noted the following issues:

- Some payments were not made timely resulting in the payment of late fees and finance charges.
- Sales tax was paid on certain purchases.
- Accounting records did not identify the public purpose for certain transactions.

Criteria: Adequate internal controls and accounting records are required for the preparation of financial reports.

Effect: Inadequate controls for credit card activity expose the City to the risk of fraud, misuse, and financial reporting errors.

Recommendation: We recommend that the City review its policies and procedures for credit card purchases and implement steps to provide adequate control over credit card use.

Current year status: Partially implemented.

Views of responsible officials and planned corrective actions: The City has been making changes to the processes and will continue to review, align, and update policies and procedures for credit card use. The updated credit card policy requirements will address the City Exemption status from Sales tax on certain purchases. The City will implement appropriate procedures to

provide adequate control over accounting records for those activities. In addition, credit card users will be made aware and trained on how to properly use the credit card and avoid noncompliance.

Finding 2015 – 01 – Material Weakness

Condition: The City has not established adequate controls over the completeness of revenues and unearned revenues for the Marina and Campground Fund.

Criteria: Adequate accounting records and internal controls are required for the preparation of financial statements.

Effect: Because of inadequacies in internal controls and accounting records relating to the Marina and Campground Fund, we were unable to form opinions regarding the amounts of service revenue and unearned revenue for the fund.

Recommendation: We recommend that the City implement the following for the Marina and Campground Fund:

- 1) Acquire and implement special purpose software to maintain detailed records of revenue and utilization of the facilities for the marina and campground.
- 2) Establish access controls for the campground such as gates, card entry systems, and security cameras.
- 3) Develop and implement procedures to monitor and control marina and campground revenues.

Current year status: Partially implemented. Controls over the Marina and Campground revenues have improved with updated policies and procedures.

Views of responsible officials and planned corrective actions: Management is addressing recommendations 2 to 3 to establish better access controls for the campground. The City is currently obtaining quotes as it relates to the campground gates entry, card entry systems, and security cameras.

Finding 2016 – 01 – Material Weakness

Condition: The City has not adequately trained staff to implement purchasing procedures and management has not adequately monitored the purchasing process.

Criteria: The City's purchasing procedures require that all purchases to have a purchase order number, excluding minor purchases made from petty cash and those purchases declared exempt. The procedures further require that all purchases exceeding ten thousand dollars shall be approved by the City Commission and shall be awarded after receiving competitive bids. Emergency purchases not exceeding fifteen thousand dollars may be made by the City Manager to meet a pressing need for the protection of the public health, safety, or welfare of the

community. The City Commission shall ratify every emergency purchase as soon as it is reasonable possible.

Effect: Noncompliance with purchasing procedures.

Recommendation: We recommend that City staff involved in the purchasing process receive training regarding the approved purchasing procedures and that management increase monitoring of the purchasing process to maintain adequate controls.

Current year status: Partially implemented.

Views of responsible officials and planned corrective actions: The City has made improvements in this area. The purchasing manual has been updated and is now enforced. The City in coordination with guidance from legal counsel to align the Purchasing Policy to the revised Ordinance. The City Manager and the Finance Director have worked together to ensure that the policy is adhered to, and the best practices are the standard norm. Training programs will be incorporated for users throughout the City that are authorized to spend the City's funds.

Finding 2017 – 01 – Noncompliance or other matters that are required to be reported under Government Auditing Standards

Condition: The Marina and Campground Enterprise Fund has experienced operating losses for many years, and the Cemetery Enterprise Fund has frequently experienced operating losses. As of September 30, 2017, both funds reported a deficit in unrestricted net position. As of September 30, 2017, advances from the General Fund totaled \$193,486 for the Marina and Campground Enterprise Fund and \$338,865 for the Cemetery Enterprise Fund.

Criteria: Section 10.554 (1)(f), Rules of the Auditor General define deteriorating financial condition as a circumstance determined as of the fiscal year end that significantly impairs a county, municipality, or special district's ability to generate enough revenues to meet its expenditures without causing a condition described in Section 2018.503(1), Florida Statutes to occur.

Effect: The City's enterprise funds might not be able to generate enough revenues to meet their obligations.

Recommendation: We recommend that the City review the operations of the enterprise funds to develop options for increasing revenues for these funds.

Current year status: Not implemented. Both funds are still operating at a loss.

Views of responsible officials and planned corrective actions:

Marina and Campground Fund - As a result of the significant investment in capital assets, this fund records a substantial depreciation expense. In the fiscal year that concluded on September 30, 2024, the depreciation expense amounted to approximately \$538,574, while a deficit of

\$510,975 was recorded. The ongoing depreciation expense will persistently result in operating losses, making it improbable for this fund to generate a profit in the foreseeable future.

The City is currently looking for ways to reduce costs and increase revenue as it relates to the Enterprise Fund of the Marina. When considering labor, time, budget, and output quality, outsourcing presents a more efficient, cost-effective, and reliable solution. It is evident that the benefits and reassurances offered by an expert outsourcing partner clearly outweigh the potential obstacles and limitations of in-house services. Built upon years of experience and expertise, the Contractor/Vendor will offer tailored solutions to meet the specific needs, ensuring a smooth, hassle-free transition to the Marina and the Cemetery operations.

Cemetery Fund

Before fiscal year 2009, losses were reduced by the profits generated from the Henderson Endowment. The earnings generated from the initial balance of \$875,000 are exclusively allocated for the purpose of preserving, maintaining, and enhancing the Port Mayaca Cemetery. The City has created a permanent fund to track the initial endowment, investment profits, and transfers to the Cemetery Fund. Investment returns have significantly diminished in recent years due to the prevailing low-interest rate environment. Once interest rates revert to their standard levels, the investment returns will once again offset the operational losses of the Cemetery Fund.

Currently, the city has created a purchasing mechanism to effectively manage and monitor daily spending to control running costs of the cemetery. The City has relocated all accounting operations from the cemetery to City Hall to integrate them into the control framework of the finance department, therefore addressing the identified issue. The financial department will assume responsibility for contract drafting, invoicing, and recordkeeping tasks related to cemetery operations, with the aim of enhancing future oversight of cemetery activities. Furthermore, the City is actively pursuing methods to enhance the cemetery's earnings. However, this endeavor is impeded by the existing limitation of having just one funeral facility inside the City of Pahokee.

The City anticipates a favorable increase in net position in the around \$17,603 for the Cemetery Fund during the fiscal year ending on September 30, 2024

HCT Certified Public Accountants & Consultants, LLC

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE
10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor and Members of the City Council
The City of Pahokee, Florida

We have examined the City of Pahokee, Florida's compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the state of Florida during the year ended September 30, 2024. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the *American Institute of Certified Public Accountants* and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

This report 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, management and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 20, 2025

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

To the Honorable Mayor and Members of the City Council
City of Pahokee, Florida.

Report on the Financial Statements

We have audited the financial statements of the City of Pahokee, Florida (the “City”), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 20, 2025. The auditor’s reports on the financial statements of the Marina and Campground Enterprise Fund, the Cemetery Enterprise Fund, and business-type activities were qualified because of inadequacies in the internal controls and accounting records relating to inventories, cost of goods sold, revenues, and receivables.

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; 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 20, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

The following findings were included in the audit reports for the prior years and still apply:

- Finding 2010-1 Cemetery Fund
- Finding 2014-4 Credit Cards
- Finding 2015-1 Marina and Campground Fund
- Finding 2016-1 Purchasing
- Finding 2017-1 The Marina and Campground Enterprise Fund

The current year’s finding is:

- Finding 2024-1 Purchases

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. There are no component units that need to be disclosed.

Financial Condition and Management

Sections 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 to identify 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 Statute.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, findings 2014-03, 2014-04, 2017-1, 2017-02, 2017-03, 2017-04 and 2018-01 addresses recommendations to the City to improve financial management.

Property Assessed Clean Energy (PACE) Programs

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

As required by Section 10.554(1)(i)6. b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City, a list of all program administrators and third-party administrators that administered the program.

As required by Section 10.554(1)(i)6. c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City, the full names and contact information of each such program administrator and third-party administrator.

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 20, 2025