

**CITY OF CRESCENT CITY, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

CITY COMMISSION

Brett Peterson, Mayor

H. Harry Banks

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CITY MANAGER

Michael Esposito

FINANCE DIRECTOR

Debbi Peacock

Prepared by:
City of Crescent City Finance Department

**CITY OF CRESCENT CITY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Crescent City, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent City, Florida, (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Change in Accounting Principle

As discussed in Notes (9), (10) and (11) to the financial statements, in 2019, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effects of this standard have also been applied to the financial statements as of the year ended September 30, 2018. See Note (11) for the effect of GASB 75 and GASB 68 on beginning net position. Our opinion is not modified with respect to this matter.

Required Supplementary Information

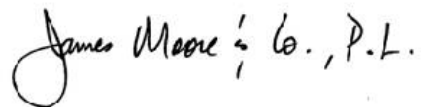
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crescent City, Florida's basic financial statements. The Water and Sewer Schedule of Revenues, Expenses, and Changes in Net Position has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
April 15, 2020

**CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Crescent City's management of the City of Crescent City, Florida, we offer readers of the City of Crescent City, Florida's financial statements this narrative overview and analysis of the financial activities of the City of Crescent City, Florida for the fiscal year ended September 30, 2019.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 9 – 10 of this report.

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

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

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

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

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

The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Proprietary funds. The City of Crescent City, Florida maintains a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Crescent City, Florida uses enterprise funds to account for its natural gas, water and sewer operations.

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

The basic proprietary fund financial statements can be found on pages 15 – 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Crescent City's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 18 – 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 – 39 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Crescent City, Florida, assets exceeded liabilities by \$6,945,251 at the close of the most recent fiscal year.

By far the largest portion of the City of Crescent City, Florida's net position (71 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Crescent City, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City of Crescent City, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

City of Crescent City, Florida's Condensed Statement of Net Position

	Governmental Activities		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,431,848	\$ 1,576,456	\$ 2,063,001	\$ 1,961,719	\$ 4,494,849	\$ 3,538,175
Capital assets	4,664,177	4,328,607	7,134,172	7,220,892	11,798,349	11,549,499
Total assets	7,096,025	5,905,063	9,197,173	9,182,611	16,293,198	15,087,674
Deferred Outflows	141,486	-	-	-	141,486	-
Long-term liabilities outstanding	104,911	567,049	2,032,269	2,093,763	2,137,180	2,660,812
Other liabilities	147,030	216,437	239,230	214,195	386,260	430,632
Total liabilities	251,941	783,486	2,271,499	2,307,958	2,523,440	3,091,444
Deferred Inflows	40,319	-	-	-	40,319	-
Net position:						
Net investment in capital assets	4,664,177	4,328,607	5,153,422	5,173,723	9,817,599	9,502,330
Restricted	479,069	324,806	903,461	859,741	1,382,530	1,184,547
Unrestricted	1,802,005	468,164	868,791	841,189	2,670,796	1,309,353
Total net position	\$ 6,945,251	\$ 5,121,577	\$ 6,925,674	\$ 6,874,653	\$13,870,925	\$11,996,230

An additional portion of the City of Crescent City, Florida's net position (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,670,796) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Crescent City, Florida is able to report positive balances in three categories of net position for the government as a whole and three categories for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City of Crescent City, Florida's net position by \$869,672. In reviewing and comparing expense, to the best of our knowledge, this change in net position is due to the judicious use of funds for the day-to-day operations of the city as well as the following:

- Capital assets still growing through grant funded infrastructure improvements;
- Discretionary sales tax revenue exceeding budgeted expectations;
- Budgeted items from the Discretionary Sales Tax Revenue re: Police Dept. building re-roof were significantly lower, leading to a growth in the net position of the restricted discretionary tax; and
- Increase in the net for community redevelopment revenue due to expenditures not exceeding revenues.

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

City of Crescent City, Florida's Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 87,501	\$ 96,543	\$ 1,464,014	\$ 1,451,173	\$ 1,551,515	\$ 1,547,716
Operating grants and contributions	45,506	48,700	-	-	45,506	48,700
Capital grants and contributions	782,941	599,506	108,706	1,311,986	891,647	1,911,492
General revenues:						
Taxes	1,229,835	1,173,967	-	-	1,229,835	1,173,967
Other state-shared	81,782	83,080	-	-	81,782	83,080
Other	18,996	35,303	16,050	9,515	35,046	44,818
Total revenues	2,246,561	2,037,099	1,588,770	2,772,674	3,835,331	4,809,773
Expenses:						
General government	400,858	378,686	-	-	400,858	378,686
Public safety	583,177	566,147	-	-	583,177	566,147
Transportation	220,399	198,433	-	-	220,399	198,433
Parks and recreation	142,988	155,949	-	-	142,988	155,949
Community redevelopment	29,467	36,823	-	-	29,467	36,823
Gas	-	-	580,596	578,574	580,596	578,574
Water and sewer	-	-	957,153	923,171	957,153	923,171
Total expenses	1,376,889	1,336,038	1,537,749	1,501,745	2,914,638	2,837,783
Increase (decrease) in Net position before transfers	869,672	701,061	51,021	1,270,929	920,693	1,971,990
Transfers	-	13,400	-	(13,400)	-	-
Increase (decrease) in Net position	869,672	714,461	51,021	1,257,529	920,693	1,971,990
Net position, beginning of year	6,075,579	4,407,116	6,874,653	5,617,124	12,950,232	10,024,240
Net position, end of year	\$ 6,945,251	\$ 5,121,577	\$ 6,925,674	\$ 6,874,653	\$ 13,870,925	\$ 11,996,230

Business-type activities. Business-type activities increased the City of Crescent City, Florida's net position by \$51,021.

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the City of Crescent City, Florida. At the end of the current fiscal year, unassigned fund balance and total fund of the general fund was \$1,325,425. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 93 percent of total general fund expenditures, excluding capital outlay.

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

The fund balance of the City of Crescent City, Florida's general fund increased by \$368,737 during the 2018/2019 fiscal year due to FDOT and Boat Ramp Grant grants, and expenses decreased due to a decrease in capital outlay from the St Johns Water Management District (SJRWMD) project and a significant portion of the Walnut Street paving project.

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

Unrestricted net position of the Gas fund at the end of the year amounted to \$176,233. The increases in net position for the Gas fund was \$78,906. Unrestricted net position of the Water and Sewer fund at the end of the year amounted to \$692,558. The decreases in net position for the Water and Sewer fund was \$27,885.

Capital Asset and Debt Administration

Capital assets. The City of Crescent City, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$11,798,349 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure and other improvements, equipment and construction in process. The total increase in the City of Crescent City, Florida's investment in capital assets for the current fiscal year was \$248,850.

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

- Natural Gas high pressure main relocation project across the Dunn's Creek Bridge
- Storm water outfalls improvements along Crescent Lake
- Walnut Street paving project

	City of Crescent City, Florida's Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 469,876	\$ 469,876	\$ 238,868	\$ 238,868	\$ 708,744	\$ 708,744
Buildings and improvements	1,041,085	1,027,685	2,589,852	2,589,852	3,630,937	3,617,537
Infrastructure and other improvements	4,709,541	3,952,570	10,026,769	10,026,769	14,736,310	13,979,339
Equipment	1,315,909	1,341,976	1,211,141	1,193,451	2,527,050	2,535,427
Construction in progress	117,073	390,789	1,638,151	1,529,445		1,920,234
Accumulated depreciation	(2,989,307)	(2,854,289)	(8,570,609)	(8,357,493)	(11,559,916)	(11,211,782)
Total	\$ 4,664,177	\$ 4,328,607	\$ 7,134,172	\$ 7,220,892	\$ 11,798,349	\$ 11,549,499

Additional information on the City of Crescent City, Florida's capital assets can be found in Note 6 on page 29 of this report.

Long-term debt. At the end of the current fiscal year, the City of Crescent City, Florida had total bonded debt outstanding of \$1,835,213. This debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

City of Crescent City, Florida's Outstanding Debt
Loan Payable and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Loan payable	\$ -	\$ -	\$ 145,537	\$ 134,394	\$ 145,537	\$ 134,394
Revenue bonds	-	-	1,835,213	1,912,775	1,835,213	1,912,775
Total	\$ -	\$ -	\$ 1,980,750	\$ 2,047,169	\$ 1,980,750	\$ 2,047,169

Additional information on the City of Crescent City, Florida's long-term debt can be found in Note 7 on page 30 of this report.

Economic Factors and Next Year's Budgets and Rates

Many factors are considered each year by the City Commission in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop fees that are reasonable for its citizens. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates. Additional economic factors forecasted for FY2020 include:

- Modest increases in property tax revenue due to improving property tax values
- Additional increases in net assets with minimal impact to the general fund balance as we complete or seek to complete significant grant funded projects such as:
 - Paving of Clemons Lane (completed);
 - Resurfacing of Bay Street (near final completion); New sidewalks along several City streets including Prospect and Main as part of a multi-use trail project;
 - Paving improvements to Central Avenue.
- Increase CRA revenue due to expansion of the CRA and increased property values.

All of these factors were considered in preparing the City of Crescent City, Florida's budget for the 2019/2020 fiscal year.

The City has sought out consulting services to determine the best use to redevelopment of the city owned "Market Square" property at the southeast corner of Summit Street and Central Avenue, with the initial focus being a hotel/retail development, with no official plans for its development at this time. Crescent City continues to pursue economic improvement into FY2020 with continued pursuit of a true high speed broadband solution for its businesses and residents. The City has plans to seek out a CRA Coordinator to oversee the future CRA projects.

Requests for Information

This financial report is designed to provide a general overview of the City of Crescent City, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City's Finance Department, Crescent City, Florida.

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,258,820	\$ 802,767	\$ 2,061,587
Receivables, net	76,409	290,077	366,486
Internal balances	185,800	(185,800)	-
Due from other governments	56,140	-	56,140
Inventories	-	71,158	71,158
Net pension asset	404,074	-	404,074
Restricted assets:			
Cash and cash equivalents	450,605	1,084,799	1,535,404
Capital assets:			
Land	469,876	238,868	708,744
Buildings and improvements	1,041,085	2,589,852	3,630,937
Infrastructure and other improvements	4,709,541	10,026,769	14,736,310
Equipment	1,315,909	1,211,141	2,527,050
Construction in progress	117,073	1,638,151	1,755,224
Accumulated depreciation	(2,989,307)	(8,570,609)	(11,559,916)
Total assets	<u>7,096,025</u>	<u>9,197,173</u>	<u>16,293,198</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>141,486</u>	<u>-</u>	<u>141,486</u>
LIABILITIES			
Accounts payable	115,677	57,892	173,569
Accrued payroll and employee benefits	31,353	-	31,353
Customer deposits	-	175,742	175,742
Accrued interest payable	-	5,596	5,596
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	80,303	80,303
Compensated absences	7,813	6,096	13,909
Loan payable	-	145,537	145,537
Due in more than one year:			
Bonds and notes payable	-	1,754,910	1,754,910
Compensated absences	23,438	18,286	41,724
Total OPEB liability	<u>73,660</u>	<u>27,137</u>	<u>100,797</u>
Total liabilities	<u>251,941</u>	<u>2,271,499</u>	<u>2,523,440</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>40,319</u>	<u>-</u>	<u>40,319</u>
NET POSITION			
Net investment in capital assets	4,664,177	5,153,422	9,817,599
Restricted for:			
Discretionary tax - infrastructure	354,712	-	354,712
Community redevelopment	92,999	-	92,999
Voluntary fire department	10,064	-	10,064
Impact fees	5,190	48,824	54,014
Police	16,104	-	16,104
Debt service	-	65,448	65,448
Renewal and replacement	-	789,189	789,189
Unrestricted	<u>1,802,005</u>	<u>868,791</u>	<u>2,670,796</u>
Total net position	<u>\$ 6,945,251</u>	<u>\$ 6,925,674</u>	<u>\$ 13,870,925</u>

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

**CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 400,858	\$ 58,821	\$ 5,000	\$ -	\$ (337,037)	\$ -	\$ (337,037)
Public safety	583,177	11,194	13,026	359,698	(199,259)	-	(199,259)
Transportation	220,399	17,396	27,480	-	(175,523)	-	(175,523)
Parks and recreation	142,988	90	-	423,243	280,345	-	280,345
Community redevelopment	29,467	-	-	-	(29,467)	-	(29,467)
Total governmental activities	<u>1,376,889</u>	<u>87,501</u>	<u>45,506</u>	<u>782,941</u>	<u>(460,941)</u>	<u>-</u>	<u>(460,941)</u>
Business-type activities:							
Gas	580,596	544,633	-	108,706	-	72,743	72,743
Water and wastewater	957,153	919,381	-	-	-	(37,772)	(37,772)
Total business-type activities	<u>1,537,749</u>	<u>1,464,014</u>	<u>-</u>	<u>108,706</u>	<u>-</u>	<u>34,971</u>	<u>34,971</u>
Total primary government	<u>\$ 2,914,638</u>	<u>\$ 1,551,515</u>	<u>\$ 45,506</u>	<u>\$ 891,647</u>	<u>(460,941)</u>	<u>34,971</u>	<u>(425,970)</u>
General revenues:							
Property taxes					571,178	-	571,178
Sales and use taxes					296,986	-	296,986
Franchise fees					130,543	-	130,543
Public service utility taxes					231,128	-	231,128
State revenue sharing					81,782	-	81,782
Investment earnings					7,580	9,938	17,518
Miscellaneous revenues					11,416	6,112	17,528
Total general revenues and transfers					<u>1,330,613</u>	<u>16,050</u>	<u>1,346,663</u>
Change in net position					869,672	51,021	920,693
Net position - beginning, as restated					6,075,579	6,874,653	12,950,232
Net position - ending					<u>\$ 6,945,251</u>	<u>\$ 6,925,674</u>	<u>\$ 13,870,925</u>

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

CITY OF CRESCENT CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	<u>General</u>	<u>Discretionary Tax</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Voluntary Fire</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,280,114	\$ 316,197	\$ 103,050	\$ 10,064	\$ 1,709,425
Receivables, net	76,409	-	-	-	76,409
Due from other governments	31,875	24,265	-	-	56,140
Due from other funds	185,800	14,250	-	-	200,050
Total assets	<u>\$ 1,574,198</u>	<u>\$ 354,712</u>	<u>\$ 103,050</u>	<u>\$ 10,064</u>	<u>\$ 2,042,024</u>
LIABILITIES					
Accounts payable	\$ 105,626	\$ -	\$ 10,051	\$ -	\$ 115,677
Accrued payroll and employee benefits	31,353	-	-	-	31,353
Due to other funds	14,250	-	-	-	14,250
Total liabilities	<u>151,229</u>	<u>-</u>	<u>10,051</u>	<u>-</u>	<u>161,280</u>
FUND BALANCES					
Restricted for:					
Discretionary tax - infrastructure	-	354,712	-	-	354,712
Community redevelopment	-	-	92,999	-	92,999
Voluntary fire department	-	-	-	10,064	10,064
Impact fees	5,190	-	-	-	5,190
Police	16,104	-	-	-	16,104
Assigned to:					
Subsequent year's budget	76,250	-	-	-	76,250
Unassigned	1,325,425	-	-	-	1,325,425
Total fund balances	<u>1,422,969</u>	<u>354,712</u>	<u>92,999</u>	<u>10,064</u>	<u>1,880,744</u>
Total liabilities and fund balances	<u>\$ 1,574,198</u>	<u>\$ 354,712</u>	<u>\$ 103,050</u>	<u>\$ 10,064</u>	<u>\$ 2,042,024</u>

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

**CITY OF CRESCENT CITY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Fund balances - total governmental funds		\$ 1,880,744
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 funds		
Total governmental capital assets	7,653,484	
Less: accumulated depreciation	(2,989,307)	4,664,177
On the governmental fund statements, a net pension liability/asset is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability/asset of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported		
Net pension asset	404,074	
Deferred outflows related to pensions	141,486	
Deferred inflows related to pensions	(40,319)	505,241
On the governmental fund statements, an OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.		
Total OPEB liability		(73,660)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. These liabilities consist of the following		
Compensated absences		(31,251)
Net position of governmental activities		\$ 6,945,251

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Discretionary Tax	Community Redevelopment Agency	Nonmajor Voluntary Fire	Total Governmental Funds
Revenues					
Taxes	\$ 982,080	\$ 139,587	\$ 31,452	\$ -	\$ 1,153,119
Licenses and permits	28,437	-	-	-	28,437
Intergovernmental	947,291	50,000	-	350	997,641
Charges for services	386,603	-	-	-	386,603
Fines and forfeitures	9,698	-	-	-	9,698
Investment gain (loss)	7,151	250	85	94	7,580
Miscellaneous	16,613	-	-	-	16,613
Total revenues	<u>2,377,873</u>	<u>189,837</u>	<u>31,537</u>	<u>444</u>	<u>2,599,691</u>
Expenditures					
Current:					
General government	633,357	4,975	-	-	638,332
Public safety	557,241	-	-	8,424	565,665
Transportation	204,722	-	-	-	204,722
Parks and recreation	69,032	-	-	-	69,032
Community redevelopment	-	-	29,467	-	29,467
Capital outlay	509,421	62,327	-	-	571,748
Total expenditures	<u>1,973,773</u>	<u>67,302</u>	<u>29,467</u>	<u>8,424</u>	<u>2,078,966</u>
Excess (deficiency) of revenues over expenditures	<u>404,100</u>	<u>122,535</u>	<u>2,070</u>	<u>(7,980)</u>	<u>520,725</u>
Other financing sources (uses)					
Transfers in	-	7,200	28,163	-	35,363
Transfers out	(35,363)	-	-	-	(35,363)
Total other financing sources (uses)	<u>(35,363)</u>	<u>7,200</u>	<u>28,163</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>368,737</u>	<u>129,735</u>	<u>30,233</u>	<u>(7,980)</u>	<u>520,725</u>
Fund balances, beginning of year	1,054,232	224,977	62,766	18,044	1,360,019
Fund balances, end of year	<u>\$ 1,422,969</u>	<u>\$ 354,712</u>	<u>\$ 92,999</u>	<u>\$ 10,064</u>	<u>\$ 1,880,744</u>

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

**CITY OF CRESCENT CITY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net change in fund balances - total governmental funds	\$ 520,725
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	571,748
Depreciation expense	(224,936)
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold/disposed.	
	(11,243)
Governmental funds report contributions to defined benefit pension/OPEB plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension/OPEB plans reduces future net pension/OPEB liability (asset). Also included in pension/OPEB expense in the statement of activities are deferred inflow and deferred outflow amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	28,240
Change in total OPEB liability and deferred inflows/outflows related to OPEB	(8,451)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in compensated absences liability	(6,411)
Change in net position of governmental activities	\$ 869,672

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 35,453	\$ 767,314	\$ 802,767
Restricted cash and cash equivalents	397,805	686,994	1,084,799
Accounts receivable, net	192,003	98,074	290,077
Inventories	49,242	21,916	71,158
Due from other funds	23,381	28,145	51,526
Total current assets	<u>697,884</u>	<u>1,602,443</u>	<u>2,300,327</u>
Noncurrent assets:			
Capital assets:			
Land	37,720	201,148	238,868
Buildings and improvements	58,500	2,531,352	2,589,852
Infrastructure	2,795,150	7,231,619	10,026,769
Equipment	320,841	890,300	1,211,141
Construction in progress	1,638,151	-	1,638,151
Accumulated depreciation	<u>(1,938,030)</u>	<u>(6,632,579)</u>	<u>(8,570,609)</u>
Total noncurrent assets	<u>2,912,332</u>	<u>4,221,840</u>	<u>7,134,172</u>
Total assets	<u>3,610,216</u>	<u>5,824,283</u>	<u>9,434,499</u>
LIABILITIES			
Current liabilities:			
Accounts payable	25,526	32,366	57,892
Deposits	87,173	88,569	175,742
Due to other funds	68,151	169,175	237,326
Compensated absences	3,666	2,430	6,096
Loan payable	145,537	-	145,537
Payable from restricted assets:			
Revenue bonds payable, current	25,100	55,203	80,303
Accrued interest payable	2,647	2,949	5,596
Total current liabilities	<u>357,800</u>	<u>350,692</u>	<u>708,492</u>
Noncurrent liabilities:			
Revenue bonds payable	621,900	1,133,010	1,754,910
Compensated absences	10,996	7,290	18,286
Total OPEB liability	15,507	11,630	27,137
Total noncurrent liabilities	<u>648,403</u>	<u>1,151,930</u>	<u>1,800,333</u>
Total liabilities	<u>1,006,203</u>	<u>1,502,622</u>	<u>2,508,825</u>
NET POSITION			
Net investment in capital assets	2,119,795	3,033,627	5,153,422
Restricted for:			
Debt service	60,984	4,464	65,448
Renewal and replacement	247,001	542,188	789,189
Impact fees	-	48,824	48,824
Unrestricted	176,233	692,558	868,791
Total net position	<u>\$ 2,604,013</u>	<u>\$ 4,321,661</u>	<u>\$ 6,925,674</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 544,633	\$ 919,381	\$ 1,464,014
Operating expenses			
Personal services	188,853	150,330	339,183
Contractual services	12,553	116,395	128,948
Repairs and maintenance	22,272	60,543	82,815
Supplies	192,204	99,582	291,786
Utilities	-	38,796	38,796
Other expenses	77,900	268,457	346,357
Depreciation	53,501	188,044	241,545
Total operating expenses	<u>547,283</u>	<u>922,147</u>	<u>1,469,430</u>
Operating income (loss)	<u>(2,650)</u>	<u>(2,766)</u>	<u>(5,416)</u>
Nonoperating revenues (expenses)			
Interest earnings	261	9,677	9,938
Other income (expense)	5,902	210	6,112
Interest and amortization expense	(33,313)	(35,006)	(68,319)
Total nonoperating revenues (expenses)	<u>(27,150)</u>	<u>(25,119)</u>	<u>(52,269)</u>
Income (loss) before capital contributions and transfers	<u>(29,800)</u>	<u>(27,885)</u>	<u>(57,685)</u>
Capital grants	108,706	-	108,706
Change in net position	<u>78,906</u>	<u>(27,885)</u>	<u>51,021</u>
Net position, beginning of year, as restated	2,525,107	4,349,546	6,874,653
Net position, end of year	<u>\$ 2,604,013</u>	<u>\$ 4,321,661</u>	<u>\$ 6,925,674</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 593,522	\$ 928,159	\$ 1,521,681
Cash paid to employees	(186,158)	(148,100)	(334,258)
Cash paid to suppliers	(311,351)	(565,190)	(876,541)
Other receipts (payments)	5,902	210	6,112
Net cash provided by (used in) operating activities	<u>101,915</u>	<u>215,079</u>	<u>316,994</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(104,599)	(44,637)	(149,236)
Proceeds from sale of capital assets	-	4,025	4,025
Capital grants	108,706	-	108,706
Principal payments of long-term debt	(23,900)	(53,662)	(77,562)
Interest paid	(33,313)	(35,006)	(68,319)
Net cash provided by (used in) capital and related financing activities	<u>(53,106)</u>	<u>(129,280)</u>	<u>(182,386)</u>
Cash flows from investing activities			
Interest received	261	9,677	9,938
Net cash provided by investing activities	<u>261</u>	<u>9,677</u>	<u>9,938</u>
Net increase (decrease) in cash and cash equivalents	<u>49,070</u>	<u>95,476</u>	<u>144,546</u>
Cash and cash equivalents, beginning of year	384,188	1,358,832	1,743,020
Cash and cash equivalents, end of year	<u>\$ 433,258</u>	<u>\$ 1,454,308</u>	<u>\$ 1,887,566</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,650)	\$ (2,766)	\$ (5,416)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation	53,501	188,044	241,545
Other income (expense)	5,902	1,739	7,641
Changes in assets and liabilities:			
Accounts receivable	47,465	7,559	55,024
Inventories and prepaids	(10,690)	(1,070)	(11,760)
Accounts payable and accrued liabilities	4,268	18,124	22,392
Deposits	1,424	1,219	2,643
Compensated absences	916	896	1,812
Total OPEB liability	1,779	1,334	3,113
Net cash provided by (used in) operating activities	<u>\$ 101,915</u>	<u>\$ 215,079</u>	<u>\$ 316,994</u>
Cash and cash equivalents classified as:			
Unrestricted	\$ 35,453	\$ 767,314	\$ 802,767
Restricted	397,805	686,994	1,084,799
Total cash and cash equivalents	<u>\$ 433,258</u>	<u>\$ 1,454,308</u>	<u>\$ 1,887,566</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
ASSETS			
Cash and cash equivalents with trustee	\$ 43,109	\$ 16,319	\$ 59,428
Receivables			
Employer contributions receivable	71,951	-	71,951
Employee contributions receivable	-	36	36
Total receivables	<u>71,951</u>	<u>36</u>	<u>71,987</u>
Investments, at fair value			
Mutual funds - fixed income	287,361	191,785	479,146
Mutual funds - equity	<u>656,183</u>	<u>433,138</u>	<u>1,089,321</u>
Total investments	943,544	624,923	1,568,467
Total assets	<u>1,058,604</u>	<u>641,278</u>	<u>1,699,882</u>
LIABILITIES			
Accounts payable	-	1,625	1,625
NET POSITION			
Restricted for pensions	<u>\$ 1,058,604</u>	<u>\$ 639,653</u>	<u>\$ 1,698,257</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 71,951	\$ -	\$ 71,951
Plan members	13,330	2,277	15,607
State - insurance premium taxes	22,858	7,458	30,316
Total contributions	<u>108,139</u>	<u>9,735</u>	<u>117,874</u>
Investment earnings:			
Interest and dividends	47,534	28,887	76,421
Net appreciation (depreciation) in fair value of investments	7,548	7,530	15,078
Total investment earnings	<u>55,082</u>	<u>36,417</u>	<u>91,499</u>
Less: investment expense	<u>(12,136)</u>	<u>(8,696)</u>	<u>(20,832)</u>
Net investment income (loss)	42,946	27,721	70,667
Total additions	<u>151,085</u>	<u>37,456</u>	<u>188,541</u>
Deductions			
Benefit payments	62,953	12,873	75,826
Administrative expenses	975	875	1,850
Total deductions	<u>63,928</u>	<u>13,748</u>	<u>77,676</u>
Change in net position	<u>87,157</u>	<u>23,708</u>	<u>110,865</u>
Net position, beginning of year	971,447	615,945	1,587,392
Net position, end of year	<u>\$ 1,058,604</u>	<u>\$ 639,653</u>	<u>\$ 1,698,257</u>

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

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

(a) **Reporting entity**—The City of Crescent City, Florida, established under Chapter 57-1244, House Bill 1672, of the State of Florida. The legislative branch of the City is composed of an elected five (5) member City Commission. All required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government. Component units, if any, would also be presented.

Component units are organizations for which the City as the primary government is financially accountable. To be considered financially accountable, the organization must be fiscally dependent on the City or the City must appoint a majority of the board of the organization and either 1) be able to impose its will on the organization or 2) the relationship must have the potential for creating a financial benefit or imposing a financial burden of the City.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable funds controlled by or dependent on the City. In evaluating the City as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the City's financial statements.

(b) **Blended component units**—Blended component units, although legally separate entities, are in substance part of the City's operations, and as a result, considered to be financially accountable. The Community Redevelopment Agency Fund is a special revenue fund used to account for the revenues of the redevelopment tax district. The Community Redevelopment Agency oversees operations of the taxing district. The Agency was organized under Ordinance No. 9504 of the City of Crescent City, Florida on November 9, 1995. The Agency's board is comprised of the City Commission. The Agency met the conditions described above.

(c) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, transportation, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column, if any.

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the City's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds – Balance Sheet and the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The City's fiduciary funds are presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

As a general rule the effect of interfund City activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

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

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

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

(e) **Financial statement presentation**—The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City has one non-major fund, the Voluntary Fire Fund.

The City reports the following major governmental funds:

The **General Fund** is the principal fund of the City, which accounts for all transactions not accounted for in other funds. The majority of current operating expenditures of the City are financed through revenues received by the General Fund.

The **Special Revenue Major Funds** are used to account for the proceeds of specific revenue sources (other than special assessments, or capital projects), which are legally restricted to finance particular functions or activities of the City. These funds include the Community Redevelopment Agency Fund to finance the CRA and the Discretionary Tax Fund to finance improvements to the City's infrastructure.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** was established to account for the revenues and expenses associated with the provision of water, sewer services to the business and residents of the City.

The **Gas Fund** was established to account for revenues and expenses associated with providing gas services to the area.

Additionally, the City reports the following fiduciary funds:

The **Pension Trust Funds** account for the activities of the Municipal Police Officers Pension Plan and the Municipal Firemen's Pension Plan.

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

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

(g) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. Prior to the first day of the new fiscal year, the City Manager submits to the City Commission a budget for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the City Manager and City Commission as needed.
- iii. The general summary of the budget and notice of public hearing is published in the local newspaper.
- iv. Public hearings are conducted to obtain taxpayer comments.
- v. Prior to October 1, the budgets are legally enacted through passage of a resolution.
- vi. The City Commission, by ordinance, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.
- vii. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- viii. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. Reserved and designated fund balances are re-budgeted in the year of planned expenditure.
- ix. Budget for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The governmental funds have legally adopted annual budgets contained within a separate document.

(h) **Deposits and investments**—Cash consists of amounts held in demand deposits. Cash equivalents consist of short term investments having a maturity date of less than three months from the date acquired. Investments are reported at fair value.

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at year-end to recognize the sales revenues earned through the end of the fiscal year.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

(j) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City.

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses. Donated assets are recorded at estimated acquisition value at the date of donation.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings	20 – 40 years
Improvements other than buildings	10 – 30 years
Infrastructure	20 – 40 years
Equipment	3 – 30 years

(k) **Compensated absences**—It is the City's policy to grant employees vacation leave based upon the number of years of employment with the City. Vacation leave may be used as time off during the year. Full-time employees can accrue up to 480 hours of vacation leave to the subsequent year. Upon termination, employees receive a cash payment equal to 1/2 of the approved days carried over, based upon the applicable employee's current wage rate.

Sick leave is accumulated at a rate of 1.5 hours per week (480 hours maximum) per full-time employee and can be accumulated, but used only for illness.

The portion of employee's payroll costs paid subsequent to year-end attributable to services performed prior to year-end accumulated unpaid vacation, sick leave, and personal leave is recorded and recognized as current liabilities. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability.

(l) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

(m) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City’s policy to consider restricted net position to have been used before unrestricted net position is applied.

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

Nonspendable - The nonspendable fund balance classification 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 such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed - Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. 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 it employed to previously commit those amounts.

Assigned - Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements.

Unassigned - Unassigned fund balance is 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.

For spendable resources, is the City’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(o) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item, deferred outflows related to pensions, which qualify for reporting in this category. Deferred outflows related to pensions are discussed further in Note (9).

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has one item, deferred inflows related to pensions, which qualify for reporting in this category. Deferred inflows related to pensions are discussed further in Note (9).

(p) **Implementation of new accounting standards**—At September 30, 2019 and for the year then ended, the City has not implemented any significant new standards.

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

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

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

(3) **Property Tax Calendar:**

Under Florida law, the assessment of all properties and 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. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Putnam County Property Appraiser incorporates the millages into the total tax levy, which includes the County, the School Board and other applicable taxing districts. The millage rate assessed by the City for the fiscal year ended September 30, 2019, was 8.5914 per \$1,000.

All property is reassessed by the County Property Appraiser according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of state statutes.

All real and tangible personal property taxes are due and payable on November 1 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 1 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 discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which the taxes were billed. Procedures for the collection of delinquent taxes are the responsibility of the county and are subject to Florida Law.

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(3) **Property Tax Calendar:** (Continued)

Property tax revenues are recognized when levied in accordance with the modified accrual basis of accounting. Delinquent taxes receivable that are measurable, but not available as of the end of the fiscal year are reflected as deferred inflows, if material.

(4) **Deposits and Investments:**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All of the bank balance is covered by Federal depository insurance or by collateral held by the City's custodial banks, which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

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

The City has no investments as of September 30, 2019. See Note (9) for Fiduciary Funds.

(5) **Accounts Receivable:**

The City's accounts receivables consist of the following at September 30, 2019:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund	\$ 76,409	\$ -	\$ 76,409
Totals – Governmental Type Activities	<u>76,409</u>	<u>-</u>	<u>76,409</u>
Business-Type Activities			
Gas Fund	238,003	(46,000)	192,003
Water and Sewer Fund	143,074	(45,000)	98,074
Totals – Business-Type Activities	<u>381,077</u>	<u>(91,000)</u>	<u>290,077</u>
Totals	<u>\$ 457,486</u>	<u>\$ (91,000)</u>	<u>\$ 366,486</u>

In addition to accounts receivable, the City also recorded \$56,140 in due from other governments at September 30, 2019.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 469,876	\$ -	\$ -	\$ 469,876
Construction in progress	390,789	117,073	(390,789)	117,073
Total capital assets, not being depreciated	<u>860,665</u>	<u>117,073</u>	<u>(390,789)</u>	<u>586,949</u>
Capital assets, being depreciated –				
Buildings and improvements	1,027,685	13,400	-	1,041,085
Equipment	1,341,976	75,093	(101,160)	1,315,909
Infrastructure	570,180	342,417	-	912,597
Improvements other than building	3,382,390	414,554	-	3,796,944
Total capital assets, being depreciated	<u>6,322,231</u>	<u>845,464</u>	<u>(101,160)</u>	<u>7,066,535</u>
Less: accumulated depreciation	<u>(2,854,289)</u>	<u>(224,936)</u>	<u>89,918</u>	<u>(2,989,307)</u>
Total capital assets, being depreciated, net	<u>3,467,942</u>	<u>620,528</u>	<u>(11,242)</u>	<u>4,077,228</u>
Governmental activities capital assets, net	<u>\$ 4,328,607</u>	<u>\$ 737,601</u>	<u>\$ (402,031)</u>	<u>\$ 4,664,177</u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 238,868	\$ -	\$ -	\$ 238,868
Construction in progress	1,529,445	108,706	-	1,638,151
Total capital assets, not being depreciated	<u>1,768,313</u>	<u>108,706</u>	<u>-</u>	<u>1,877,019</u>
Capital assets, being depreciated –				
Buildings and improvements	2,589,852	-	-	2,589,852
Equipment	1,193,451	51,675	(33,985)	1,211,141
Infrastructure	10,002,485	-	-	10,002,485
Improvements other than building	24,284	-	-	24,284
Total capital assets, being depreciated	<u>13,810,072</u>	<u>51,675</u>	<u>(33,985)</u>	<u>13,827,762</u>
Less: accumulated depreciation	<u>(8,357,493)</u>	<u>(241,545)</u>	<u>28,429</u>	<u>(8,570,609)</u>
Total capital assets, being depreciated, net	<u>5,452,579</u>	<u>(189,870)</u>	<u>(5,556)</u>	<u>5,257,153</u>
Business-type activities capital assets, net	<u>\$ 7,220,892</u>	<u>\$ (81,164)</u>	<u>\$ (5,556)</u>	<u>\$ 7,134,172</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 91,207
Community development	45,302
Public safety	14,471
Parks and recreation	73,956
Total depreciation expense - governmental activities	<u>\$ 224,936</u>
Business-type activities:	
Gas	\$ 53,501
Water and sewer	188,044
Total depreciation expense - business-type activities	<u>\$ 241,545</u>

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

(7) Long-Term Debt:

A summary of the long-term liability transactions for the City for the fiscal year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 24,839	\$ 6,412	\$ -	\$ 31,251	\$ 7,813
Governmental activities – Total long-term liabilities	<u>\$ 24,839</u>	<u>\$ 6,412</u>	<u>\$ -</u>	<u>\$ 31,251</u>	<u>\$ 7,813</u>
Business-type activities:					
Bonds payable	\$ 1,912,775	\$ -	\$ (77,562)	\$ 1,835,213	\$ 80,303
Loan payable	134,394	11,143	-	145,537	145,537
Compensated absences	22,570	1,812	-	24,382	6,096
Business-type activities – Total long-term liabilities	<u>\$ 2,069,739</u>	<u>\$ 12,955</u>	<u>\$ (77,562)</u>	<u>\$ 2,005,132</u>	<u>\$ 231,936</u>

Annual debt service requirements to maturity for the City’s revenue bonds are as follows:

<u>Year Ending September 30,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 80,303	\$ 65,600	\$ 145,903
2021	83,087	62,769	145,856
2022	86,115	59,833	145,948
2023	89,194	56,781	145,975
2024	92,319	53,611	145,930
2025-2029	513,650	216,118	729,768
2030-2034	612,935	116,448	729,383
2035-2036	277,610	14,131	291,741
Total	<u>\$ 1,835,213</u>	<u>\$ 645,291</u>	<u>\$ 2,480,504</u>

Bonds payable in the City’s business-type activities at September 30, 2019, are comprised of the following obligations:

Gas System Revenue Bonds series 1997A and 1997B, in the original amounts of \$700,000 and \$270,000, respectively, where the City pledges income derived from the constructed assets to pay debt service. Principal and interest is paid annually on September 1, and carry interest at 5% for series 1997A and 4.875% for series 1997B. Bonds mature in 2036.	\$ 647,000
Water and Sewer Revenue Bonds series 2017, in the original amount of \$1,294,041, where the City pledges income derived from the constructed assets to pay debt service. Principal and interest is paid semiannually on March 1 and September 1 and carry interest at 2.85%. Bonds mature in 2036.	1,188,213
Loan Payable to Florida Gas Utility in relation to the City’s Gas Line Relocation Project. The aggregate of total advances not to exceed \$1,586,500. The loan requires 10% retainage. Principal and interest is paid upon payment by FDOT to the City and carry interest at 2 days prior to EOM Libor + 2.5%. The loan payable matures upon receipt of grant proceeds from the FDOT.	145,537
Total long-term debt, business-type activities	<u>\$ 1,980,750</u>

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(8) Interfund Loans, Advances, Fees and Transfers:

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2019, are comprised of the following:

	Due From Other Funds	Due to Other Funds
Government Activities:		
General Fund		
Gas Fund	\$ 40,006	\$ -
Water and Sewer Fund	145,794	-
Discretionary Tax Fund	-	14,250
Discretionary Tax Fund		
General Fund	14,250	-
	200,050	14,250
Business-Type Activities:		
Gas Fund		
General Fund	-	40,006
Water and Sewer Fund	51,526	-
Water and Sewer Fund		
Gas Fund	-	51,526
General Fund	-	145,794
	51,526	237,326
Total – All Funds	\$ 251,576	\$ 251,576

For the year ended September 30, 2019, interfund transfers consisted of the following:

	Transfer From	Transfer To
Governmental Activities		
General Fund:		
CRA Fund	\$ 28,163	\$ -
Discretionary Tax	7,200	-
Discretionary Tax		
General Fund	-	7,200
CRA Fund:		
General Fund	-	28,163
Totals – All Funds	\$ 35,363	\$ 35,363

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

(9) Employees' Retirement Plans:

The City sponsors and administers two retirement plans, which are accounted for in separate Pension Trust Funds.

A. General Employee's Pension Plan

The City provided pension benefits for all full time City personnel who had completed one year of employment and were at least 21 years of age through this defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City was obligated under resolution #87-05 to contribute an amount equal to 5% of the employee's salary.

On May 1, 2000, the City passed a resolution amending and restating the then-existing plan. The current defined contribution plan is a money purchase plan qualified under Section 401(a) of the Internal Revenue Code. For each plan participant, the current plan established participant-directed investment accounts. Because of these changes, the City has minimal administrative responsibilities related to the plan and no longer has fiduciary accountability for assets in participant accounts. Therefore, those assets are not reported in the accompanying financial statements.

B. Fireman's and Police Officer's Plans:

Plan Description and Administration

The City maintains single-employer defined benefit pension plans for both eligible firemen and eligible police officers. The City of Crescent City Municipal Firemen's Pension Plan and the Municipal Police Officers' Pension Plan (the Plans), which are administered by the Plan's Board of Trustees (the Board) and cover all eligible firemen and police officers. The Board is comprised of 2 members appointed by the City Commission, 2 members elected by the plan members, and a fifth member as elected by the other four members. No stand-alone financial report is issued for the Plan.

Benefits Provided and Employees Covered

The Plans provide retirement, disability and death benefits to plan participants and beneficiaries. Cost of living adjustments are provided to retirees and beneficiaries at the discretion of the City Commission. Benefits under the Fire Pension Plan vest after ten years of full-time employment; and benefits under the Police Pension Plan vest after 8 years. Current membership in the Plan was composed of the following at September 30, 2019:

	Fire	Police
Inactive plan members or beneficiaries currently receiving benefits	1	4
Inactive plan members entitled to but not yet receiving benefits	2	4
Active participants	10	3
Total current membership	13	11

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

(9) Employees' Retirement Plans: (Continued)

Employees in the Fire Pension Plan attaining the age of 55 and the completion of 10 years of credited service or attaining the age of 52 and the completion of 25 years of credited service are entitled to annual benefits of 3% of their average final compensation for each year of credited service. Employees in the Police Pension Plan attaining the age of 55 and the completion of 8 years of credited service or attaining the age of 52 and the completion of 25 years of credited service are entitled to annual benefits of 3% of their average final compensation for each year of credited service. Normal retirement benefits are payable for life and cease upon death with a guaranteed benefit period of 120 months. Employees attaining the age of 55 and the completion of the minimum years for credited service are eligible for early retirement at an accrued benefit rate this is reduced by 3% per year. In the line of duty disability benefits are equal to at least 42% of average final compensation. Non-service incurred disability benefits are only payable to participants with 10 or more years of credited service and are equal to minimum benefit of 25% of average final compensation.

Financial Statements

The financial statements of the Plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Separate financial statements have not been prepared for the Plans.

Contributions

Legislature grants the authority to establish and amend the contribution requirements of the City and active employees to the respective Boards of Trustees. The Boards establish rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the year ended September 30, 2019, the average active employee contribution was 5% of annual pay for Fire employees and 6% of annual pay for both police. The City's average contribution rate was 4.1% and 0.00% of annual payroll for the police officers and firefighters pension funds, respectively.

Contributions to the City's pension plans for the year ended September 30, 2019, were as follows:

	Police Plan	Fire Plan	Total
Employee contributions	\$ 13,330	\$ 2,277	\$ 15,607
City contributions	71,951	-	71,951
State contributions	22,858	7,458	30,316
Total contributions	<u>\$ 108,139</u>	<u>\$ 9,735</u>	<u>\$ 117,874</u>

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the respective Board of Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except the liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of September 30, 2019:

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

<u>Asset Class</u>	<u>Police Target Allocation</u>	<u>Fire Target Allocation</u>
Domestic equity	50%	50%
International equity	15%	15%
Broad market fixed income	30%	30%
Global fixed income	5%	5%
Total	<u>100%</u>	<u>100%</u>

Concentrations

The plans did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

Reserves

As of September 30, 2019, there are no amounts legally required to be reserved for the general, police and firefighter pension funds, respectively.

Investment Balances

The provision under Florida statutes limit investments to: investment in annuity and life insurance contracts of life insurance companies; time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or savings, building and loan association insured by the Savings Associations Insurance Fund which is administered by the Federal Deposit Insurance corporation or a state or federal chartered credit union with shares accounts insured by the National Credit Union Share Insurance Fund; Obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States; Bonds issued by the State of Israel, Bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided that it meets the requirements of Chapter 185.06 (a) and (b) and Chapter 175.071 (a) and (b). The retirement funds measures its investments using fair value measurement guidelines established by GASB No. 72. These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At September 30, 2019, the City's pension plans had the following deposits and investments:

	<u>Fair Value</u>	<u>Maturities (in years) Less Than 1</u>	<u>Fair Value Hierarchy Level</u>
Cash	\$ 59,429	\$ 59,429	N/A
Mutual Funds – Fixed Income	479,146	479,146	1
Mutual Funds – Equity	1,089,320	1,089,320	1
Total Portfolio	<u>\$ 1,627,895</u>	<u>\$ 1,627,895</u>	

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2019, were as follows:

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Total pension liability	\$ 877,646	\$ 416,564	\$ 1,294,210
Plan fiduciary net position	(1,058,605)	(639,679)	(1,698,284)
Net pension liability (asset)	<u>\$ (180,959)</u>	<u>\$ (223,115)</u>	<u>\$ (404,074)</u>
 Plan fiduciary net position as percentage of total pension liability	 120.62%	 153.56%	 131.22%

The total pension liability was determined by an actuarial valuation as of October 1, 2018, and measurement date of September 30, 2019, using the following actuarial assumptions to all measurement periods.

	<u>Police</u>	<u>Fire</u>
Inflation	2.50%	2.50%
Salary increases	Service Based	5.00%
Investment rate of return	7.00%	6.50%
Mortality table	RP-2000, Scale BB	RP-2000, Scale BB

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class as of September 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	
	<u>Police</u>	<u>Fire</u>
Domestic equity	7.50%	7.50%
International equity	8.50%	8.50%
Broad market fixed income	2.50%	2.50%
Global fixed income	3.50%	3.50%

Discount rate:

The discount rate used to measure the total pension liability for the Police was 7.00% and 6.50% for and Fire Plan. The discount rate used to measure the total pension liability for each pension plan varied as discussed on the following pages. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Changes in net pension liability:

Changes in each plan's net pension liability were as follows:

	Police		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a - b)
Beginning Balance	\$ 749,007	\$ 971,448	\$ (222,441)
Changes for year:			
Service cost	22,925	-	22,925
Interest	51,832	-	51,832
Differences between expected/actual experience	116,835	-	116,835
Contributions – employer	-	71,951	(71,951)
Contributions – state	-	22,858	(22,858)
Contributions – employee	-	13,330	(13,330)
Net investment income	-	42,946	(42,946)
Benefit payments, including refunds	(62,953)	(62,953)	-
Administrative expenses	-	(975)	975
Net changes	<u>128,639</u>	<u>87,157</u>	<u>41,482</u>
Ending Balance	<u>\$ 877,646</u>	<u>\$ 1,058,605</u>	<u>\$ (180,959)</u>

	Fire		
	Total Pension Liability (a)	Fire Fiduciary Net Position (b)	Net Pension Liability (Asset) (a - b)
Beginning Balance	\$ 401,158	\$ 615,971	\$ (214,813)
Changes for year:			
Service cost	8,652	-	8,652
Interest	25,817	-	25,817
Differences between expected/actual experience	(6,190)	-	(6,190)
Contributions – city and state	-	7,458	(7,458)
Contributions – employee	-	2,277	(2,277)
Net investment income	-	27,721	(27,721)
Benefit payments, including refunds	(12,873)	(12,873)	-
Administrative expenses	-	(875)	875
Net changes	<u>15,406</u>	<u>23,708</u>	<u>(8,302)</u>
Ending Balance	<u>\$ 416,564</u>	<u>\$ 639,679</u>	<u>\$ (223,115)</u>

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

The following presents the net pension liability of the City calculated using the selected discount rates, as well as what the City's net pension asset (NPA) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPA with 1% Decrease	NPA at Current Discount Rate	NPA with 1% Increase
Police	7.00%	\$ (74,948)	\$ (180,959)	\$ (268,422)
Fire	6.50%	(163,273)	(223,115)	(272,657)
Total		<u>\$ (238,221)</u>	<u>\$ (404,074)</u>	<u>\$ (541,079)</u>

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2019, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	Police Plan	Fire Plan
Annual money-weighted rate of return	4.58%	4.44%

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$35,166 and \$(8,023) in the Police and Fire pension plans, respectively, for a total of \$27,143.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Plan		Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,890	\$ -	\$ -	\$ 40,319
Changes of assumptions	-	-	40,878	-
Net different between projected and actual investment earnings	21,306	-	1,412	-
	\$ 99,196	\$ -	\$ 42,290	\$ 40,319

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	Police Plan	Fire Plan
2020	\$ 43,691	\$ (1,184)
2021	44,465	(730)
2022	5,520	2,532
2023	5,520	2,978
2024	-	(687)
Thereafter	-	(938)

(10) **Other Post-Employment Benefits (OPEB):**

Plan Description—The City of Crescent City, Florida, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The Plan does not issue a publicly available financial report.

Funding Policy—The City pays 100% of the active employees insurance and retirees can choose to remain on the City's policy into retirement if they pay the entire premium. The insurance carrier charges actives and retirees the same premium rates.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

(10) **Other Post-Employment Benefits (OPEB):** (Continued)

Benefits Provided—The Other Post-Employment Benefit Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee, known as the “implicit rate subsidy.”

Plan Membership—At September 30, 2019, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	26
Inactive Employees	0
	26
	26

Total OPEB Liability—The City’s total OPEB liability of \$100,797 was measured as of September 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	3.58%
Healthcare cost trend rate	7.50%
	Ultimate rate reached in 2075 4.00%
Retirees’ share of benefit-related costs	100.00%

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2019.

Mortality rates were based on the RP-2000 Combined Mortality Table for males and females with mortality improvement projected to the valuation date using Scale AA.

For the fiscal year ended September 30, 2019, changes in the total OPEB liability were as follows:

Balance at September 30, 2018	\$ 89,233
Changes for a year:	
Service cost	9,055
Interest	3,489
Changes of assumptions	3,942
Benefit payments	(4,922)
Net changes	11,564
Balance at September 30, 2019	\$ 100,797

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

(10) Other Post-Employment Benefits (OPEB): (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 3.58%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 107,061	\$ 100,797	\$ 89,267

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50%-3.00%) or 1% higher (8.50%-5.00%) than the current healthcare cost trend rates (7.50%-4.00%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 89,011	\$ 100,797	\$ 107,450

OPEB Expense

For the year ended September 30, 2019, the City recognized OPEB expense of \$19,686.

(11) Restatement of Fund Balance and Net Position:

Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; was issued June 2015 and is effective for the year ending September 30, 2019. Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; was issued June 2014 and is effective for the year ending September 30, 2019. The City elected to not implement GASB 75 or 68 for the year ending September 30, 2018. The impact of this during the year ended September 30, 2018 on the governmental activities and business-type activities beginning net position at September 30, 2019, are as follows:

(a) Governmental Activities:

Net position – September 30, 2018, originally reported	\$ 5,663,787
Addition of accrued total OPEB liability	(65,209)
Addition of accrued net pension asset	477,001
Net position – September 30, 2018, as restated	\$ 6,075,579

(b) Business-type Activities:

	Gas	Water and Sewer	Business-type Activities
Net position – September 30, 2018, originally reported	\$ 2,538,835	\$ 4,359,842	\$ 6,898,677
Addition of accrued total OPEB liability	(13,728)	(10,296)	(24,024)
Net position – September 30, 2018, as restated	\$ 2,525,107	\$ 4,349,546	\$ 6,874,653

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(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. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

(13) **Discretionary Tax:**

The City receives funds from the additional one cent discretionary sales tax from Putnam County that was passed by referendum. The surtax is to be in effect until December 31, 2032, and to be used for roads, sidewalks, parks, improve drainage, resurface roads, improve land for public use, modernize libraries, build water/sewer systems, promote economic development, build or expand government buildings and community centers, improve law enforcement and fire protection systems and facilities, public transportation systems and waterfront assets and accessibility. The City accounts for this revenue source as a Special Revenue Fund.

(14) **Commitments and Contingencies:**

The City is engaged in routine litigation incidental to the conduct of its business and municipal affairs. In the opinion of its counsel, no legal proceedings are pending against them, not covered by insurance, which would inhibit the City's ability to perform its operations or materially affect its financial condition.

(15) **Recent Accounting Pronouncements:**

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

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 970,398	\$ 1,014,256	\$ 982,080	\$ (32,176)
Licenses and permits	25,100	25,100	28,437	3,337
Intergovernmental	559,057	1,981,097	947,291	(1,033,806)
Charges for services	384,365	384,365	386,603	2,238
Fines and forfeitures	5,000	5,000	9,698	4,698
Interest revenues	500	500	7,151	6,651
Miscellaneous	7,000	7,000	16,613	9,613
Total revenues	<u>1,951,420</u>	<u>3,417,318</u>	<u>2,377,873</u>	<u>(1,039,445)</u>
Expenditures				
Current:				
General government:				
Executive	55,900	55,900	53,220	2,680
Finance and administration	258,988	258,985	257,694	1,291
Legal	40,000	40,000	36,157	3,843
Utility billing expenditures	200,317	200,317	193,141	7,176
Planning and zoning	12,350	12,350	15,584	(3,234)
Other	80,400	585,800	77,561	508,239
Public safety:				
Fire	88,071	88,071	82,348	5,723
Police	511,550	511,552	474,893	36,659
Transportation	219,462	219,462	204,722	14,740
Parks and recreation	72,118	72,119	69,032	3,087
Capital outlay	375,000	1,335,498	509,421	826,077
Total expenditures	<u>1,914,156</u>	<u>3,380,054</u>	<u>1,973,773</u>	<u>1,406,281</u>
Excess (deficiency) of revenues over expenditures	<u>37,264</u>	<u>37,264</u>	<u>404,100</u>	<u>366,836</u>
Other financing sources (uses)				
Transfers out	<u>(37,264)</u>	<u>(37,264)</u>	<u>(35,363)</u>	<u>1,901</u>
Total other financing sources (uses)	<u>(37,264)</u>	<u>(37,264)</u>	<u>(35,363)</u>	<u>1,901</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>368,737</u>	<u>368,737</u>
Fund balances, beginning of year	1,054,232	1,054,232	1,054,232	-
Fund balances, end of year	<u>\$ 1,054,232</u>	<u>\$ 1,054,232</u>	<u>\$ 1,422,969</u>	<u>\$ 368,737</u>

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DISCRETIONARY TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 105,000	\$ 105,000	\$ 139,587	\$ 34,587
Intergovernmental	-	-	50,000	50,000
Interest revenues	250	250	250	-
Total revenues	<u>105,250</u>	<u>105,250</u>	<u>189,837</u>	<u>84,587</u>
Expenditures				
Current:				
General government:				
Human resources	20,000	5,700	4,975	725
Capital outlay	92,450	106,750	62,327	44,423
Total expenditures	<u>112,450</u>	<u>112,450</u>	<u>67,302</u>	<u>45,148</u>
Excess (deficiency) of revenues over expenditures	<u>(7,200)</u>	<u>(7,200)</u>	<u>122,535</u>	<u>129,735</u>
Other financing sources (uses)				
Transfers in	7,200	7,200	7,200	-
Net change in fund balances	<u>-</u>	<u>-</u>	<u>129,735</u>	<u>129,735</u>
Fund balances, beginning of year	224,977	224,977	224,977	-
Fund balances, end of year	<u>\$ 224,977</u>	<u>\$ 224,977</u>	<u>\$ 354,712</u>	<u>\$ 129,735</u>

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 32,154	\$ 32,154	\$ 31,452	\$ (702)
Interest revenues	145	145	85	(60)
Total revenues	<u>32,299</u>	<u>32,299</u>	<u>31,537</u>	<u>(762)</u>
Expenditures				
Current:				
Community redevelopment	<u>85,890</u>	<u>85,890</u>	<u>29,467</u>	<u>56,423</u>
Total expenditures	<u>85,890</u>	<u>85,890</u>	<u>29,467</u>	<u>56,423</u>
Excess (deficiency) of revenues over expenditures	<u>(53,591)</u>	<u>(53,591)</u>	<u>2,070</u>	<u>55,661</u>
Other financing sources (uses)				
Transfers in	53,591	53,591	28,163	(25,428)
Net change in fund balances	<u>-</u>	<u>-</u>	<u>30,233</u>	<u>30,233</u>
Fund balances, beginning of year	62,766	62,766	62,766	-
Fund balances, end of year	<u>\$ 62,766</u>	<u>\$ 62,766</u>	<u>\$ 92,999</u>	<u>\$ 30,233</u>

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

		2019
Total OPEB Liability		
Service cost	\$	9,055
Interest		3,489
Changes of assumptions		3,942
Benefit payments		(4,922)
Net change in total OPEB liability		11,564
Total OPEB liability - beginning of year		89,233
Total OPEB liability - end of year	\$	100,797
Covered payroll		901,905
Total OPEB liability as a percentage of covered payroll		11.18%
Measurement date		September 30, 2019
Valuation date		September 30, 2019
Discount rate		3.58%

* GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

See accompanying notes to required supplementary information.

CITY OF CRESCENT CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2019
(UNAUDITED)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service Cost	\$ 22,925			\$ 28,811
Interest	51,832			48,710
Difference between expected and actual experience	116,835			-
Changes of assumptions	-			27,016
Benefit payments including refunds of contributions	<u>(62,953)</u>			<u>(45,150)</u>
Net change in total pension liability	128,639			59,387
Total pension liability - beginning	<u>749,007</u>			<u>689,620</u>
Total pension liability - ending (a)	<u><u>\$ 877,646</u></u>	<u>N/A</u>	<u>N/A</u>	<u><u>\$ 749,007</u></u>
Total Fiduciary Net Position				
Contributions - employer	\$ 71,951			\$ 20,972
Contributions - state	22,858			19,207
Contributions - employee	13,330			11,817
Net investment income	42,946			61,213
Benefit payments including refunds of contributions	(62,953)			(45,150)
Administrative expense	<u>(975)</u>			<u>(9,975)</u>
Net change in plan fiduciary net position	87,157			58,084
Plan fiduciary net position - beginning	<u>971,448</u>			<u>820,725</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,058,605</u></u>	<u>N/A</u>	<u>N/A</u>	<u><u>\$ 878,809</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ (180,959)</u></u>	<u>N/A</u>	<u>N/A</u>	<u><u>\$ (129,802)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	120.62%	N/A	N/A	117.33%
Covered payroll	\$ 222,175	N/A	N/A	\$ 236,340
Net pension liability as a percentage of covered payroll	-81.45%	N/A	N/A	-54.92%
Annual Money-Weighted Rate of Return	4.58%	N/A	N/A	7.47%

N/A - The plan elected to not implement GASB 67 for the these years.

* 10 years of data will be presented as it becomes available

CITY OF CRESCENT CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL FIREMEN'S PENSION PLAN
SEPTEMBER 30, 2019
(UNAUDITED)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service Cost	\$ 8,652	\$ 7,691	\$ 6,634	\$ 6,200
Interest	25,817	24,865	20,841	19,177
Changes in benefit terms	-	66,899	-	-
Difference between expected and actual experience	(6,191)	(49,730)	-	-
Changes of assumptions	-	49,016	-	9,861
Benefit payments including refunds of contributions	(12,872)	(12,490)	(11,370)	(12,409)
Net change in total pension liability	15,406	88,269	16,105	22,829
Total pension liability - beginning	401,158	312,889	296,784	273,955
Total pension liability - ending (a)	<u>\$ 416,564</u>	<u>\$ 401,158</u>	<u>\$ 312,889</u>	<u>\$ 296,784</u>
Total Fiduciary Net Position				
Contributions - employer and state	\$ 7,458	\$ 7,816	\$ 8,292	\$ 19,922
Contributions - employee	2,277	2,306	2,430	2,369
Net investment income	27,721	39,819	53,253	36,692
Benefit payments including refunds of contributions	(12,873)	(12,490)	(11,370)	(12,409)
Administrative expense	(875)	(875)	(2,875)	(7,385)
Net change in plan fiduciary net position	23,708	36,576	49,730	39,189
Plan fiduciary net position - beginning	615,971	579,395	529,665	490,476
Plan fiduciary net position - ending (b)	<u>\$ 639,679</u>	<u>\$ 615,971</u>	<u>\$ 579,395</u>	<u>\$ 529,665</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (223,115)</u>	<u>\$ (214,813)</u>	<u>\$ (266,506)</u>	<u>\$ (232,881)</u>
Plan fiduciary net position as a percentage of the total pension liability	153.56%	153.55%	185.18%	178.47%
Covered payroll	\$ 45,538	\$ 46,120	\$ 53,379	\$ 47,380
Net pension liability as a percentage of covered payroll	-489.95%	-465.77%	-499.27%	-491.52%
Annual Money-Weighted Rate of Return	4.44%	6.90%	10.10%	7.50%

* 10 years of data will be presented as it becomes available

**CITY OF CRESCENT CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2019
(UNAUDITED)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contributions	\$ 54,655	N/A	N/A	\$ 40,179
Contributions in relation to the actuarially determined contributions	54,655	N/A	N/A	40,179
Control deficiency (excess)	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ -</u>
Covered payroll	\$ 222,175	N/A	N/A	\$ 236,340
Contributions as a percentage of covered payroll	24.60%	N/A	N/A	17.00%

Notes to Schedule:

Valuation Date 10/1/2015

Actuarially determined contribution rates are calculated as of October 1, four years prior to the end of the fiscal year in which contributions are being reported.

Methods and assumptions used to determine contribution rates:

Funding Method Aggregate Actuarial Cost Method
Salary Increases 5.50% to 10.00% based on years of service
Interest Rate 7.00% per year, compounded annually, gross of investment related expenses.
Payroll Growth None.
Retirement Age 5% per year eligible for Early Retirement. 10% per year eligible for Normal Retirement (with 100% at 3 years beyond Normal Retirement Date). Also, any member who has reached Normal Retirement Age on the valuation date is assumed to continue employment for one additional year. This assumption was adopted following an experience study dated December 1, 2013.

Termination Rates	% Terminating	
	<u>Service</u>	<u>During the Year</u>
	0-2 Years	20.0%
	3-4 Years	15.0%
	5+ Years	5.0%

Disability Rates	% Becoming Disabled	
	<u>Age</u>	<u>During the Year</u>
	20	0.03%
	30	0.04%
	40	0.07%
	50	0.18%

Mortality RP 2000 Table - Sex Distinct

N/A - The Plan elected to not implement GASB 67 for these years.

* 10 years of data will be presented as it becomes available

**CITY OF CRESCENT CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL FIREMEN'S PENSION PLAN
SEPTEMBER 30, 2019
(UNAUDITED)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contributions	\$ -	\$ 6,457	\$ 7,473	\$ 8,529
Contributions in relation to the actuarially determined contributions	7,458	7,816	8,292	19,922
Control deficiency (excess)	<u>\$ (7,458)</u>	<u>\$ (1,359)</u>	<u>\$ (819)</u>	<u>\$ (11,393)</u>
Covered payroll	\$ 45,538	\$ 46,120	\$ 53,379	\$ 47,380
Contributions as a percentage of covered payroll	16.38%	16.95%	15.53%	42.05%

Notes to Schedule:

Valuation Date

Actuarially determined contribution rates are calculated as of October 1 - two years prior to the end of the fiscal year in which contributions are being reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	5.00%
Interest Rate	6.50%, net of investment related expenses
Retirement Age	Varies by Age and Service
Mortality	For healthy participants during employment, RP 2000 Combined Healthy Participant Mortality Tables, with 90% Blue Collar Adjustment / 10% White Collar Adjustment for males and 100% White Collar Adjustment for females. Fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy participants post employment, RP 2000 Annuitant Mortality Tables, with 90% Blue Collar Adjustment / 10% White Collar Adjustment for males and 100% White Collar Adjustment for females. Fully generational mortality improvements projected to each future decrement date with Scale BB. For disabled male participants, 60% RP-2000 Disabled Male Mortality Table setback four years / 40% RP-2000 Annuitant Male Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements. For disabled female participants, 60% RP-2000 Disabled Female Mortality Table set forward two years / 40% RP-2000 Annuitant Female Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements.
Benefit Changes	2018 - Benefit multiplier increased from 2% to 3%

* 10 years of data will be presented as it becomes available

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
WATER AND SEWER FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 453,425	\$ 465,956	\$ 919,381
Operating expenses			
Personal services	102,011	48,319	150,330
Contractual services	92,464	23,931	116,395
Repairs and maintenance	44,361	16,182	60,543
Supplies	60,128	39,454	99,582
Utilities	17,617	21,179	38,796
Other expenses	137,578	130,879	268,457
Depreciation	188,044	-	188,044
Total operating expenses	<u>642,203</u>	<u>279,944</u>	<u>922,147</u>
Operating income (loss)	<u>(188,778)</u>	<u>186,012</u>	<u>(2,766)</u>
Nonoperating revenues (expenses)			
Interest earnings	4,489	5,188	9,677
Other income (expense)	210	-	210
Interest and amortization expense	-	(35,006)	(35,006)
Total nonoperating revenues (expenses)	<u>4,699</u>	<u>(29,818)</u>	<u>(25,119)</u>
Income (loss) before capital contributions and transfers	<u>(184,079)</u>	<u>156,194</u>	<u>(27,885)</u>
Net position , beginning of year, as restated	1,738,455	2,611,091	4,349,546
Net position , end of year	<u>\$ 1,554,376</u>	<u>\$ 2,767,285</u>	<u>\$ 4,321,661</u>

OTHER REPORTS

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

To the Honorable Mayor, City Commission, and City Manager,
City of Crescent City, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent City, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 15, 2020.

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. We consider the deficiencies identified below to be material weaknesses:

2019-001 – Reconciliation of account balances (Repeat Comment)

Various audit adjustments were required to correct account balances due to misclassifications in the original posting, reversal of prior year entries, or missing current-year accruals. The City's controls should include periodic reconciliations of significant account balances, including full accrual-based reconciliations at fiscal-year end to ensure all amounts have been appropriately recorded and budgeted for. We recommend the City increase its review of such transactions, including a review for proper cutoff at the fiscal year-end, to help ensure completeness and accuracy of all financial reporting.

2019-002 – Preparation of financial statements (Repeat Comment)

Professional standards promulgated by the American Institute of Certified Public Accountants provide a system of internal control over financial reporting should allow the City to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP). While auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. A control deficiency exists in instances where the City is not positioned to draft financial statements and all required disclosures. However, the outsourcing of these services is not unusual in governmental entities of similar budget and personnel size. For subsequent audit, management may wish to take an active role in the drafting of the financial statements and related disclosures.

2019-003 – Segregation of duties (Repeat Comment)

Due to the limited number of people working for the City, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies identified below to be significant deficiencies:

2019-004 – Utility billing cash receipts (Repeat Comment)

We noted after cash is collected by cashiers for utility and other bill/fee payments, it is deposited into the City's bank account; the deposit slip and all relevant support is brought to management for review. However, this review is not documented. We recommend this review be documented.

2019-005 – Utility billing rates (Repeat Comment)

During our testing of utility billing controls, we noted the recalculated sewer usage charge amount was \$2.22 (before taxes) less than the amount included on customer bills. Per discussions with the billing department personnel, this is a known issue where the system incorrectly calculates the sewer fee for commercial customers whose water usage exceeds the minimum sewer rate of \$48.66. This results in the total bill for such customer to be overstated by \$2.22 before taxes. We noted the utility billing department personnel does not have the capability to change the formula in the system that calculates sewer fees. Per review of Ordinance No.1003 regarding water and sewer rates, we also noted that the rates have not changed since 2010. We recommend the City correct the billing system to calculate the utility bills correctly and also perform a utility rate study.

2019-006 – Authorized check signers and electronic transfer funds (Repeat Comment)

We noted the Finance Director is an authorized check signer. In order to maintain proper segregation of duties and strengthen internal controls, we recommend that individuals who are involved in the cash and accounting functions of an organization not also be authorized check signers. We also recommend the City implement a procedure requiring a second individual's approval for any electronic transfers of cash.

Compliance and Other Matters

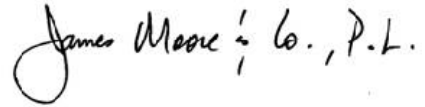
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Crescent City, Florida's Response to Findings

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

Purpose of this Report

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

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

Daytona Beach, Florida
April 15, 2020

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

To the Honorable Mayor, City Commission, and City Manager,
City of Crescent City, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of Crescent City, Florida (the City), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated April 15, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Examination 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, which are dated April 15, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No uncorrected audit findings were also included in the second preceding financial audit report. The following summarizes the status of prior year findings and recommendations:

2018-001 Reconciliation of Account Balances – Corrective action not taken. See repeat comment 2019-001.

2018-002 Preparation of Financial Statements – Corrective action not taken. See repeat comment 2019-002.

2018-003 Segregation of Duties – Corrective action not taken. See repeat comment 2019-003.

2018-004 Processing of Payroll – Corrective action taken.

2018-005 Utility Billing Cash Receipts – Corrective action not taken. See repeat comment 2019-004.

2018-006 Utility Billing Rates – Corrective action not taken. See repeat comment 2019-005.

2018-007 Authorized Check Signers and Electronic Transfer Funds – Corrective action not taken. See repeat comment 2019-006.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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 Statutes.

Pursuant to Sections 10.554(1)(i)5.c. 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 review of financial information provided by same.

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

2019-007 – Vendor listing

During our audit procedures, we noted management is not currently reviewing the vendor listing to verify old or stale vendors are removed from the system. We recommend that the accounting department implement a review process to periodically verify the vendor listing in the system is limited to only authorized and actively used vendors.

2019-008 – Interfund activity

During our audit procedures, we noted that balances in Due to/Due From other funds did not change from the prior year. We recommend the City review the accounts and determine which balances can be paid off or reduced.

Additional Matters

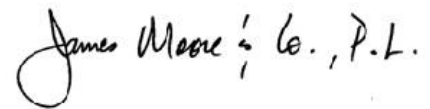
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants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

City of Crescent City, Florida's Response to Findings

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

Purpose of this Letter

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

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

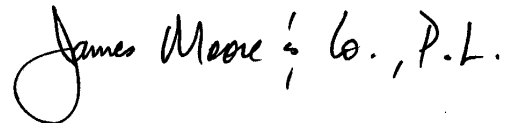
Daytona Beach, Florida
April 15, 2020

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

We have examined the City of Crescent City, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of Crescent City, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.



Daytona Beach, Florida
April 15, 2020



April 30, 2020

RE: Management Letter – FY2018/2019 Audit

Dear Sir or Madam:

This letter responds to the City's Audit for Fiscal Year 2018/2019 and the Management Letter of James Moore & Co regarding same; specifically, the comments that identify items labeled as deficiencies and significant deficiencies.

2019-001 Reconciliation of Account Balances

The City has historically performed year-end significant account reconciliations and consistently remained judicious of budgeted revenue and expenses, especially when it comes to revenue collection and expense occurrences. While this is not an ideal approach, it has sufficed given the staffing levels and financial resources of this small municipality. Since the City did not receive the comments for the FY 2017/2018 until May of last year, we feel that the City is addressing the reconciliation of account balances to the best of our ability for the FY 2018/2019. Once the City receives the audited journal entries for FY2018/2019, we will be in a better position to address the reconciliation processes.

2019-002 Preparation of Financial Statements

It has been the City's practice for some time to request its auditors to formalize the financial statements. We execute the appropriate documentation certifying that all such financial statements are based off data and information provided by the City, and the resulting information is not the direct responsibility of the auditors. Although it may not be the ideal situation, the auditor's comment recognizes that the auditor can assist with the preparation of financial statements. Additionally, we believe the risk associated with this approach is not significant enough to outweigh the financial and personnel resources that would be necessary to fully and properly address this concern. Currently we are in the process of implementing the new software system and utilizing its options that may assist us in putting the financial statement information together. If additional resources are needed to address this issue, the City may consider seeking outside resources to perform financial statements and footnotes if economically feasible in the FY2021 budget.

2019-003 Segregation of Duties

Having previously recognized in past comments that we have limited number of staff handling the financial responsibilities for the City, causing all of us to wear more than one hat, makes segregation of duties limited. The City has addressed this by having the Assistant to the Finance

Brett W. Peterson
Mayor

H. Harry Banks
Vide-Mayor

Judith B. West
Commissioner

Lisa Kane Devitto
Commissioner

Katie Berg
Commissioner

Director process Accounts Payable. Once processed, it is then reviewed and approved by the Finance Director. Checks are then created, with corresponding backup, and both are forwarded to the City Manager and a Commissioner to sign.

2019-004 Utility Billing and Cash Receipts

The Finance Director reviews reports received from Utility Billing and confirms that all deposits match and balance before posting. The Finance Director then initials and holds these reports until the Bank Statements can be reconciled. Once the reconciliations are completed, all bank statements, with corresponding backup, are forwarded to the City Manager for review.

2019-005 Utility Billing Rates

To correct any calculation issues for Utility Rates, it is the intention that the City's new financial software will assist with this issue. While the new software has been selected and purchased, implementation has not occurred as of the FY2019 audit. We anticipate full implementation prior to the end of this current fiscal year. To address any needed utility rate changes, rate studies have been completed and new rates were suggested, but have not been implemented at this time. After review, utility rate adjustments can be added in conjunction with the upcoming budget process.

2019-006 Authorized check signers and electronic transfer funds

To reiterate last year's comments, Crescent City is a small municipality with limited personnel. It is tough to handle the weekly accounts payable responsibilities without the Finance Director's ability to sign checks in certain cases, such as when the City Manager is unavailable. Our financial institution requires that those authorized to transfer funds must also be able to sign checks; this includes the Finance Director. It is critical that the Finance Director be able to transfer funds between bank accounts. If it can be determined that the Finance Director can perform electronic transfers without having to sign checks, we will make that change. If not, the system remains in place. City Commissioners also can contribute with additional signatures if the City Manager is unavailable. In regards to the issue of a second authorization for electronic cash transfers, we do multiple transfers a day. A review of how this can be accomplished will need to be completed to see if this is feasible without delays that result in late fees and/or penalties.

2019-007 Vendor Listing

The vendor listing had not had a thorough review as of FY2019, but has since been reviewed and updated. Inactive vendors have been suspended in the system and will not be authorized. The City's new financial system may aid in this process. Going forward, a vendor review will be completed annually.

2019-008 Interfund Activity

The Finance Director has examined the Due to/Due from accounts comments, and determined that these accounts and other General Ledger line items that have balances were initiated when the current software was installed in 2007. When additional entries have been made through the years, audit adjustments were made. Due to the inability in determining what the entries were for, the Director last fiscal year had requested assistance in cleaning up these accounts. Currently not all accounts have been addressed. Moving forward, the City will review the Due to/Due from accounts and other accounts with balances to determine which can be paid off or reduced.

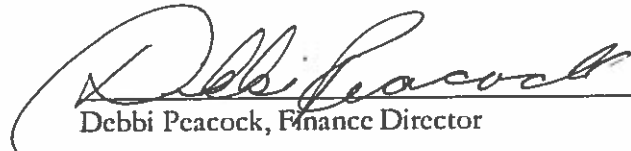

Michael Esposito
City Manager

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Debbi Peacock, who being duly sworn, deposes and says on oath that:

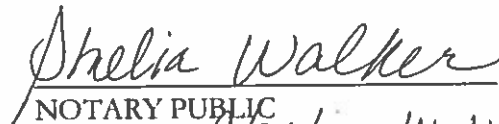
1. I am the Chief Financial Officer of the City of Crescent City which is a local governmental entity of the State of Florida;
2. The City of Crescent City adopted Ordinance No. 05-005 implementing an impact fee; and
3. The City of Crescent City has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


Debbi Peacock, Finance Director

STATE OF FLORIDA
COUNTY OF PUTNAM

SWORN TO AND SUBSCRIBED before me this 1 day of April, 2020.


NOTARY PUBLIC
Print Name Shelia Walker

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

Oct 2, 2023

