

CITY OF CRESCENT CITY, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

CITY COMMISSION

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Prepared by:
City of Crescent City Finance Department

**CITY OF CRESCENT CITY, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2021**

Financial Section

Independent Auditors' Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements	
Balance Sheet—Governmental Funds	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund	
Balances—Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses and Changes in Net Position –	
Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Fiduciary Net Position – Fiduciary Fund.....	19
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	20
Notes to Financial Statements	21 - 40

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – General Fund.....	42
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – Discretionary Tax Fund	43
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual – Community Redevelopment Agency	44
Schedule of Changes in Total OPEB Liability and Related Ratios	45
Schedule of Changes in Net Pension Liability and Related Ratios – Municipal Police Officers' Plan.....	46
Schedule of Changes in Net Pension Liability and Related Ratios – Municipal Fireman's Plan	47
Schedule of Contributions – Municipal Police Officers' Plan.....	48
Schedule of Contributions – Municipal Fireman's Plan.....	49

Supplementary Information

Schedule of Revenues, Expenses and Changes in Net Position – Water and Sewer Funds	50
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Other Reports

Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with	
<i>Government Auditing Standards</i>	51 - 53
Independent Auditors' Management Letter Required by Chapter 10.550,	
Rules of the State of Florida Office of the Auditor General	54 - 56
Independent Accountants' Examination Report.....	57
Management's Response to Findings.....	58



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, 2021, 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, 2021, 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.

Other Matters

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 December 19, 2022, 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 Jr., P.L.

Daytona Beach, Florida
December 19, 2022

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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, 2021.

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 10 – 11 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, 2021
(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 12 – 15 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 16 – 18 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 19 – 20 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 21 – 40 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 \$14,710,383 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, 2021
(Continued)

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

	Governmental Activities		Business-type		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,645,635	\$ 2,726,249	\$ 1,797,458	\$ 1,948,649	\$ 5,443,093	\$ 4,674,898
Capital assets	5,136,752	5,081,292	6,980,318	7,027,139	12,117,070	12,108,431
Total assets	8,782,387	7,807,541	8,777,776	8,975,788	17,560,163	16,783,329
Deferred Outflows	47,618	105,469	-	-	47,618	105,469
Long-term liabilities						
outstanding	63,615	132,778	1,722,419	1,978,961	1,786,034	2,111,739
Other liabilities	589,715	79,009	228,255	228,875	817,970	307,884
Total liabilities	653,330	211,787	1,950,674	2,207,836	2,604,004	2,419,623
Deferred Inflows	293,394	67,973	-	-	293,394	67,973
Net position:						
Net investment in capital						
assets	5,136,752	5,081,292	5,308,495	5,122,502	10,445,247	10,203,794
Restricted	1,266,724	701,009	853,139	803,133	2,119,863	1,504,142
Unrestricted	1,479,805	1,850,949	665,468	842,317	2,145,273	2,693,266
Total net position	\$ 7,883,281	\$ 7,633,250	\$ 6,827,102	\$ 6,767,952	\$14,710,383	\$14,401,202

An additional portion of the City of Crescent City, Florida's net position (14 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,145,273) 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 \$250,031. 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, net of depreciation, increased due to grant funded infrastructure improvements;
- Tax revenues increased by \$100,146 over prior year. Ad valorem and discretionary tax revenues comprised the majority of the difference.
- Certain planned expenditures did not occur in fiscal year 2021. The City experienced a change in leadership with the resignation of the City Manager in the second quarter, and the permanent replacement did not start until the end of the fourth quarter of fiscal year 2021. This kept park improvements to a minimum, and the City Hall renovations were put on hold which led to an increase in net position.

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 95,276	\$ 86,595	\$ 1,516,302	\$ 1,432,026	\$ 1,611,578	\$ 1,518,621
Operating grants and contributions	39,649	34,056	-	-	39,649	34,056
Capital grants and contributions	271,035	624,449	155,968	4,190	427,003	628,639
General revenues:						
Taxes	1,414,532	1,311,015	-	-	1,414,532	1,311,015
Other state-shared	88,232	82,479	-	-	88,232	82,479
Other	5,179	9,973	3,488	10,754	8,667	20,727
Total revenues	1,913,903	2,148,567	1,675,758	1,446,970	3,589,661	3,595,537
Expenses:						
General government	417,397	369,476	-	-	417,397	369,476
Public safety	817,995	678,905	-	-	817,995	678,905
Transportation	222,041	245,499	-	-	222,041	245,499
Parks and recreation	132,141	135,161	-	-	132,141	135,161
Community redevelopment	74,298	31,527	-	-	74,298	31,527
Gas	-	-	610,145	594,832	610,145	594,832
Water and sewer	-	-	1,006,463	1,009,860	1,006,463	1,009,860
Total expenses	1,663,872	1,460,568	1,616,608	1,604,692	3,280,480	3,065,260
Increase (decrease) in Net position before transfers	250,031	687,999	59,150	(157,722)	309,181	530,277
Transfers	-	-	-	-	-	-
Increase (decrease) in Net position	250,031	687,999	59,150	(157,722)	309,181	530,277
Net position, beginning of year	7,633,250	6,945,251	6,767,952	8,925,674	14,401,202	15,870,925
Net position, end of year	\$ 7,883,281	\$ 7,633,250	\$ 6,827,102	\$ 8,767,952	\$ 14,710,383	\$ 16,401,202

Business-type activities. Business-type activities increased the City of Crescent City, Florida's net position by \$59,150. This increase was due capital grant revenues to fund infrastructure improvements, which were \$427,003 higher than prior year.

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 \$1,453,380. As a measure of the

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 89 percent of total general fund expenditures, excluding capital outlay.

A discretionary sales tax of 1% was in place during fiscal year 2021 also known as "Better Place Plan" and is being used to improve the City's infrastructure. The following future projects are being discussed to be included in the city capital improvement plan for this funding source:

- Improvements to the water and sewer departments infrastructure
- Renovation to the city hall and the city hall annex.

The City has a Community Redevelopment Agency (CRA) fund that will be used for special projects such as landscaping and street improvements and other infrastructure improvements.

Variations occurred during the fiscal year between the general fund original and final budget and between the final budget and the actual revenue and expenses within the general fund. Factors effecting these variations included personnel turn over and the ability of the city to provide adequate staffing levels resulting in over time.

The fund balance of the City of Crescent City, Florida's general fund decreased by \$13,590 during fiscal year 2021 due to general government expenditures that were \$93,812 higher than prior year, resulting in part from upgrading the Finance Director Salary and the outsourcing of finance department services.

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 a deficit of \$142,605. The increase in net position for the Gas fund was \$121,804. Unrestricted net position of the Water and Sewer fund at the end of the year amounted to \$808,073. The decrease in net position for the Water and Sewer fund was \$62,654. This decrease in net position resulted from the increase in cost for maintenance and repair of equipment and increased personnel costs over time.

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, 2021, amounts to \$12,117,070 (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 \$8,639.

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

- Central Avenue paving and improvement project

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

City of Crescent City, Florida's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 469,876	\$ 469,876	\$ 238,868	\$ 238,868	\$ 708,744	\$ 708,744
Buildings and improvements	1,041,085	1,041,085	2,589,852	2,589,852	3,630,937	3,630,937
Infrastructure and other improvements	5,365,314	5,275,241	10,115,175	10,115,175	15,480,489	15,390,416
Equipment	1,123,037	1,348,185	1,301,835	1,258,340	2,424,872	2,606,525
Construction in progress	459,071	181,473	1,794,119	1,638,151	2,253,190	1,819,624
Accumulated depreciation	(3,321,631)	(3,234,568)	(9,059,531)	(8,813,247)	(12,381,162)	(12,047,815)
Total	\$ 5,136,752	\$ 5,081,292	\$ 6,980,318	\$ 7,027,139	\$ 12,117,070	\$ 12,108,431

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 \$1,671,823. This debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Crescent City, Florida's Outstanding Debt						
Loan Payable and Revenue Bonds						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Loan payable	\$ -	\$ -	\$ -	\$ 149,727	\$ -	\$ 149,727
Revenue bonds	-	-	1,671,823	1,754,910	1,671,823	1,754,910
Total	\$ -	\$ -	\$ 1,671,823	\$ 1,904,637	\$ 1,671,823	\$ 1,904,637

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 the upcoming fiscal year include:

- Modest increases in property tax revenue due to improving property tax values
- Additional increases in capital assets with minimal impact to the general fund balance as we complete or seek to complete significant grant funded projects such as:
 - Paving improvements to Central Avenue;
- Increase CRA revenue due to increased property values.

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

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

The City plans to initiate increased redevelopment efforts resulting from the hire of a City Manager with redevelopment experience and the planned development and designation of a Florida Main Street designated downtown organization/program.

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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,042,647	\$ 940,536	\$ 1,983,183
Receivables, net	169,105	145,013	314,118
Internal balances	396,860	(396,860)	-
Due from other governments	75,615	-	75,615
Inventories	-	67,256	67,256
Prepays	10,504	5,656	16,160
Net pension asset	598,640	-	598,640
Restricted assets:			
Cash and cash equivalents	1,352,264	1,035,857	2,388,121
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	5,365,314	10,115,175	15,480,489
Equipment	1,123,037	1,301,835	2,424,872
Construction in progress	459,071	1,794,119	2,253,190
Accumulated depreciation	(3,321,631)	(9,059,531)	(12,381,162)
Total assets	<u>8,782,387</u>	<u>8,777,776</u>	<u>17,560,163</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>47,618</u>	<u>-</u>	<u>47,618</u>
LIABILITIES			
Accounts payable	159,290	45,537	204,827
Accrued payroll and employee benefits	46,020	-	46,020
Customer deposits	-	177,122	177,122
Unearned revenue	384,405	-	384,405
Accrued interest payable	-	5,596	5,596
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	86,115	86,115
Compensated absences	5,457	9,665	15,122
Due in more than one year:			
Bonds and notes payable	-	1,585,708	1,585,708
Compensated absences	16,372	28,994	45,366
Total OPEB liability	41,786	11,937	53,723
Total liabilities	<u>653,330</u>	<u>1,950,674</u>	<u>2,604,004</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>293,394</u>	<u>-</u>	<u>293,394</u>
NET POSITION			
Net investment in capital assets	5,136,752	5,308,495	10,445,247
Restricted for:			
Discretionary tax - infrastructure	651,885	-	651,885
Community redevelopment	261,975	-	261,975
Debt service: infrastructure	-	65,497	65,497
Renewal and replacement	-	787,642	787,642
Pensions	352,864	-	352,864
Unrestricted	1,479,805	665,468	2,145,273
Total net position	<u>\$ 7,883,281</u>	<u>\$ 6,827,102</u>	<u>\$ 14,710,383</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, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 417,397	\$ 38,847	\$ 5,000	\$ -	\$ (373,550)	\$ -	\$ (373,550)
Public safety	817,995	38,981	10,966	271,035	(497,013)	-	(497,013)
Transportation	222,041	17,396	23,683	-	(180,962)	-	(180,962)
Parks and recreation	132,141	52	-	-	(132,089)	-	(132,089)
Community redevelopment	74,298	-	-	-	(74,298)	-	(74,298)
Total governmental activities	1,663,872	95,276	39,649	271,035	(1,257,912)	-	(1,257,912)
Business-type activities:							
Gas	610,145	575,254	-	155,968	-	121,077	121,077
Water and wastewater	1,006,463	941,048	-	-	-	(65,415)	(65,415)
Total business-type activities	1,616,608	1,516,302	-	155,968	-	55,662	55,662
Total primary government	\$ 3,280,480	\$ 1,611,578	\$ 39,649	\$ 427,003	(1,257,912)	55,662	(1,202,250)
General revenues:							
Property taxes					693,948	-	693,948
Sales and use taxes					346,629	-	346,629
Franchise fees					125,210	-	125,210
Public service utility taxes					248,745	-	248,745
State revenue sharing					88,232	-	88,232
Investment earnings					2,328	2,132	4,460
Miscellaneous revenues					2,851	1,356	4,207
Total general revenues and transfers					1,507,943	3,488	1,511,431
Change in net position					250,031	59,150	309,181
Net position - beginning					7,633,250	6,767,952	14,401,202
Net position - ending					\$ 7,883,281	\$ 6,827,102	\$ 14,710,383

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

CITY OF CRESCENT CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	<u>General</u>	<u>Discretionary Tax</u>	<u>Community Redevelopment Agency</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,142,573	\$ 990,363	\$ 261,975	\$ 2,394,911
Receivables, net	35,434	-	-	35,434
Due from other governments	177,609	31,677	-	209,286
Due from other funds	396,860	14,250	-	411,110
Prepaid items	10,504	-	-	10,504
Total assets	<u>\$ 1,762,980</u>	<u>\$ 1,036,290</u>	<u>\$ 261,975</u>	<u>\$ 3,061,245</u>
LIABILITIES				
Accounts payable	\$ 159,290	\$ -	\$ -	\$ 159,290
Accrued payroll and employee benefits	46,020	-	-	46,020
Unearned revenue	-	384,405	-	384,405
Due to other funds	14,250	-	-	14,250
Total liabilities	<u>219,560</u>	<u>384,405</u>	<u>-</u>	<u>603,965</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	10,504	-	-	10,504
Restricted for:				
Discretionary tax - infrastructure	-	651,885	-	651,885
Community redevelopment	-	-	261,975	261,975
Assigned to:				
Subsequent year's budget	69,228	-	-	69,228
Unassigned	1,463,688	-	-	1,463,688
Total fund balances	<u>1,543,420</u>	<u>651,885</u>	<u>261,975</u>	<u>2,457,280</u>
Total liabilities and fund balances	<u>\$ 1,762,980</u>	<u>\$ 1,036,290</u>	<u>\$ 261,975</u>	<u>\$ 3,061,245</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, 2021**

Fund balances - total governmental funds **\$ 2,457,280**

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	8,458,383	
Less: accumulated depreciation	<u>(3,321,631)</u>	5,136,752

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	598,640	
Deferred outflows related to pensions	47,618	
Deferred inflows related to pensions	<u>(293,394)</u>	352,864

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.

Total OPEB liability	(41,786)
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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	(21,829)
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Net position of governmental activities	<u>\$ 7,883,281</u>
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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, 2021

	General	Discretionary Tax	Community Redevelopment Agency	Total Governmental Funds
Revenues				
Taxes	\$ 1,113,717	\$ 175,009	\$ 70,771	\$ 1,359,497
Licenses and permits	9,987	-	-	9,987
Intergovernmental	499,226	-	-	499,226
Charges for services	447,283	-	-	447,283
Fines and forfeitures	2,338	-	-	2,338
Investment gain (loss)	1,673	486	169	2,328
Miscellaneous	9,283	-	-	9,283
Total revenues	<u>2,083,507</u>	<u>175,495</u>	<u>70,940</u>	<u>2,329,942</u>
Expenditures				
Current:				
General government	760,733	-	-	760,733
Public safety	612,357	-	-	612,357
Transportation	218,399	-	-	218,399
Parks and recreation	47,840	-	-	47,840
Community redevelopment	-	27,885	46,413	74,298
Capital outlay	393,362	-	-	393,362
Total expenditures	<u>2,032,691</u>	<u>27,885</u>	<u>46,413</u>	<u>2,106,989</u>
Excess (deficiency) of revenues over expenditures	<u>50,816</u>	<u>147,610</u>	<u>24,527</u>	<u>222,953</u>
Other financing sources (uses)				
Transfers in	-	-	64,406	64,406
Transfers out	(64,406)	-	-	(64,406)
Total other financing sources (uses)	<u>(64,406)</u>	<u>-</u>	<u>64,406</u>	<u>-</u>
Net change in fund balances	<u>(13,590)</u>	<u>147,610</u>	<u>88,933</u>	<u>222,953</u>
Fund balances, beginning of year	1,557,010	504,275	173,042	2,234,327
Fund balances, end of year	<u>\$ 1,543,420</u>	<u>\$ 651,885</u>	<u>\$ 261,975</u>	<u>\$ 2,457,280</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, 2021**

Net change in fund balances - total governmental funds	\$ 222,953
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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	393,362
Depreciation expense	(264,713)

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.	(73,189)
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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	(97,545)
Change in total OPEB liability	49,696

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	19,467
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Change in net position of governmental activities	\$ 250,031
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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, 2021

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,982	\$ 931,554	\$ 940,536
Restricted cash and cash equivalents	392,583	643,274	1,035,857
Accounts receivable, net	49,335	95,678	145,013
Inventories	46,894	20,362	67,256
Prepaid items	3,232	2,424	5,656
Due from other funds	23,381	28,145	51,526
Total current assets	<u>524,407</u>	<u>1,721,437</u>	<u>2,245,844</u>
Noncurrent assets:			
Capital assets:			
Land	37,720	201,148	238,868
Buildings and improvements	58,500	2,531,352	2,589,852
Infrastructure	2,883,556	7,231,619	10,115,175
Equipment	344,166	957,669	1,301,835
Construction in progress	1,794,119	-	1,794,119
Accumulated depreciation	<u>(2,048,387)</u>	<u>(7,011,144)</u>	<u>(9,059,531)</u>
Total noncurrent assets	<u>3,069,674</u>	<u>3,910,644</u>	<u>6,980,318</u>
Total assets	<u>3,594,081</u>	<u>5,632,081</u>	<u>9,226,162</u>
LIABILITIES			
Current liabilities:			
Accounts payable	25,716	19,821	45,537
Due to other funds	222,055	226,331	448,386
Compensated absences	4,799	4,866	9,665
Payable from restricted assets:			
Revenue bonds payable, current	27,700	58,415	86,115
Deposits	86,332	90,790	177,122
Accrued interest payable	2,647	2,949	5,596
Total current liabilities	<u>369,249</u>	<u>403,172</u>	<u>772,421</u>
Noncurrent liabilities:			
Revenue bonds payable	567,900	1,017,808	1,585,708
Compensated absences	14,397	14,597	28,994
Total OPEB liability	7,462	4,475	11,937
Total noncurrent liabilities	<u>589,759</u>	<u>1,036,880</u>	<u>1,626,639</u>
Total liabilities	<u>959,008</u>	<u>1,440,052</u>	<u>2,399,060</u>
NET POSITION			
Net investment in capital assets	2,474,074	2,834,421	5,308,495
Restricted for:			
Debt service	61,051	4,446	65,497
Renewal and replacement	242,553	545,089	787,642
Unrestricted	<u>(142,605)</u>	<u>808,073</u>	<u>665,468</u>
Total net position	<u>\$ 2,635,073</u>	<u>\$ 4,192,029</u>	<u>\$ 6,827,102</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, 2021

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 575,254	\$ 941,048	\$ 1,516,302
Operating expenses			
Personal services	196,223	160,132	356,355
Contractual services	9,616	153,963	163,579
Repairs and maintenance	11,586	60,879	72,465
Supplies	207,221	101,612	308,833
Utilities	-	43,861	43,861
Other expenses	97,681	264,781	362,462
Depreciation	56,938	189,346	246,284
Total operating expenses	579,265	974,574	1,553,839
Operating income (loss)	(4,011)	(33,526)	(37,537)
Nonoperating revenues (expenses)			
Interest earnings	176	1,956	2,132
Other income (expense)	551	805	1,356
Interest and amortization expense	(30,880)	(31,889)	(62,769)
Total nonoperating revenues (expenses)	(30,153)	(29,128)	(59,281)
Income (loss) before capital contributions and transfers	(34,164)	(62,654)	(96,818)
Capital grants	155,968	-	155,968
Change in net position	121,804	(62,654)	59,150
Net position, beginning of year	2,513,269	4,254,683	6,767,952
Net position, end of year	\$ 2,635,073	\$ 4,192,029	\$ 6,827,102

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, 2021

	Gas	Water and Sewer	Total
Cash flows from operating activities			
Cash received from customers	\$ 556,595	\$ 952,372	\$ 1,508,967
Cash paid to employees	(211,008)	(169,075)	(380,083)
Cash paid to suppliers	(327,709)	(623,492)	(951,201)
Other receipts (payments)	551	805	1,356
Net cash provided by (used in) operating activities	<u>18,429</u>	<u>160,610</u>	<u>179,039</u>
Cash flows from noncapital financing activities			
Transfers from other funds	155,260	-	155,260
Interfund loans	-	57,156	57,156
Net cash provided by (used in) noncapital financing activities	<u>155,260</u>	<u>57,156</u>	<u>212,416</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(179,468)	(19,995)	(199,463)
Capital grants	155,968	-	155,968
Principal payments of long-term debt	(26,300)	(56,787)	(83,087)
Interest paid	(30,880)	(31,889)	(62,769)
Net cash provided by (used in) capital and related financing activities	<u>(80,680)</u>	<u>(108,671)</u>	<u>(189,351)</u>
Cash flows from investing activities			
Interest received	176	1,956	2,132
Net cash provided by (used in) investing activities	<u>176</u>	<u>1,956</u>	<u>2,132</u>
Net increase (decrease) in cash and cash equivalents	<u>93,185</u>	<u>111,051</u>	<u>204,236</u>
Cash and cash equivalents, beginning of year	308,380	1,463,777	1,772,157
Cash and cash equivalents, end of year	<u>\$ 401,565</u>	<u>\$ 1,574,828</u>	<u>\$ 1,976,393</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (4,011)	\$ (33,526)	\$ (37,537)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation	56,938	189,346	246,284
Other income (expense)	551	805	1,356
Changes in assets and liabilities:			
Accounts receivable	(17,136)	11,862	(5,274)
Inventories and prepaids	(424)	338	(86)
Accounts payable and accrued liabilities	(1,181)	1,266	85
Deposits	(1,523)	(538)	(2,061)
Compensated absences	(2,988)	1,026	(1,962)
Total OPEB liability	(11,797)	(9,969)	(21,766)
Net cash provided by (used in) operating activities	<u>\$ 18,429</u>	<u>\$ 160,610</u>	<u>\$ 179,039</u>
Cash and cash equivalents classified as:			
Unrestricted	\$ 8,982	\$ 931,554	\$ 940,536
Restricted	392,583	643,274	1,035,857
Total cash and cash equivalents	<u>\$ 401,565</u>	<u>\$ 1,574,828</u>	<u>\$ 1,976,393</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, 2021

	<u>Municipal Police Officers' Pension Trust Fund</u>	<u>Municipal Firemen's Pension Trust Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents with trustee	\$ 107,049	\$ 7,109	\$ 114,158
Investments, at fair value			
Mutual funds - fixed income	325,745	268,006	593,751
Mutual funds - equity	879,366	553,198	1,432,564
Total investments	1,205,111	821,204	2,026,315
Total assets	1,312,160	828,313	2,140,473
LIABILITIES			
Accounts payable	-	74	74
NET POSITION			
Restricted for pensions	<u>\$ 1,312,160</u>	<u>\$ 828,239</u>	<u>\$ 2,140,399</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, 2021

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
Additions			
Contributions:			
Plan members	\$ 6,052	\$ 2,203	\$ 8,255
State - insurance premium taxes	31,316	4,778	36,094
Total contributions	<u>37,368</u>	<u>6,981</u>	<u>44,349</u>
Investment earnings:			
Interest and dividends	92,596	51,905	144,501
Net appreciation (depreciation) in fair value of investments	138,581	87,260	225,841
Total investment earnings	<u>231,177</u>	<u>139,165</u>	<u>370,342</u>
Less: investment expense	(20,099)	(5,750)	(25,849)
Net investment income (loss)	<u>211,078</u>	<u>133,415</u>	<u>344,493</u>
Total additions	<u>248,446</u>	<u>140,396</u>	<u>388,842</u>
Deductions			
Benefit payments	61,205	11,999	73,204
Administrative expenses	680	534	1,214
Total deductions	<u>61,885</u>	<u>12,533</u>	<u>74,418</u>
Change in net position	<u>186,561</u>	<u>127,863</u>	<u>314,424</u>
Net position, beginning of year	1,125,599	700,376	1,825,975
Net position, end of year	<u>\$ 1,312,160</u>	<u>\$ 828,239</u>	<u>\$ 2,140,399</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, 2021

(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, 2021

(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, 2021

(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, 2021

(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, 2021

(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 acquisition 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:

<u>Assets</u>	<u>Years</u>
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, 2021

(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, unassigned.

(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, 2021

(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, 2021, 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, 2021, 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, 2021

(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, 2021. See Note (9) for Fiduciary Funds.

(5) Accounts Receivable:

The City's accounts receivables consist of the following at September 30, 2021:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund	\$ 35,434	\$ -	\$ 35,434
Totals – Governmental Type Activities	<u>35,434</u>	<u>-</u>	<u>35,434</u>
Business-Type Activities			
Gas Fund	81,257	(31,922)	49,335
Water and Sewer Fund	150,164	(54,486)	95,678
Totals – Business-Type Activities	<u>231,421</u>	<u>(86,408)</u>	<u>145,013</u>
Totals	<u>\$ 266,855</u>	<u>\$ (86,408)</u>	<u>\$ 180,447</u>

In addition to accounts receivable, the City also recorded \$209,286 in due from other governments at September 30, 2021.

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2021, 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	181,473	367,671	(90,073)	459,071
Total capital assets, not being depreciated	651,349	367,671	(90,073)	928,947
Capital assets, being depreciated –				
Buildings and improvements	1,041,085	-	-	1,041,085
Equipment	1,348,185	25,691	(250,839)	1,123,037
Infrastructure	1,472,597	90,073	-	1,562,670
Improvements other than building	3,802,644	-	-	3,802,644
Total capital assets, being depreciated	7,664,511	115,764	(250,839)	7,529,436
Less: accumulated depreciation	(3,234,568)	(264,713)	177,650	(3,321,631)
Total capital assets, being depreciated, net	4,429,943	(148,949)	(73,189)	4,207,805
Governmental activities capital assets, net	<u>\$ 5,081,292</u>	<u>\$ 218,722</u>	<u>\$ (163,262)</u>	<u>\$ 5,136,752</u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 238,868	\$ -	\$ -	\$ 238,868
Construction in progress	1,638,151	155,968	-	1,794,119
Total capital assets, not being depreciated	1,877,019	155,968	-	2,032,987
Capital assets, being depreciated –				
Buildings and improvements	2,589,852	-	-	2,589,852
Equipment	1,258,340	43,495	-	1,301,835
Infrastructure	10,002,485	-	-	10,002,485
Improvements other than building	112,690	-	-	112,690
Total capital assets, being depreciated	13,963,367	43,495	-	14,006,862
Less: accumulated depreciation	(8,813,247)	(246,284)	-	(9,059,531)
Total capital assets, being depreciated, net	5,150,120	(202,789)	-	4,947,331
Business-type activities capital assets, net	<u>\$ 7,027,139</u>	<u>\$ (46,821)</u>	<u>\$ -</u>	<u>\$ 6,980,318</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 124,066
Community development	40,814
Public safety	15,176
Parks and recreation	84,657
Total depreciation expense - governmental activities	<u>\$ 264,713</u>
Business-type activities:	
Gas	\$ 56,938
Water and sewer	189,346
Total depreciation expense - business-type activities	<u>\$ 246,284</u>

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(7) Long-Term Debt:

A summary of the long-term liability transactions for the City for the fiscal year ended September 30, 2021, 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	\$ 41,296	\$ -	\$ (19,467)	\$ 21,829	\$ 5,457
Governmental activities –					
Total long-term liabilities	<u>\$ 41,296</u>	<u>\$ -</u>	<u>\$ (19,467)</u>	<u>\$ 21,829</u>	<u>\$ 5,457</u>
Business-type activities:					
Bonds payable	\$ 1,754,910	\$ -	\$ (83,087)	\$ 1,671,823	\$ 86,115
Loan payable	149,727	-	(149,727)	-	-
Compensated absences	40,621	-	(1,962)	38,659	9,665
Business-type activities –					
Total long-term liabilities	<u>\$ 1,945,258</u>	<u>\$ -</u>	<u>\$ (234,776)</u>	<u>\$ 1,710,482</u>	<u>\$ 95,780</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>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 86,115	\$ 59,833	\$ 145,948
2023	89,194	56,781	145,975
2024	92,319	53,611	145,930
2025	95,593	50,322	145,915
2026	99,018	46,909	145,927
2027-2031	551,260	178,505	729,765
2032-2036	658,324	70,961	729,285
Total	<u>\$ 1,671,823</u>	<u>\$ 516,922</u>	<u>\$ 2,188,745</u>

Bonds and loan payables in the City's business-type activities at September 30, 2021, 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.	\$ 595,600
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.	1,076,223
Total long-term debt, business-type activities	<u>\$ 1,671,823</u>

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(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, 2021, are comprised of the following:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Government Activities:		
General Fund		
Gas Fund	\$ 193,911	\$ -
Water and Sewer Fund	202,949	-
Discretionary Tax Fund	-	14,250
Discretionary Tax Fund		
General Fund	14,250	-
	<u>411,110</u>	<u>14,250</u>
Business-Type Activities:		
Gas Fund		
General Fund	-	193,911
Water and Sewer Fund	23,381	28,145
Water and Sewer Fund		
Gas Fund	28,145	23,381
General Fund	-	202,949
	<u>51,526</u>	<u>448,386</u>
Total – All Funds	<u>\$ 462,636</u>	<u>\$ 462,636</u>

For the year ended September 30, 2021, interfund transfers consisted of the following:

	<u>Transfer From</u>	<u>Transfer To</u>
Governmental Activities		
General Fund:		
CRA Fund	\$ -	\$ 64,406
Discretionary Tax	-	-
Discretionary Tax		
General Fund	-	-
CRA Fund:		
General Fund	64,406	-
Totals – All Funds	<u>\$ 64,406</u>	<u>\$ 64,406</u>

The transfer from the General Fund to the CRA Fund represents the City's annual share of tax increment payments. The transfer from the General Fund to the Discretionary Fund represents payments for certain repairs and professional services.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(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 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, 2021:

	<u>Fire</u>	<u>Police</u>
Inactive plan members or beneficiaries currently receiving benefits	1	4
Inactive plan members entitled to but not yet receiving benefits	2	2
Active participants	11	5
Total current membership	<u>14</u>	<u>11</u>

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(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, 2021, the average active employee contribution was 5% of annual pay for Fire employees and 6% of annual pay for both police. For the year ended September 30, 2021, the City was not required to contribute to the police officers and firefighters pension plans.

Contributions to the City's pension plans for the year ended September 30, 2021, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Total</u>
Employee contributions	\$ 6,052	\$ 2,203	\$ 8,255
City contributions	-	-	-
State contributions	31,316	4,778	36,094
Total contributions	<u>\$ 37,368</u>	<u>\$ 6,981</u>	<u>\$ 44,349</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, 2021:

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(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	100%	100%

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, 2021, 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 it's 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, 2021, 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	\$ 114,158	\$ 114,158	N/A
Mutual Funds – Fixed Income	593,751	593,751	1
Mutual Funds – Equity	1,432,564	1,432,564	1
Total Portfolio	<u>\$ 2,140,473</u>	<u>\$ 2,140,473</u>	

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(9) Employees' Retirement Plans: (Continued)

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2021, were as follows:

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Total pension liability	\$ 1,092,155	\$ 445,399	\$ 1,537,554
Plan fiduciary net position	(1,309,664)	(826,530)	(2,136,194)
Net pension liability (asset)	<u>\$ (217,509)</u>	<u>\$ (381,131)</u>	<u>\$ (598,640)</u>
Plan fiduciary net position as percentage of total pension liability	119.92%	185.57%	138.93%

The total pension liability was determined by an actuarial valuation as of October 1, 2020, and measurement date of September 30, 2021, 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	PubS.H-2010	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, 2021, 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, 2021

(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	\$ 971,348	\$ 1,125,599	\$ (154,251)
Changes for year:			
Service cost	-	-	-
Interest	64,647	-	64,647
Interest	187,881	-	187,881
Differences between expected/actual experience	(53,302)	-	(53,302)
Changes of assumptions	-	-	-
Changes of benefit terms	(17,214)	-	(17,214)
Contributions - employer	-	-	-
Contributions - state	-	31,316	(31,316)
Contributions - employee	-	6,016	(6,016)
Net investment income	-	221,251	(221,251)
Benefit payments, including refunds	(61,205)	(61,205)	-
Administrative expenses	-	(13,313)	13,313
Net changes	120,807	184,065	(63,258)
Ending Balance	\$ 1,092,155	\$ 1,309,664	\$ (217,509)

	Total Pension Liability (a)	Fire Fiduciary Net Position (b)	Net Pension Liability (Asset) (a - b)
Beginning Balance	\$ 441,714	\$ 700,376	\$ (258,662)
Changes for year:			
Service cost	9,803	-	9,803
Interest	27,550	-	27,550
Differences between expected/actual experience	(10,701)	-	(10,701)
Changes of assumptions	(10,968)	-	(10,968)
Contributions - city and state	-	4,778	(4,778)
Contributions - employee	-	2,241	(2,241)
Net investment income	-	132,009	(132,009)
Benefit payments, including refunds	(11,999)	(11,999)	-
Administrative expenses	-	(875)	875
Net changes	3,685	126,154	(122,469)
Ending Balance	\$ 445,399	\$ 826,530	\$ (381,131)

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%	\$ (186,744)	\$ (217,509)	\$ (242,411)
Fire	6.50%	(323,506)	(381,131)	(429,411)
Total		\$ (510,250)	\$ (598,640)	\$ (671,822)

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(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, 2021, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
Annual money-weighted rate of return	20.08%	19.44%

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

For the year ended September 30, 2021, the City recognized pension expense (benefit) of \$168,927 and \$(35,288) in the Police and Fire pension plans, respectively, for a total of \$133,639.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police Plan</u>		<u>Fire Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,276	\$ 39,978	\$ -	\$ 35,047
Changes of assumptions	-	6,844	25,342	9,401
Net different between projected and actual investment earnings	-	122,862	-	79,262
	<u>\$ 22,276</u>	<u>\$ 169,684</u>	<u>\$ 25,342</u>	<u>\$ 123,710</u>

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:

	<u>Police Plan</u>	<u>Fire Plan</u>
2022	\$ (35,140)	\$ (22,679)
2023	(35,140)	(22,233)
2024	(48,376)	(25,898)
2025	(28,752)	(21,198)
2026	-	(3,267)
Thereafter	-	(3,093)

(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, 2021

(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, 2021, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	18
Inactive Employees	0
	<u>18</u>

Total OPEB Liability—The City’s total OPEB liability of \$53,723 was measured as of September 30, 2021, and was determined by an actuarial valuation using the alternative measurement method for small plans as of that date.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2021, 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	2.43%
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, 2021.

Mortality rates were based on the PubG-2010 Mortality Table for males and females with mortality improvement projected to the valuation date using Scale MP-2019.

For the fiscal year ended September 30, 2021, changes in the total OPEB liability were as follows:

Balance at September 30, 2020	\$ 125,185
Changes for a year:	
Service cost	13,774
Interest	2,913
Differences between expected and actual experience	(52,220)
Changes of assumptions	(30,241)
Benefit payments	(5,688)
Net changes	<u>(71,462)</u>
Balance at September 30, 2021	<u>\$ 53,723</u>

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(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 2.43%, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 56,892	\$ 53,723	\$ 49,602

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%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 49,751	\$ 53,723	\$ 56,743

OPEB Expense

For the year ended September 30, 2021, the City recognized OPEB expense (revenue) of \$(62,474).

(11) 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.

(12) 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.

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(13) 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.

(14) Recent Accounting Pronouncements:

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

- (a) 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.
- (b) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 1,127,086	\$ 1,127,086	\$ 1,113,717	\$ (13,369)
Licenses and permits	9,000	9,000	9,987	987
Intergovernmental	1,049,856	1,049,856	499,226	(550,630)
Charges for services	444,671	444,671	447,283	2,612
Fines and forfeitures	6,900	6,900	2,338	(4,562)
Interest revenues	6,500	6,500	1,673	(4,827)
Miscellaneous	7,000	7,000	9,283	2,283
Total revenues	<u>2,651,013</u>	<u>2,651,013</u>	<u>2,083,507</u>	<u>(567,506)</u>
Expenditures				
Current:				
General government:				
Executive	58,227	58,227	54,984	3,243
Finance and administration	248,239	281,939	283,058	(1,119)
Legal	40,000	40,500	40,407	93
Utility billing expenditures	207,285	207,285	192,604	14,681
Planning and zoning	21,750	21,750	307	21,443
Other	115,160	120,460	189,373	(68,913)
Public safety:				
Fire	96,456	96,456	92,764	3,692
Police	596,898	556,898	519,593	37,305
Transportation	225,956	225,956	218,399	7,557
Parks and recreation	79,479	79,479	47,840	31,639
Capital outlay	895,800	896,300	393,362	502,938
Total expenditures	<u>2,585,250</u>	<u>2,585,250</u>	<u>2,032,691</u>	<u>552,559</u>
Excess (deficiency) of revenues over expenditures	<u>65,763</u>	<u>65,763</u>	<u>50,816</u>	<u>(14,947)</u>
Other financing sources (uses)				
Transfers out	(65,763)	(65,763)	(64,406)	1,357
Total other financing sources (uses)	<u>(65,763)</u>	<u>(65,763)</u>	<u>(64,406)</u>	<u>1,357</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(13,590)</u>	<u>(13,590)</u>
Fund balances, beginning of year	<u>1,557,010</u>	<u>1,557,010</u>	<u>1,557,010</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,557,010</u>	<u>\$ 1,557,010</u>	<u>\$ 1,543,420</u>	<u>\$ (13,590)</u>

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

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, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 120,000	\$ 120,000	\$ 175,009	\$ 55,009
Interest revenues	250	250	486	236
Total revenues	<u>120,250</u>	<u>120,250</u>	<u>175,495</u>	<u>55,245</u>
Expenditures				
Current:				
General government:				
Human resources	20,000	20,000	-	20,000
Community redevelopment	-	-	27,885	(27,885)
Capital outlay	<u>100,250</u>	<u>100,250</u>	<u>-</u>	<u>100,250</u>
Total expenditures	<u>120,250</u>	<u>120,250</u>	<u>27,885</u>	<u>92,365</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>147,610</u>	<u>147,610</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Net change in fund balances	<u>-</u>	<u>-</u>	<u>147,610</u>	<u>147,610</u>
Fund balances, beginning of year	<u>504,275</u>	<u>504,275</u>	<u>504,275</u>	<u>-</u>
Fund balances, end of year	<u>\$ 504,275</u>	<u>\$ 504,275</u>	<u>\$ 651,885</u>	<u>\$ 147,610</u>

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

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, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 73,443	\$ 73,443	\$ 70,771	\$ (2,672)
Interest revenues	145	145	169	24
Total revenues	<u>73,588</u>	<u>73,588</u>	<u>70,940</u>	<u>(2,648)</u>
Expenditures				
Current:				
Community redevelopment	139,351	139,351	46,413	92,938
Total expenditures	<u>139,351</u>	<u>139,351</u>	<u>46,413</u>	<u>92,938</u>
Excess (deficiency) of revenues over expenditures	<u>(65,763)</u>	<u>(65,763)</u>	<u>24,527</u>	<u>90,290</u>
Other financing sources (uses)				
Transfers in	65,763	65,763	64,406	(1,357)
Net change in fund balances	<u>-</u>	<u>-</u>	<u>88,933</u>	<u>88,933</u>
Fund balances, beginning of year	173,042	173,042	173,042	-
Fund balances, end of year	<u>\$ 173,042</u>	<u>\$ 173,042</u>	<u>\$ 261,975</u>	<u>\$ 88,933</u>

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

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

	2021	2020	2019
Total OPEB Liability			
Service cost	\$ 13,774	\$ 10,017	\$ 9,055
Interest	2,913	3,874	3,489
Difference between expected and actual experience	(52,220)	-	-
Changes of assumptions	(30,241)	15,788	3,942
Benefit payments	(5,688)	(5,291)	(4,922)
Other changes	-	-	-
Net change in total OPEB liability	(71,462)	24,388	11,564
Total OPEB liability - beginning of year	125,185	100,797	89,233
Total OPEB liability - end of year	\$ 53,723	\$ 125,185	\$ 100,797
Covered payroll	688,995	924,453	901,905
Total OPEB liability as a percentage of covered payroll	7.80%	13.54%	11.18%

Notes to Schedule:

Measurement date	September 30, 2021	September 30, 2020	September 30, 2019
Valuation date	September 30, 2021	September 30, 2020	September 30, 2019
Discount rate	2.43%	2.14%	3.58%

Changes of assumptions : Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums, and updated health care cost trend rates.

Benefit Payments: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2021. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

* 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.

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, 2021
(UNAUDITED)

	2021	2020	2019	2018	2017	2016
Total Pension Liability						
Service Cost	\$ -	\$ 54,790	\$ 22,925			\$ 28,811
Interest	64,647	63,335	51,832			48,710
PV Administrative Expenses Reserve	187,881	-	-	-	-	-
Changes in benefit terms	(17,214)	-	-	-	-	-
Difference between expected and actual experience	(53,302)	44,553	116,835			-
Changes of assumptions	-	(13,689)	-			27,016
Benefit payments including refunds of contributions	(61,205)	(55,287)	(62,953)			(45,150)
Net change in total pension liability	120,807	93,702	128,639			59,387
Total pension liability - beginning	971,348	877,646	749,007			689,620
Total pension liability - ending (a)	\$ 1,092,155	\$ 971,348	\$ 877,646	N/A	N/A	\$ 749,007
Total Fiduciary Net Position						
Contributions - employer	\$ -	\$ -	\$ 71,951			\$ 20,972
Contributions - state	31,316	18,233	22,858			19,207
Contributions - employee	6,016	15,623	13,330			11,817
Net investment income	221,251	104,288	42,946			61,213
Benefit payments including refunds of contributions	(61,205)	(55,287)	(62,953)			(45,150)
Administrative expense	(13,313)	(15,863)	(975)			(9,975)
Net change in plan fiduciary net position	184,065	66,994	87,157			58,084
Plan fiduciary net position - beginning	1,125,599	1,058,605	971,448			820,725
Plan fiduciary net position - ending (b)	\$ 1,309,664	\$ 1,125,599	\$ 1,058,605	N/A	N/A	\$ 878,809
Net pension liability (asset) - ending (a) - (b)	\$ (217,509)	\$ (154,251)	\$ (180,959)	N/A	N/A	\$ (129,802)
Plan fiduciary net position as a percentage of the total pension liability	119.92%	115.88%	120.62%	N/A	N/A	117.33%
Covered payroll	\$ 100,265	\$ 260,388	\$ 222,175	N/A	N/A	\$ 236,340
Net pension liability as a percentage of covered payroll	-216.93%	-59.24%	-81.45%	N/A	N/A	-54.92%
Annual Money-Weighted Rate of Return	20.08%	10.22%	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, 2021
(UNAUDITED)

	2021	2020	2019	2018	2017	2016
Total Pension Liability						
Service Cost	\$ 9,803	\$ 9,214	\$ 8,652	\$ 7,691	\$ 6,634	\$ 6,200
Interest	27,550	27,306	25,817	24,865	20,841	19,177
Changes in benefit terms	-	-	-	66,899	-	-
Difference between expected and actual experience	(10,701)	-	(6,191)	(47,712)	-	-
Changes of assumptions	(10,968)	-	-	49,016	-	9,861
Benefit payments including refunds of contributions	(11,999)	(11,370)	(12,872)	(12,490)	(11,370)	(12,409)
Net change in total pension liability	3,685	25,150	15,406	88,269	16,105	22,829
Total pension liability - beginning	441,714	416,564	401,158	312,889	296,784	273,955
Total pension liability - ending (a)	\$ 445,399	\$ 441,714	\$ 416,564	\$ 401,158	\$ 312,889	\$ 296,784
Total Fiduciary Net Position						
Contributions - employer and state	\$ 4,778	\$ 5,272	\$ 7,458	\$ 7,816	\$ 8,292	\$ 19,922
Contributions - employee	2,241	2,341	2,277	2,306	2,430	2,369
Net investment income	132,009	65,329	27,721	39,819	53,253	36,692
Benefit payments including refunds of contributions	(11,999)	(11,370)	(12,873)	(12,490)	(11,370)	(12,409)
Administrative expense	(875)	(875)	(875)	(875)	(2,875)	(7,385)
Net change in plan fiduciary net position	126,154	60,697	23,708	36,576	49,730	39,189
Plan fiduciary net position - beginning	700,376	639,679	615,971	579,395	529,665	490,476
Plan fiduciary net position - ending (b)	\$ 826,530	\$ 700,376	\$ 639,679	\$ 615,971	\$ 579,395	\$ 529,665
Net pension liability (asset) - ending (a) - (b)	\$ (381,131)	\$ (258,662)	\$ (223,115)	\$ (214,813)	\$ (266,506)	\$ (232,881)
Plan fiduciary net position as a percentage of the total pension liability	185.57%	158.56%	153.56%	153.55%	185.18%	178.47%
Covered payroll	\$ 44,813	\$ 46,790	\$ 45,538	\$ 46,120	\$ 53,379	\$ 47,380
Net pension liability as a percentage of covered payroll	-850.49%	-552.81%	-489.95%	-465.77%	-499.27%	-491.52%
Annual Money-Weighted Rate of Return	19.44%	9.91%	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, 2021
(UNAUDITED)

	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	\$ 15,541	\$ 17,967	\$ 54,655	N/A	N/A	\$ 40,179
Contributions in relation to the actuarially determined contributions	31,316	18,233	54,655	N/A	N/A	40,179
Control deficiency (excess)	<u>\$ (15,775)</u>	<u>\$ (266)</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ -</u>
Covered payroll	\$ 100,265	\$ 260,388	\$ 222,175	N/A	N/A	\$ 236,340
Contributions as a percentage of covered payroll	31.23%	7.00%	24.60%	N/A	N/A	17.00%

Notes to Schedule:

Valuation Date

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

Salary Increases

Interest Rate

Payroll Growth

Retirement Age

Aggregate Actuarial Cost Method

5.50% to 10.00% based on years of service

7.00% per year, compounded annually, gross of investment related expenses.

None.

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

Service	% Terminating During the Year
0-2 Years	20.0%
3-4 Years	15.0%
5+ Years	5.0%

Disability Rates

	Age	% Becoming Disabled During the Year
	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, 2021
(UNAUDITED)

	2021	2020	2019	2018	2017	2016
Actuarially determined contributions						
Contributions in relation to the actuarially determined contributions	\$ -	\$ -	\$ -	\$ 6,457	\$ 7,473	\$ 8,529
Control deficiency (excess)	4,778	5,272	7,458	7,816	8,292	19,922
	<u>\$ (4,778)</u>	<u>\$ (5,272)</u>	<u>\$ (7,458)</u>	<u>\$ (1,359)</u>	<u>\$ (819)</u>	<u>\$ (11,393)</u>
Covered payroll	\$ 44,813	\$ 46,790	\$ 45,538	\$ 46,120	\$ 53,379	\$ 47,380
Contributions as a percentage of covered payroll	10.66%	11.27%	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

SUPPLEMENTARY INFORMATION

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
WATER AND SEWER FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 481,982	\$ 459,066	\$ 941,048
Operating expenses			
Personal services	109,317	50,815	160,132
Contractual services	88,800	65,163	153,963
Repairs and maintenance	31,654	29,225	60,879
Supplies	64,881	36,731	101,612
Utilities	20,149	23,712	43,861
Other expenses	135,901	128,880	264,781
Depreciation	89,760	99,586	189,346
Total operating expenses	540,462	434,112	974,574
Operating income (loss)	(58,480)	24,954	(33,526)
Nonoperating revenues (expenses)			
Interest earnings	933	1,023	1,956
Other income (expense)	805	-	805
Interest and amortization expense	-	(31,889)	(31,889)
Total nonoperating revenues (expenses)	1,738	(30,866)	(29,128)
Income (loss) before capital contributions and transfers	(56,742)	(5,912)	(62,654)
Net position, beginning of year	3,950,388	304,295	4,254,683
Net position, end of year	<u>\$ 3,893,646</u>	<u>\$ 298,383</u>	<u>\$ 4,192,029</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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2022.

Internal Control over Financial Reporting

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

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:

2021-001 – Reconciliation of account balances (Second-Year 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.

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:

2021-002 – Utility billing rates (Second-Year 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.

2021-003 – Bank reconciliations

During our testing of the City's bank reconciliations, we noted that reconciliation procedures were not performed until several months after year end and 2 out of 15 bank accounts had unreconciled balances. We recommend the City performs proper bank reconciliation procedures in a timely manner, shortly after month end. We suggest that bank accounts be reconciled and all differences between book and bank balances be investigated on a timely basis by appropriate accounting personnel so that errors and adjustments can be quickly identified and corrected.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In connection with our audit, we noted the following instances of noncompliance:

2021-004 – Debt compliance (Second-Year Repeat Comment)

During our testing of debt compliance requirements, we noted that the City is not in compliance with one of the gas bonds requirements as the balance in Gas Renewal and Replacement restricted cash account is below the amount required by the Gas Bonds Agreement and as required by Ordinance 96-02. Further, the balance in unrestricted cash in gas fund is insufficient to make a reclassification to correct this noncompliance. We recommend correcting this noncompliance by transferring sufficient amount into Gas Renewal and Replacement restricted cash account.

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.

James Moore & Co., P.L.

Daytona Beach, Florida
December 19, 2022



**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, 2021, and have issued our report thereon dated December 19, 2022.

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 December 19, 2022, 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. Three findings and recommendations from the prior year's audit (2021-001, 2021-002, and 2020-004) have been repeated for two or more years and have not yet been fully corrected. The following summarizes the status of prior year findings and recommendations:

2020-001 Reconciliation of Account Balances – Corrective action not taken. See second-year repeat comment 2021-001.

2020-002 Segregation of Duties – Corrective action taken.

2020-003 Utility Billing Cash Receipts – Corrective action taken.

2020-004 Utility Billing Rates – Corrective action not taken. See second-year repeat comment 2021-002.

2020-005 Authorized Check Signers and Electronic Transfer Funds – Corrective action taken.

2020-006 Interfund activity – Corrective action taken.

2020-007 Debt compliance – Corrective action not taken. See second-year repeat comment 2021-004.

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 did not have any recommendations.

Special District Component Units

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

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

Additional Matters

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

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.

James Moore & Co., P.L.

Daytona Beach, Florida
December 19, 2022



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, 2021. 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, 2021, 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, 2021.

James Moore & Co., P.L.

Daytona Beach, Florida
June 14, 2022

MANAGEMENT'S RESPONSE TO FINDINGS

2021-001 – Reconciliation of account balances (Second-Year Repeat Comment)

Management concurs. The City will perform a detailed year end closing process in preparation of the fiscal year 2022 audit. Steps will include reviewing for proper cutoff and ensuring all accrual-related entries are posted to the proper period.

2021-002 – Utility billing rates (Second-Year Repeat Comment)

The City implemented a new utility billing software system. City staff will perform periodic recalculations of customer utility bills to ensure that rates are appropriately applied and fees correctly charged.

2021-003 – Bank reconciliations

During fiscal year 2022, the City engaged a consultant to implement pooled cash accounting within the City's general ledger system and began closing bank accounts. This will help simplify and streamline the bank reconciliation process and should allow for more timely monthly reconciliations to be completed.

2021-004 – Debt compliance (Second-Year Repeat Comment)

If the unrestricted cash balance in the Gas Fund is not sufficient to transfer the minimum required amount to the Gas Renewal and Replacement restricted cash account in order to meet the minimum requirement under the debt compliance covenant, then the amount will be funded according to the Gas Bonds Agreement's required balance from the General Fund in order to ensure debt compliance requirements are met.