

CITY OF CRESCENT CITY, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

CITY COMMISSION

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Prepared by:
City of Crescent City Finance Department

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

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent City, Florida, (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

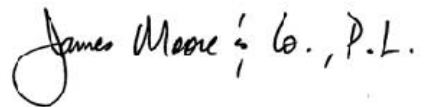
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information comprises the Water and Sewer Schedule of Revenues, Expenses, and Changes in Net Position but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, 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.

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

Daytona Beach, Florida
November 15, 2023

**CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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, 2022.

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, 2022
(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 and deferred outflows exceeded liabilities and deferred inflows by \$16,022,796 at the close of the most recent fiscal year.

By far the largest portion of the City of Crescent City, Florida's net position (73 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, 2022
(Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 2,869,619	\$ 3,645,635	\$ 3,615,625	\$ 1,797,458	\$ 6,485,244	\$ 5,443,093
Capital assets	5,305,781	5,136,752	7,972,419	6,980,318	13,278,200	12,117,070
Total assets	8,175,400	8,782,387	11,588,044	8,777,776	19,763,444	17,560,163
Deferred Outflows	203,113	47,618	-	-	203,113	47,618
Long-term liabilities outstanding	53,819	63,615	2,730,154	1,722,419	2,783,973	1,786,034
Other liabilities	95,061	589,715	1,000,523	228,255	1,095,584	817,970
Total liabilities	148,880	653,330	3,730,677	1,950,674	3,879,557	2,604,004
Deferred Inflows	64,204	293,394	-	-	64,204	293,394
Net position:						
Net investment in capital assets	5,305,781	5,136,752	6,386,713	5,308,495	11,692,494	10,445,247
Restricted	1,283,546	1,266,724	852,350	853,139	2,135,896	2,119,863
Unrestricted	1,576,102	1,479,805	618,304	665,468	2,194,406	2,145,273
Total net position	\$ 8,165,429	\$ 7,883,281	\$ 7,857,367	\$ 6,827,102	\$16,022,796	\$14,710,383

An additional portion of the City of Crescent City, Florida's net position (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,194,406) 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 \$282,148. 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 \$130,807 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 but were incurred in fiscal year 2022. The City experienced a change in leadership with the resignation of the Director of Finance and the hiring of a consulting company to fill the role. Community Redevelopment increased due to the focus grants for business improvement while the public safety declined as the police department was eliminated and the County Sheriff became the lead enforcement agency.

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 94,719	\$ 95,276	\$ 1,697,305	\$ 1,516,302	\$ 1,792,024	\$ 1,611,578
Operating grants and contributions	48,987	39,649	-	-	48,987	39,649
Capital grants and contributions	141,859	271,035	1,199,336	155,968	1,341,195	427,003
General revenues:						
Taxes	1,545,339	1,414,532	-	-	1,545,339	1,414,532
Other state-shared	84,075	88,232	14,068	-	98,143	88,232
Other	32,967	5,179	19,905	3,488	52,872	8,667
Total revenues	1,947,946	1,913,903	2,930,614	1,675,758	4,878,560	3,589,661
Expenses:						
General government	663,129	417,397	-	-	663,129	417,397
Public safety	424,357	817,995	-	-	424,357	817,995
Transportation	278,626	222,041	-	-	278,626	222,041
Parks and recreation	151,904	132,141	-	-	151,904	132,141
Community redevelopment	247,782	74,298	-	-	247,782	74,298
Gas	-	-	711,298	610,145	711,298	610,145
Water and sewer	-	-	1,089,051	1,006,463	1,089,051	1,006,463
Total expenses	1,765,798	1,663,872	1,800,349	1,616,608	3,566,147	3,280,480
Increase (decrease) in Net position before transfers	182,148	250,031	1,130,265	59,150	1,312,413	309,181
Transfers	100,000	-	(100,000)	-	-	-
Increase (decrease) in Net position	282,148	250,031	1,030,265	59,150	1,312,413	309,181
Net position, beginning of year	7,883,281	7,633,250	6,827,102	6,767,952	14,710,383	14,401,202
Net position, end of year	\$ 8,165,429	\$ 7,883,281	\$ 7,857,367	\$ 6,827,102	\$ 16,022,796	\$ 14,710,383

Business-type activities. Business-type activities increased the City of Crescent City, Florida's net position by \$1,030,265. This increase was due capital grant revenues to fund infrastructure improvements, which were \$1,043,368 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.

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

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 \$1,599,777 and \$1,629,921, respectively. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 83 percent of total general fund expenditures, excluding capital outlay.

A discretionary sales tax of 1% was in place during the year 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 increased by \$86,501 during fiscal year 2022, 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 \$107,275. The increase in net position for the Gas fund was \$1,209,605 was due to the recognition of \$1,190,496 of capital grants. Unrestricted net position of the Water and Sewer fund at the end of the year amounted to \$725,579. The decrease in net position for the Water and Sewer fund was \$179,340. This decrease in net position of the Water and Sewer Fund 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, 2022, amounts to \$13,278,200 (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 \$1,161,130.

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

- Gas line improvement project

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

	City of Crescent City, Florida's Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 469,876	\$ 469,876	\$ 238,868	\$ 238,868	\$ 708,744	\$ 708,744
Buildings and improvements	1,054,714	1,041,085	2,589,853	2,589,852	3,644,567	3,630,937
Infrastructure and other improvements	6,000,007	5,365,314	10,115,175	10,115,175	16,115,182	15,480,489
Equipment	1,354,192	1,123,037	1,321,921	1,301,835	2,676,113	2,424,872
Construction in progress	2,004	459,071	3,007,406	1,794,119	3,009,410	2,253,190
Accumulated depreciation	(3,575,012)	(3,321,631)	(9,300,804)	(9,059,531)	(12,875,816)	(12,381,162)
Total	\$ 5,305,781	\$ 5,136,752	\$ 7,972,419	\$ 6,980,318	\$ 13,278,200	\$ 12,117,070

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 \$2,670,988. 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	
	2022	2021	2022	2021	2022	2021
Loan payable	\$ -	\$ -	\$ 1,085,282	\$ -	\$ 1,085,282	\$ -
Revenue bonds	-	-	1,585,706	1,671,823	1,585,706	1,671,823
Total	\$ -	\$ -	\$ 2,670,988	\$ 1,671,823	\$ 2,670,988	\$ 1,671,823

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.

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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,211,155	\$ 1,620,913	\$ 2,832,068
Receivables, net	48,049	1,289,183	1,337,232
Internal balances	412,628	(412,628)	-
Due from other governments	81,530	8,840	90,370
Inventories	-	72,382	72,382
Net pension asset	493,027	-	493,027
Restricted assets:			
Cash and cash equivalents	623,230	1,036,935	1,660,165
Capital assets:			
Land	469,876	238,868	708,744
Buildings and improvements	1,054,714	2,589,853	3,644,567
Infrastructure and other improvements	6,000,007	10,115,175	16,115,182
Equipment	1,354,192	1,321,921	2,676,113
Construction in progress	2,004	3,007,406	3,009,410
Accumulated depreciation	(3,575,012)	(9,300,804)	(12,875,816)
Total assets	<u>8,175,400</u>	<u>11,588,044</u>	<u>19,763,444</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>203,113</u>	<u>-</u>	<u>203,113</u>
LIABILITIES			
Accounts payable	42,609	65,928	108,537
Accrued payroll and employee benefits	52,452	-	52,452
Customer deposits	-	177,108	177,108
Unearned revenue	-	750,010	750,010
Accrued interest payable	-	7,477	7,477
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	89,194	89,194
Compensated absences	6,714	9,848	16,562
Loan payable	-	1,085,282	1,085,282
Due in more than one year:			
Bonds and notes payable	-	1,496,512	1,496,512
Compensated absences	20,140	29,546	49,686
Total OPEB liability	26,965	19,772	46,737
Total liabilities	<u>148,880</u>	<u>3,730,677</u>	<u>3,879,557</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>64,204</u>	<u>-</u>	<u>64,204</u>
NET POSITION			
Net investment in capital assets	5,305,781	6,386,713	11,692,494
Restricted for:			
Discretionary tax - infrastructure	487,696	-	487,696
Community redevelopment	163,914	-	163,914
Debt service	-	63,628	63,628
Renewal and replacement	-	788,722	788,722
Pensions	631,936	-	631,936
Unrestricted	1,576,102	618,304	2,194,406
Total net position	<u>\$ 8,165,429</u>	<u>\$ 7,857,367</u>	<u>\$ 16,022,796</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, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 663,129	\$ 47,999	\$ 23,800	\$ -	\$ (591,330)	\$ -	\$ (591,330)
Public safety	424,357	24,975	-	141,859	(257,523)	-	(257,523)
Transportation	278,626	21,745	25,187	-	(231,694)	-	(231,694)
Parks and recreation	151,904	-	-	-	(151,904)	-	(151,904)
Community redevelopment	247,782	-	-	-	(247,782)	-	(247,782)
Total governmental activities	<u>1,765,798</u>	<u>94,719</u>	<u>48,987</u>	<u>141,859</u>	<u>(1,480,233)</u>	<u>-</u>	<u>(1,480,233)</u>
Business-type activities:							
Gas	711,298	741,253	14,068	1,190,496	-	1,234,519	1,234,519
Water and wastewater	1,089,051	956,052	-	8,840	-	(124,159)	(124,159)
Total business-type activities	<u>1,800,349</u>	<u>1,697,305</u>	<u>14,068</u>	<u>1,199,336</u>	<u>-</u>	<u>1,110,360</u>	<u>1,110,360</u>
Total primary government	<u>\$ 3,566,147</u>	<u>\$ 1,792,024</u>	<u>\$ 63,055</u>	<u>\$ 1,341,195</u>	<u>(1,480,233)</u>	<u>1,110,360</u>	<u>(369,873)</u>
General revenues:							
Property taxes					758,369	-	758,369
Sales and use taxes					368,987	-	368,987
Franchise fees					148,710	-	148,710
Public service utility taxes					269,273	-	269,273
State revenue sharing					84,075	-	84,075
Investment earnings					831	826	1,657
Miscellaneous revenues					32,136	19,079	51,215
Transfers					100,000	(100,000)	-
Total general revenues and transfers					<u>1,762,381</u>	<u>(80,095)</u>	<u>1,682,286</u>
Change in net position					282,148	1,030,265	1,312,413
Net position - beginning					7,883,281	6,827,102	14,710,383
Net position - ending					<u>\$ 8,165,429</u>	<u>\$ 7,857,367</u>	<u>\$ 16,022,796</u>

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

**CITY OF CRESCENT CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	<u>General</u>	<u>Discretionary Tax</u>	<u>Community Redevelopment Agency</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,211,155	\$ 459,316	\$ 163,914	\$ 1,834,385
Receivables, net	48,049	-	-	48,049
Due from other governments	49,400	32,130	-	81,530
Due from other funds	412,628	-	-	412,628
Total assets	<u>\$ 1,721,232</u>	<u>\$ 491,446</u>	<u>\$ 163,914</u>	<u>\$ 2,376,592</u>
LIABILITIES				
Accounts payable	\$ 38,859	\$ 3,750	\$ -	\$ 42,609
Accrued payroll and employee benefits	52,452	-	-	52,452
Total liabilities	<u>91,311</u>	<u>3,750</u>	<u>-</u>	<u>95,061</u>
FUND BALANCES				
Restricted for:				
Discretionary tax - infrastructure	-	487,696	-	487,696
Community redevelopment	-	-	163,914	163,914
Assigned to:				
Subsequent year's budget	30,144	-	-	30,144
Unassigned	1,599,777	-	-	1,599,777
Total fund balances	<u>1,629,921</u>	<u>487,696</u>	<u>163,914</u>	<u>2,281,531</u>
Total liabilities and fund balances	<u>\$ 1,721,232</u>	<u>\$ 491,446</u>	<u>\$ 163,914</u>	<u>\$ 2,376,592</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, 2022**

Fund balances - total governmental funds \$ 2,281,531

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	8,880,793	
Less: accumulated depreciation	<u>(3,575,012)</u>	5,305,781

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 asset. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension asset	493,027	
Deferred outflows related to pensions	203,113	
Deferred inflows related to pensions	<u>(64,204)</u>	631,936

On the governmental fund statements, total 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 total OPEB liability is reported as a noncurrent liability.

Total OPEB liability		(26,965)
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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		(26,854)
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Net position of governmental activities \$ 8,165,429

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, 2022

	General	Discretionary Tax	Community Redevelopment Agency	Total Governmental Funds
Revenues				
Taxes	\$ 1,202,057	\$ 197,664	\$ 80,320	\$ 1,480,041
Licenses and permits	19,466	-	-	19,466
Intergovernmental	381,426	-	-	381,426
Charges for services	457,667	-	-	457,667
Fines and forfeitures	1,037	-	-	1,037
Investment gain (loss)	386	353	92	831
Miscellaneous	32,482	-	-	32,482
Total revenues	<u>2,094,521</u>	<u>198,017</u>	<u>80,412</u>	<u>2,372,950</u>
Expenditures				
Current:				
General government	969,350	3,182	-	972,532
Public safety	679,298	-	-	679,298
Transportation	254,183	-	-	254,183
Parks and recreation	61,196	-	-	61,196
Community redevelopment	-	-	247,594	247,594
Capital outlay	74,713	359,183	-	433,896
Total expenditures	<u>2,038,740</u>	<u>362,365</u>	<u>247,594</u>	<u>2,648,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,781</u>	<u>(164,348)</u>	<u>(167,182)</u>	<u>(275,749)</u>
Other financing sources (uses)				
Transfers in	200,000	159	69,121	269,280
Transfers out	<u>(169,280)</u>	<u>-</u>	<u>-</u>	<u>(169,280)</u>
Total other financing sources (uses)	30,720	159	69,121	100,000
Net change in fund balances	<u>86,501</u>	<u>(164,189)</u>	<u>(98,061)</u>	<u>(175,749)</u>
Fund balances, beginning of year	1,543,420	651,885	261,975	2,457,280
Fund balances, end of year	<u>\$ 1,629,921</u>	<u>\$ 487,696</u>	<u>\$ 163,914</u>	<u>\$ 2,281,531</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, 2022**

Net change in fund balances - total governmental funds \$ (175,749)

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	433,896
Depreciation expense	(264,867)

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/Total 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	279,072
Change in total OPEB liability	14,821

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	(5,025)
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Change in net position of governmental activities	\$ 282,148
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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, 2022

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,620	\$ 1,612,293	\$ 1,620,913
Restricted cash and cash equivalents	392,592	644,343	1,036,935
Accounts receivable, net	1,169,757	119,426	1,289,183
Due from other governments	-	8,840	8,840
Inventories	52,020	20,362	72,382
Due from other funds	23,381	35,280	58,661
Total current assets	<u>1,646,370</u>	<u>2,440,544</u>	<u>4,086,914</u>
Noncurrent assets:			
Capital assets:			
Land	37,720	201,148	238,868
Buildings and improvements	58,501	2,531,352	2,589,853
Infrastructure	2,883,556	7,231,619	10,115,175
Equipment	357,202	964,719	1,321,921
Construction in progress	2,984,616	22,790	3,007,406
Accumulated depreciation	<u>(2,103,020)</u>	<u>(7,197,784)</u>	<u>(9,300,804)</u>
Total noncurrent assets	<u>4,218,575</u>	<u>3,753,844</u>	<u>7,972,419</u>
Total assets	<u>5,864,945</u>	<u>6,194,388</u>	<u>12,059,333</u>
LIABILITIES			
Current liabilities:			
Accounts payable	32,746	33,182	65,928
Unearned revenue	-	750,010	750,010
Due to other funds	214,095	257,194	471,289
Compensated absences	4,536	5,312	9,848
Loan payable	1,085,282	-	1,085,282
Payable from restricted assets:			
Revenue bonds payable, current	29,100	60,094	89,194
Deposits	86,254	90,854	177,108
Accrued interest payable	5,060	2,417	7,477
Total current liabilities	<u>1,457,073</u>	<u>1,199,063</u>	<u>2,656,136</u>
Noncurrent liabilities:			
Revenue bonds payable	538,800	957,712	1,496,512
Compensated absences	13,609	15,937	29,546
Total OPEB liability	10,785	8,987	19,772
Total noncurrent liabilities	<u>563,194</u>	<u>982,636</u>	<u>1,545,830</u>
Total liabilities	<u>2,020,267</u>	<u>2,181,699</u>	<u>4,201,966</u>
NET POSITION			
Net investment in capital assets	3,650,675	2,736,038	6,386,713
Restricted for:			
Debt service	58,645	4,983	63,628
Renewal and replacement	242,633	546,089	788,722
Unrestricted	<u>(107,275)</u>	<u>725,579</u>	<u>618,304</u>
Total net position	<u>\$ 3,844,678</u>	<u>\$ 4,012,689</u>	<u>\$ 7,857,367</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, 2022

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 741,253	\$ 956,052	\$ 1,697,305
Operating expenses			
Personal services	211,073	171,951	383,024
Contractual services	14,509	152,485	166,994
Repairs and maintenance	17,352	95,826	113,178
Supplies	270,263	114,945	385,208
Utilities	-	49,344	49,344
Other expenses	110,127	288,133	398,260
Depreciation	55,987	186,640	242,627
Total operating expenses	679,311	1,059,324	1,738,635
Operating income (loss)	61,942	(103,272)	(41,330)
Nonoperating revenues (expenses)			
Interest earnings	86	740	826
Operating grants	14,068	-	14,068
Other income (expense)	-	19,079	19,079
Interest and amortization expense	(31,987)	(29,727)	(61,714)
Total nonoperating revenues (expenses)	(17,833)	(9,908)	(27,741)
Income (loss) before capital contributions and transfers	44,109	(113,180)	(69,071)
Capital grants	1,190,496	8,840	1,199,336
Transfers out	(25,000)	(75,000)	(100,000)
Change in net position	1,209,605	(179,340)	1,030,265
Net position, beginning of year	2,635,073	4,192,029	6,827,102
Net position, end of year	<u>\$ 3,844,678</u>	<u>\$ 4,012,689</u>	<u>\$ 7,857,367</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 289,280	\$ 1,682,378	\$ 1,971,658
Cash paid to employees	(208,801)	(165,653)	(374,454)
Cash paid to suppliers	(407,115)	(684,948)	(1,092,063)
Other receipts (payments)	14,068	19,079	33,147
Net cash provided by (used in) operating activities	<u>(312,568)</u>	<u>850,856</u>	<u>538,288</u>
Cash flows from noncapital financing activities			
Transfers to other funds	(25,000)	(75,000)	(100,000)
Interfund loans	(7,960)	23,728	15,768
Net cash provided by (used in) noncapital financing activities	<u>(32,960)</u>	<u>(51,272)</u>	<u>(84,232)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(788,133)	(29,840)	(817,973)
Capital grants	1,190,496	-	1,190,496
Principal payments of long-term debt	(27,700)	(58,417)	(86,117)
Interest paid	(29,574)	(30,259)	(59,833)
Net cash provided by (used in) capital and related financing activities	<u>345,089</u>	<u>(118,516)</u>	<u>226,573</u>
Cash flows from investing activities			
Interest received	86	740	826
Net cash provided by (used in) investing activities	<u>86</u>	<u>740</u>	<u>826</u>
Net increase (decrease) in cash and cash equivalents	<u>(353)</u>	<u>681,808</u>	<u>681,455</u>
Cash and cash equivalents, beginning of year	401,565	1,574,828	1,976,393
Cash and cash equivalents, end of year	<u>\$ 401,212</u>	<u>\$ 2,256,636</u>	<u>\$ 2,657,848</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 61,942	\$ (103,272)	\$ (41,330)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation	55,987	186,640	242,627
Other income (expense)	14,068	19,079	33,147
Changes in assets and liabilities:			
Accounts receivable	(451,895)	(23,748)	(475,643)
Inventories and prepaids	(1,894)	2,424	530
Accounts payable and accrued liabilities	7,030	13,361	20,391
Deposits	(78)	64	(14)
Unearned revenue	-	750,010	750,010
Compensated absences	(1,051)	1,786	735
Total OPEB liability	3,323	4,512	7,835
Net cash provided by (used in) operating activities	<u>\$ (312,568)</u>	<u>\$ 850,856</u>	<u>\$ 538,288</u>
Cash and cash equivalents classified as:			
Unrestricted	\$ 8,620	\$ 1,612,293	\$ 1,620,913
Restricted	392,592	644,343	1,036,935
Total cash and cash equivalents	<u>\$ 401,212</u>	<u>\$ 2,256,636</u>	<u>\$ 2,657,848</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, 2022

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
ASSETS			
Cash and cash equivalents with trustee	\$ 28,879	\$ 2,231	\$ 31,110
Receivables			
Employee contributions receivable	-	5,262	5,262
State premium taxes	18,394	-	18,394
Total receivables	<u>18,394</u>	<u>5,262</u>	<u>23,656</u>
Investments, at fair value			
Mutual funds - fixed income	178,936	240,240	419,176
Mutual funds - equity	319,031	416,635	735,666
Total investments	<u>497,967</u>	<u>656,875</u>	<u>1,154,842</u>
Total assets	<u>545,240</u>	<u>664,368</u>	<u>1,209,608</u>
LIABILITIES			
Accounts payable	-	74	74
NET POSITION			
Restricted for pensions	<u>\$ 545,240</u>	<u>\$ 664,294</u>	<u>\$ 1,209,534</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, 2022

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
Additions			
Contributions:			
Plan members	\$ -	\$ 3,176	\$ 3,176
State - insurance premium taxes	18,334	5,258	23,592
Total contributions	<u>18,334</u>	<u>8,434</u>	<u>26,768</u>
Investment earnings (loss):			
Interest and dividends	198,333	46,474	244,807
Net appreciation (depreciation) in fair value of investments	(325,073)	(200,781)	(525,854)
Total investment earnings	<u>(126,740)</u>	<u>(154,307)</u>	<u>(281,047)</u>
Less: investment expense	(29,333)	(4,875)	(34,208)
Net investment income (loss)	<u>(156,073)</u>	<u>(159,182)</u>	<u>(315,255)</u>
Total additions	<u>(137,739)</u>	<u>(150,748)</u>	<u>(288,487)</u>
Deductions			
Benefit payments	628,680	12,879	641,559
Administrative expenses	501	318	819
Total deductions	<u>629,181</u>	<u>13,197</u>	<u>642,378</u>
Change in net position	<u>(766,920)</u>	<u>(163,945)</u>	<u>(930,865)</u>
Net position , beginning of year	1,312,160	828,239	2,140,399
Net position , end of year	<u>\$ 545,240</u>	<u>\$ 664,294</u>	<u>\$ 1,209,534</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, 2022

(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, 2022

(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, 2022

(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, 2022

(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, 2022**

(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:

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

(k) **Compensated absences**—It is the City's policy to grant employees vacation leave based upon the number of years of employment with the City. Vacation leave may be used as time off during the year. Full-time employees can accrue up to 480 hours of vacation leave to carry over 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, 2022

(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, 2022

(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, 2022, 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, 2022, 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, 2022

(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, 2022. See Note (9) for Fiduciary Funds.

(5) **Accounts Receivable:**

The City's accounts receivables consist of the following at September 30, 2022:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund	\$ 48,049	\$ -	\$ 48,049
Totals – Governmental Type Activities	48,049	-	48,049
Business-Type Activities			
Gas Fund	1,199,757	(30,000)	1,169,757
Water and Sewer Fund	171,879	(52,453)	119,426
Totals – Business-Type Activities	1,371,636	(82,453)	1,289,183
Totals	\$ 1,419,685	\$ (82,453)	\$ 1,337,232

In addition to accounts receivable, the City also recorded \$90,370 in due from other governments at September 30, 2022.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 469,876	\$ -	\$ -	\$ 469,876
Construction in progress	459,071	-	(457,067)	2,004
Total assets not being depreciated	<u>928,947</u>	<u>-</u>	<u>(457,067)</u>	<u>471,880</u>
Capital assets being depreciated:				
Building & improvements	1,041,085	13,629	-	1,054,714
Equipment	1,123,037	242,641	(11,486)	1,354,192
Infrastructure	1,562,670	162,399	-	1,725,069
Improvements other than building	3,802,644	472,294	-	4,274,938
Total assets being depreciated	7,529,436	890,963	(11,486)	8,408,913
Less: accumulated depreciation	<u>(3,321,631)</u>	<u>(264,867)</u>	<u>11,486</u>	<u>(3,575,012)</u>
Total capital assets being depreciated, net	<u>4,207,805</u>	<u>626,096</u>	<u>-</u>	<u>4,833,901</u>
Governmental activities capital assets, net	<u>\$ 5,136,752</u>	<u>\$ 626,096</u>	<u>\$ (457,067)</u>	<u>\$ 5,305,781</u>

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 238,868	\$ -	\$ -	\$ 238,868
Construction in progress	1,794,119	1,213,287	-	3,007,406
Total assets not being depreciated	<u>2,032,987</u>	<u>1,213,287</u>	<u>-</u>	<u>3,246,274</u>
Capital assets being depreciated:				
Building & improvements	2,589,852	-	-	2,589,852
Equipment	1,301,835	21,440	(1,354)	1,321,921
Infrastructure	10,002,485	-	-	10,002,485
Improvements other than buildings	112,690	-	-	112,690
Total assets being depreciated	14,006,862	21,440	(1,354)	14,026,948
Less: accumulated depreciation	<u>(9,059,531)</u>	<u>(242,627)</u>	<u>1,354</u>	<u>(9,300,804)</u>
Total capital assets being depreciated, net	<u>4,947,331</u>	<u>(221,187)</u>	<u>-</u>	<u>4,726,144</u>
Business-type activities capital assets, net	<u>\$ 6,980,318</u>	<u>\$ 992,100</u>	<u>\$ -</u>	<u>\$ 7,972,418</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 128,364
Community development	24,131
Public safety	21,664
Parks and recreation	90,708
Total depreciation expense - governmental activities	<u>\$ 264,867</u>
Business-type activities:	
Gas	\$ 55,987
Water and sewer	186,640
Total depreciation expense - business-type activities	<u>\$ 242,627</u>

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) Long-Term Debt:

A summary of the long-term liability transactions for the City for the fiscal year ended September 30, 2022, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 21,829	\$ 40,018	\$ (34,993)	\$ 26,854	\$ 6,714
Governmental activities – Total long-term liabilities	<u>\$ 21,829</u>	<u>\$ 40,018</u>	<u>\$ (34,993)</u>	<u>\$ 26,854</u>	<u>\$ 6,714</u>
Business-type activities:					
Bonds payable	\$ 1,671,823	\$ -	\$ (86,115)	\$ 1,585,706	\$ 89,194
Loan payable	-	1,085,282	-	1,085,282	1,085,282
Compensated absences	38,659	19,163	(18,428)	39,394	9,848
Business-type activities – Total long-term liabilities	<u>\$ 1,710,482</u>	<u>\$ 1,104,445</u>	<u>\$ (104,543)</u>	<u>\$ 2,710,382</u>	<u>\$ 1,184,324</u>

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

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 1,174,476	\$ 59,491	\$ 1,233,967
2024	92,319	53,611	145,930
2025	95,593	50,322	145,915
2026	99,018	46,909	145,927
2027	102,596	43,362	145,958
2028-2032	571,089	158,599	729,688
2033-2036	535,897	47,505	583,402
Total	<u>\$ 2,670,988</u>	<u>\$ 459,799</u>	<u>\$ 3,130,787</u>

Bonds and loan payables in the City’s business-type activities at September 30, 2022, 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.	\$ 567,900
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.	1,017,806
Loan Payable to Florida Gas Utility in relation to the City’s Gas Line Relocation Project. The aggregate of total advances not to exceed \$2,000,000. Principal and interest is paid upon payment by FDOT to the City and carry interest at incremental rates charged by JPMorgan Chase Bank under the JPMorgan Chase Credit Facility. Total interest as of September 30, 2022, is \$2,710. The loan payable matures in 2025.	1,085,282
Total long-term debt, business-type activities	<u>\$ 2,670,988</u>

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(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, 2022, are comprised of the following:

	Due From Other Funds	Due to Other Funds
Government Activities:		
General Fund		
Gas Fund	\$ 178,815	\$ -
Water and Sewer Fund	233,813	-
Discretionary Tax Fund	-	-
Discretionary Tax Fund		
General Fund	-	-
	412,628	-
Business-Type Activities:		
Gas Fund		
General Fund	-	178,815
Water and Sewer Fund	23,381	35,280
Water and Sewer Fund		
Gas Fund	35,280	23,381
General Fund	-	233,813
	58,661	471,289
Total – All Funds	\$ 471,289	\$ 471,289

For the year ended September 30, 2022, interfund transfers consisted of the following:

	Transfer From	Transfer To
Governmental Activities		
General Fund:		
CRA Fund	\$ -	\$ 69,121
Discretionary Tax	-	159
Water and Sewer Fund	-	75,000
Gas Fund	-	25,000
Discretionary Tax		
General Fund	159	-
CRA Fund:		
General Fund	69,121	-
	74,121	174,280
Business-type Activities:		
Water and Sewer Fund:		
General Fund	75,000	-
Gas Fund:		
General Fund	25,000	-
	100,000	-
Totals – All Funds	\$ 174,121	\$ 174,280

Transfers are used to move revenues between funds to reflect the activities of the fund with the primary government. The primary government accounts for activities such as budgetary authorizations, subsidies or matching funds for various grant programs, and reimbursements to the general fund for services provided to other funds.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(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, 2022:

	Fire	Police
Inactive plan members or beneficiaries currently receiving benefits	1	2
Inactive plan members entitled to but not yet receiving benefits	2	-
Active participants	11	-
Total current membership	14	2

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(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, 2022, 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, 2022, 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, 2022, were as follows:

	Police Plan	Fire Plan	Total
Employee contributions	\$ -	\$ 3,176	\$ 3,176
City contributions	-	-	-
State contributions	18,334	5,258	23,592
Total contributions	\$ 18,334	\$ 8,434	\$ 26,768

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, 2022:

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

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

Concentrations

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

Reserves

As of September 30, 2022, 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, 2022, 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	\$ 31,110	\$ 31,110	N/A
Mutual Funds – Fixed Income	419,176	419,176	1
Mutual Funds – Equity	735,666	735,666	1
Total Portfolio	<u>\$ 1,185,952</u>	<u>\$ 1,185,952</u>	

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) Employees' Retirement Plans: (Continued)

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2022, were as follows:

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Total pension liability	\$ 226,003	\$ 472,171	\$ 698,174
Plan fiduciary net position	(526,907)	(664,294)	(1,191,201)
Net pension liability (asset)	<u>\$ (300,904)</u>	<u>\$ (192,123)</u>	<u>\$ (493,027)</u>
Plan fiduciary net position as percentage of total pension liability	233.14%	140.69%	170.62%

The total pension liability was determined by an actuarial valuation as of October 1, 2020 for the Fire Plan and October 1, 2022, for the Police Plan, and measurement date of September 30, 2022, 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	PUB-2010

In addition, for the Police the total pension liability is based on the remaining two inactive participants in receipt of monthly benefits, all other participants elected for lump sum payments. In anticipation that annuities will be purchased for these two inactive participants during the fiscal year ending September 30, 2023, the present value of future administrative expenses has been eliminated. Subsequent to September 30, 2022, annuities were purchased for the remaining two inactive participants. 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, 2022, 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, 2022

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

Changes in net pension liability:

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

	Police		Net Pension Liability (Asset) (a - b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Beginning Balance	\$ 1,092,155	\$ 1,309,664	\$ (217,509)
Changes for year:			
Service cost	-	-	-
Interest	54,447	-	54,447
Interest	(187,881)	-	(187,881)
Differences between expected/actual experience	(104,038)	-	(104,038)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions – employer	-	-	-
Contributions – state	-	-	-
Contributions – employee	-	-	-
Net investment income	-	(126,994)	126,994
Benefit payments, including refunds	(628,680)	(628,680)	-
Administrative expenses	-	(27,083)	27,083
Net changes	<u>(866,152)</u>	<u>(782,757)</u>	<u>(83,395)</u>
Ending Balance	<u>\$ 226,003</u>	<u>\$ 526,907</u>	<u>\$ (300,904)</u>

	Fire		Net Pension Liability (Asset) (a - b)
	Total Pension Liability (a)	Fiduciary Net Position (b)	
Beginning Balance	\$ 445,399	\$ 826,530	\$ (381,131)
Changes for year:			
Service cost	10,440	-	10,440
Interest	29,211	-	29,211
Differences between expected/actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – city and state	-	5,258	(5,258)
Contributions – employee	-	3,176	(3,176)
Net investment income	-	(159,182)	159,182
Benefit payments, including refunds	(12,879)	(12,879)	-
Administrative expenses	-	(318)	318
Other	-	1,709	(1,709)
Net changes	<u>26,772</u>	<u>(162,236)</u>	<u>189,008</u>
Ending Balance	<u>\$ 472,171</u>	<u>\$ 664,294</u>	<u>\$ (192,123)</u>

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

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

Plan	Current Discount Rate	NPA with 1% Decrease	NPA at Current Discount Rate	NPA with 1% Increase
Police	7.00%	\$ (275,490)	\$ (300,904)	\$ (321,997)
Fire	6.50%	(132,910)	(192,123)	(241,777)
Total		<u>\$ (408,400)</u>	<u>\$ (493,027)</u>	<u>\$ (563,774)</u>

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(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, 2022, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	Police Plan	Fire Plan
Annual money-weighted rate of return (loss)	(12.52)%	(19.22)%

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

For the year ended September 30, 2022, the City recognized pension expense (benefit) of \$(275,111) and \$1,297 in the Police and Fire pension plans, respectively, for a total net pension benefit of \$273,814.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Plan		Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,138	\$ 26,652	\$ -	\$ 26,296
Changes of assumptions	-	3,422	17,574	7,834
Net different between projected and actual investment earnings	63,244	-	111,157	-
	\$ 74,382	\$ 30,074	\$ 128,731	\$ 34,130

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

	Police Plan	Fire Plan
2023	\$ 4,004	\$ 20,340
2024	(9,232)	16,675
2025	10,392	21,375
2026	39,144	39,304
2027	-	(3,093)
Thereafter	-	-

(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, 2022**

(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, 2022, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	18
Inactive Employees	0
	18

Total OPEB Liability—The City’s total OPEB liability of \$46,737 was measured as of September 30, 2022, 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, 2022, 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	4.77%
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, 2022.

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, 2022, changes in the total OPEB liability were as follows:

Balance at September 30, 2021	\$ 53,723
Changes for a year:	
Service cost	6,393
Interest	1,378
Differences between expected and actual experience	-
Changes of assumptions	(7,937)
Benefit payments	(6,820)
Net changes	(6,986)
Balance at September 30, 2022	\$ 46,737

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(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 4.77%, 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	\$ 48,583	\$	46,737	\$	43,014

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	\$ 42,704	\$	46,737	\$	48,976

OPEB Expense

For the year ended September 30, 2022, the City recognized OPEB expense of \$1,384.

(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, 2022

(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. 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, 2022.

- (b) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Increase (Decrease)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 1,117,681	\$ 1,088,305	\$ 1,202,057	\$ 113,752
Licenses and permits	11,546	11,546	19,466	7,920
Intergovernmental	203,329	335,410	381,426	46,016
Charges for services	462,595	462,595	457,667	(4,928)
Fines and forfeitures	-	-	1,037	1,037
Interest revenues	7,000	7,000	386	(6,614)
Miscellaneous	97,728	554,034	32,482	(521,552)
Total revenues	<u>1,899,879</u>	<u>2,458,890</u>	<u>2,094,521</u>	<u>(364,369)</u>
Expenditures				
Current:				
General government:				
Executive	58,227	58,227	54,711	3,516
Finance and administration	402,602	549,740	431,578	118,162
Legal	50,000	50,000	47,000	3,000
Utility billing expenditures	222,033	230,010	226,677	3,333
Planning and zoning	25,500	40,500	53,827	(13,327)
Other	75,252	132,299	155,557	(23,258)
Public safety:				
Fire	117,281	161,381	136,879	24,502
Police	494,825	494,825	513,159	(18,334)
Code enforcement	27,049	30,249	29,260	989
Transportation	262,733	286,733	254,183	32,550
Parks and recreation	65,327	70,827	61,196	9,631
Capital outlay	24,500	249,484	74,713	174,771
Total expenditures	<u>1,825,329</u>	<u>2,354,275</u>	<u>2,038,740</u>	<u>315,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>74,550</u>	<u>104,615</u>	<u>55,781</u>	<u>(48,834)</u>
Other financing sources (uses)				
Transfers in	-	-	200,000	200,000
Transfers out	(74,550)	(104,615)	(169,280)	(64,665)
Total other financing sources (uses)	<u>(74,550)</u>	<u>(104,615)</u>	<u>30,720</u>	<u>135,335</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>86,501</u>	<u>86,501</u>
Fund balances, beginning of year	1,543,420	1,543,420	1,543,420	-
Fund balances, end of year	<u>\$ 1,543,420</u>	<u>\$ 1,543,420</u>	<u>\$ 1,629,921</u>	<u>\$ 86,501</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Increase</u>
				<u>(Decrease)</u>
REVENUES				
Taxes	\$ 130,400	\$ 130,400	\$ 197,664	\$ 67,264
Intergovernmental	375,800	375,800	-	(375,800)
Interest revenues	400	400	353	(47)
Total revenues	<u>506,600</u>	<u>506,600</u>	<u>198,017</u>	<u>(308,583)</u>
Expenditures				
Current:				
General government:				
Human resources	20,000	20,000	3,182	16,818
Capital outlay	492,600	492,600	359,183	133,417
Total expenditures	<u>512,600</u>	<u>512,600</u>	<u>362,365</u>	<u>150,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,000)</u>	<u>(6,000)</u>	<u>(164,348)</u>	<u>(158,348)</u>
Other financing sources (uses)				
Transfers in	-	-	159	159
Net change in fund balances	<u>(6,000)</u>	<u>(6,000)</u>	<u>(164,189)</u>	<u>(158,189)</u>
Fund balances, beginning of year	651,885	651,885	651,885	-
Fund balances, end of year	<u>\$ 645,885</u>	<u>\$ 645,885</u>	<u>\$ 487,696</u>	<u>\$ (158,189)</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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Increase (Decrease)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 78,389	\$ 78,389	\$ 80,320	\$ 1,931
Interest revenues	145	290	92	(198)
Total revenues	<u>78,534</u>	<u>78,679</u>	<u>80,412</u>	<u>1,733</u>
Expenditures				
Current:				
Community redevelopment	419,282	414,540	247,594	166,946
Total expenditures	<u>419,282</u>	<u>414,540</u>	<u>247,594</u>	<u>166,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(340,748)</u>	<u>(335,861)</u>	<u>(167,182)</u>	<u>168,679</u>
Other financing sources (uses)				
Transfers in	71,341	71,339	69,121	(2,218)
Net change in fund balances	<u>(269,407)</u>	<u>(264,522)</u>	<u>(98,061)</u>	<u>166,461</u>
Fund balances, beginning of year	261,975	261,975	261,975	-
Fund balances, end of year	<u>\$ (7,432)</u>	<u>\$ (2,547)</u>	<u>\$ 163,914</u>	<u>\$ 166,461</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)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability				
Service cost	\$ 6,393	\$ 13,774	\$ 10,017	\$ 9,055
Interest	1,378	2,913	3,874	3,489
Difference between expected and actual experience	-	(52,220)	-	-
Changes of assumptions	(7,937)	(30,241)	15,788	3,942
Benefit payments	(6,820)	(5,688)	(5,291)	(4,922)
Net change in total OPEB liability	(6,986)	(71,462)	24,388	11,564
Total OPEB liability - beginning of year	53,723	125,185	100,797	89,233
Total OPEB liability - end of year	<u>\$ 46,737</u>	<u>\$ 53,723</u>	<u>\$ 125,185</u>	<u>\$ 100,797</u>
Covered-employee payroll	706,220	688,995	924,453	901,905
Total OPEB liability as a percentage of covered-employee payroll	6.62%	7.80%	13.54%	11.18%

Notes to Schedule:

Measurement date	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019
Valuation date	September 30, 2021	September 30, 2021	September 30, 2020	September 30, 2019
Discount rate	4.77%	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, 2022. 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, 2022
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability							
Service Cost	\$ -	\$ -	\$ 54,790	\$ 22,925			\$ 28,811
Interest	54,447	64,647	63,335	51,832			48,710
PV Administrative Expenses Reserve	(187,881)	187,881	-	-	-	-	-
Changes in benefit terms	-	(17,214)	-	-			-
Difference between expected and actual experience	(104,038)	(53,302)	44,553	116,835			-
Changes of assumptions	-	-	(13,689)	-			27,016
Benefit payments including refunds of contributions	(628,680)	(61,205)	(55,287)	(62,953)			(45,150)
Net change in total pension liability	(866,152)	120,807	93,702	128,639			59,387
Total pension liability - beginning	1,092,155	971,348	877,646	749,007			689,620
Total pension liability - ending (a)	<u>\$ 226,003</u>	<u>\$ 1,092,155</u>	<u>\$ 971,348</u>	<u>\$ 877,646</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 749,007</u>
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	(126,994)	221,251	104,288	42,946			61,213
Benefit payments including refunds of contributions	(628,680)	(61,205)	(55,287)	(62,953)			(45,150)
Administrative expense	(27,083)	(13,313)	(15,863)	(975)			(9,975)
Net change in plan fiduciary net position	(782,757)	184,065	66,994	87,157			58,084
Plan fiduciary net position - beginning	1,309,664	1,125,599	1,058,605	971,448			820,725
Plan fiduciary net position - ending (b)	<u>\$ 526,907</u>	<u>\$ 1,309,664</u>	<u>\$ 1,125,599</u>	<u>\$ 1,058,605</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 878,809</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (300,904)</u>	<u>\$ (217,509)</u>	<u>\$ (154,251)</u>	<u>\$ (180,959)</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ (129,802)</u>
Plan fiduciary net position as a percentage of the total pension liability	233.14%	119.92%	115.88%	120.62%	N/A	N/A	117.33%
Covered payroll	N/A	\$ 100,265	\$ 260,388	\$ 222,175	N/A	N/A	\$ 236,340
Net pension liability as a percentage of covered payroll	N/A	-216.93%	-59.24%	-81.45%	N/A	N/A	-54.92%
Annual Money-Weighted Rate of Return	-12.52%	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

For measurement date 9/30/2022, total pension liability is based on the remaining two inactive participants in receipt of monthly benefits, all other participants elected for lump sum payments. In anticipation that annuities will be purchased for these two inactive participants during the fiscal year ending 9/30/2023, the present value of future administrative expenses has been eliminated. Subsequent to September 30, 2022, annuities were purchased for the remaining two inactive participants.

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, 2022
(UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability							
Service Cost	\$ 10,440	\$ 9,803	\$ 9,214	\$ 8,652	\$ 7,691	\$ 6,634	\$ 6,200
Interest	29,211	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	(12,879)	(11,999)	(11,370)	(12,872)	(12,490)	(11,370)	(12,409)
Net change in total pension liability	26,772	3,685	25,150	15,406	88,269	16,105	22,829
Total pension liability - beginning	445,399	441,714	416,564	401,158	312,889	296,784	273,955
Total pension liability - ending (a)	<u>\$ 472,171</u>	<u>\$ 445,399</u>	<u>\$ 441,714</u>	<u>\$ 416,564</u>	<u>\$ 401,158</u>	<u>\$ 312,889</u>	<u>\$ 296,784</u>
Total Fiduciary Net Position							
Contributions - employer and state	\$ 5,258	\$ 4,778	\$ 5,272	\$ 7,458	\$ 7,816	\$ 8,292	\$ 19,922
Contributions - employee	3,176	2,241	2,341	2,277	2,306	2,430	2,369
Net investment income	(159,182)	132,009	65,329	27,721	39,819	53,253	36,692
Benefit payments including refunds of contributions	(12,879)	(11,999)	(11,370)	(12,873)	(12,490)	(11,370)	(12,409)
Administrative expense	(318)	(875)	(875)	(875)	(875)	(2,875)	(7,385)
Other	1,709	-	-	-	-	-	-
Net change in plan fiduciary net position	(162,236)	126,154	60,697	23,708	36,576	49,730	39,189
Plan fiduciary net position - beginning	826,530	700,376	639,679	615,971	579,395	529,665	490,476
Plan fiduciary net position - ending (b)	<u>\$ 664,294</u>	<u>\$ 826,530</u>	<u>\$ 700,376</u>	<u>\$ 639,679</u>	<u>\$ 615,971</u>	<u>\$ 579,395</u>	<u>\$ 529,665</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (192,123)</u>	<u>\$ (381,131)</u>	<u>\$ (258,662)</u>	<u>\$ (223,115)</u>	<u>\$ (214,813)</u>	<u>\$ (266,506)</u>	<u>\$ (232,881)</u>
Plan fiduciary net position as a percentage of the total pension liability	140.69%	185.57%	158.56%	153.56%	153.55%	185.18%	178.47%
Covered payroll	\$ 63,520	\$ 44,813	\$ 46,790	\$ 45,538	\$ 46,120	\$ 53,379	\$ 47,380
Net pension liability as a percentage of covered payroll	-302.46%	-850.49%	-552.81%	-489.95%	-465.77%	-499.27%	-491.52%
Annual Money-Weighted Rate of Return	-19.22%	19.44%	9.91%	4.44%	6.90%	10.10%	7.50%

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

OTHER REPORTS

**CITY OF CRESCENT CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2022
(UNAUDITED)**

	2022	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>\$ -</u>	<u>\$ (15,775)</u>	<u>\$ (266)</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ -</u>
Covered payroll	N/A	\$ 100,265	\$ 260,388	\$ 222,175	N/A	N/A	\$ 236,340
Contributions as a percentage of covered payroll	N/A	31.23%	7.00%	24.60%	N/A	N/A	17.00%

Notes to Schedule:

Valuation Date 10/1/2020 10/1/2019 10/1/2018 10/1/2015
Actuarially determined contribution rates are calculated as of October 1, four years prior to the end of the fiscal year in which contributions are being reported.

Methods and assumptions used to determine contribution rates:

Funding Method Aggregate Actuarial Cost Method
Inflation Rate 2.50%
Salary Increases 5.50% to 10.00% based on years of service
Interest Rate 7.00% per year, compounded annually, gross of investment related expenses.
Payroll Growth None.
Retirement Age 5% per year eligible for Early Retirement. 10% per year eligible for Normal Retirement (with 100% at 3 years beyond Normal Retirement Date). Also, any member who has reached Normal Retirement Age on the valuation date is assumed to continue employment for one additional year. This assumption was adopted following an experience study dated December 1, 2013.

Termination Rates

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

Mortality Rate Healthy Active Lives:
Female: PubS.H-2010 for Employees, set forward one year. Male:
PubS.H-2010 (Below Median) for Employees, set forward one year.
Mortality Rate Healthy Retiree Lives: Female:
PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-
2010 (Below Median) for Healthy Retirees, set forward one year. *Mortality Rate
Beneficiary Lives:* Female: PubG.H-2010
(Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below
Median) for Healthy Retirees, set back one year. *Mortality Rate Disable Lives:*
80% PubG.H-2010 for Disables Retirees / 20% PUBS.H-2010 for Disables Retirees.
All rates are projected generationally with Mortality Improvement Scale MP-2018.

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, 2022
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contributions	\$ 5,190	\$ -	\$ -	\$ -	\$ 6,457	\$ 7,473	\$ 8,529
Contributions in relation to the actuarially determined contributions	5,258	4,778	5,272	7,458	7,816	8,292	19,922
Control deficiency (excess)	<u>\$ (68)</u>	<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	\$ 63,520	\$ 44,813	\$ 46,790	\$ 45,538	\$ 46,120	\$ 53,379	\$ 47,380
Contributions as a percentage of covered payroll	8.28%	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

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, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.

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

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
WATER AND SEWER FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 493,372	\$ 462,680	\$ 956,052
Operating expenses			
Personal services	114,438	57,513	171,951
Contractual services	97,818	54,667	152,485
Repairs and maintenance	46,105	49,721	95,826
Supplies	70,705	44,240	114,945
Utilities	22,287	27,057	49,344
Other expenses	156,133	132,000	288,133
Depreciation	88,674	97,966	186,640
Total operating expenses	596,160	463,164	1,059,324
Operating income (loss)	<u>(102,788)</u>	<u>(484)</u>	<u>(103,272)</u>
Nonoperating revenues (expenses)			
Interest earnings	252	488	740
Other income (expense)	5,770	13,309	19,079
Interest and amortization expense	-	(29,727)	(29,727)
Total nonoperating revenues (expenses)	6,022	(15,930)	(9,908)
Income (loss) before capital contributions and transfers	<u>(96,766)</u>	<u>(16,414)</u>	<u>(113,180)</u>
Net position, beginning of year	3,893,645	298,384	4,192,029
Net position, end of year	<u>\$ 3,755,719</u>	<u>\$ 256,970</u>	<u>\$ 4,012,689</u>

**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 described below to be material weaknesses:

2022-001 – Reconciliation of account balances (Third-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 described below to be significant deficiencies:

2022-002 – Utility billing rates (Third-Year Repeat Comment)

During our testing of utility billing controls, we noted that gas rates used to calculate 17 out of 40 customer bills selected for testing did not agree to the approved gas rates. The errors were likely input errors as the City personnel manually input rates when they invoice each customer class. 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.

2022-003 – Bank reconciliations (Second-Year Repeat Comment)

During our testing of the City's bank reconciliations, we noted that reconciliation procedures were not performed until several months after year end. 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.

2022-004 – Journal Entry Review

In our testing of journal entries, we noted the Finance Director is both recording and approving journal entries and we also noted the City was not able to provide supporting documentation evidence of review and approval of each journal entry in accordance with the City's documented procedures. We recommend the City implement processes to segregate the recording and approval of journal entries and maintain supporting documentation along with documented approval to show evidence the process is being reviewed to guard against unauthorized journal entries being posted.

2022-005 – Proper Authorization of Disbursements

During our testing of cash disbursements, we noted a disbursement that did not have a corresponding purchase order. We also noted there was no documentation of quotes or formal bid process for the disbursement, even though the disbursement was above \$1,000 and required a quote or a formal bid per City purchasing policy. We recommend the City ensures all disbursements are following the required procurement procedures per the City's purchasing policy and all supporting documentation is maintained.

Report on 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:

2022-006 – Debt compliance (Third-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 funds into Gas Renewal and Replacement restricted cash account.

2022-007 – Community Redevelopment Agency (CRA) Expenditure

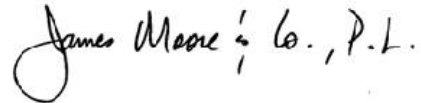
During our testing of CRA expenditures, we noted one disbursement that was not in compliance with Florida Statute Section 163.387(6) as an allowable expense for CRA purposes. Additionally, we noted two disbursements that did not have supporting documentation supporting the recorded transaction. We recommend the City correct this noncompliance by educating employee staff and also monitoring and approving allowable expenditures.

City of Crescent City, Florida’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our engagement and described in the letter titled Management’s Response to the Auditors’ Comments, as listed in the table of contents. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Daytona Beach, Florida
November 15, 2023



**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, 2022, and have issued our report thereon dated November 15, 2023.

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 on 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 November 15, 2023, 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. Four findings and recommendations from the prior year's audit (2021-001, 2021-002, 2021-003, and 2021-004) 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:

2021-001 Reconciliation of Account Balances – Corrective action not taken. See second-year repeat comment 2022-001.

2021-002 Utility Billing Rates – Corrective action not taken. See third-year repeat comment 2022-002.

2021-003 Bank Reconciliations – Corrective action not taken. See second-year repeat comment 2022-003.

2021-004 Debt compliance – Corrective action not taken. See second-year repeat comment 2022-006.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

2022-008 – Public Depositor Annual Report – We noted the City did not complete and submit the Public Depositor Annual Report to the Chief Financial Officer, which could result in a loss of protection from the state on the public depositor funds. We recommend that management ensure that the Public Depositor Annual Report is submitted annually by the required due date of November 30th.

2022-009 – Health Insurance – During our testing of prepaid items, we noted the City's health insurance was cancelled due to failure to pay the insurance premium. The premium payment was made after fiscal year-end and the City's health insurance was subsequently reinstated. We recommend the City establish controls procedures to ensure bills are paid timely to avoid service and coverage interruptions.

2022-010 – City Budget – During review of the City's budget, we noted that the budget did not balance, included calculation errors, and did not agree to the budget approved by the Commission. Also, the final budget amendment was approved after the statutorily required 60-day period. We recommend management establish processes to ensure proper budgeting.

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

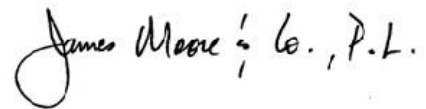
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants 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 Auditors' Comments, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

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

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

Daytona Beach, Florida
November 15, 2023


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, 2022. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating against the requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

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

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

In our opinion, the City of Crescent City, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.



Daytona Beach, Florida
November 15, 2023

City of Crescent City, Florida
Management Response to the Audit Findings
Fiscal Year ending September 30, 2022

City Response:

2022-001- Reconciliation of account balances (Third-Year Repeat Comment)

The City of Crescent City concurs with the finding. The City relied on a firm to function in the capacity of the finance director and was following their recommendations. The contract with the firm was terminated in March of 2023 and an experienced finance director was hired and will accomplish the review of account balances to ensure completeness and accuracy.

2022-002- Utility billing rates (Third-Year Comment)

The City of Crescent City concurs with the finding. Utility billing controls are being reviewed. Changes from one software system to another have caused confusion and the software should input the correct figures and the manual entries should be less frequent. The billing system will be the focus of attention in the next fiscal year. A utility rate study has been conducted and the rates have been increased per the city commission ordinances.

2022-003- Bank reconciliations (Second-Year Repeat Comment)

The City of Crescent City concurs with the finding. Bank reconciliations should be completed monthly. The city relied on a firm to complete this function as the finance director and found it was not done properly. A CPA was hired to bring the reconciliations up to date and going forward the bank statements will be reconciled monthly.

2022-004- Journal Entry Review

The City of Crescent City concurs with the finding. Internal control is a challenge in a small organization and supporting documentation is currently being attached to each journal entry.

2022-005 – Proper Authorization of Disbursements

The City of Crescent City concurs with the finding. Purchase orders should be attached to disbursements over \$1,000. The current purchasing policy approved by the City Commission in Section 7.08 discusses bids, contracts, and expenditures and focuses on expenditures made without competitive bidding but must have commission approval for work done in the operation of any city department. The city believes this is the case. Improved reviews and attention to the process will be a focus.

2022-006- Debt compliance (Third-Year Repeat Comment)

The City of Crescent City concurs with the finding. A review of the bond requirements will be conducted to bring this comment into compliance.

City of Crescent City, Florida
Management Response to the Audit Findings
Fiscal Year ending September 30, 2022

City Response:

2022-007 Community Redevelopment Agency (CRA) Expenditure

The City of Crescent City concurs with the finding. The non-allowable expense was for a contribution to assist with community fireworks and was later informed that was not an allowable expense for CRA purposes and the activity for future contributions will be discontinued. The city has reviewed the process and has informed staff of the need for supporting documentation for each transaction.

2022-008 – Public Depositor Annual Report

The City of Crescent City concurs with the finding. The Public Depositor Annual Report to the Chief Financial Officer was submitted but after the November 30th deadline. The Annual Reports will be and currently have been submitted in a timely manner going forward.

2022-009 -Health Insurance

The City of Crescent City concurs with the finding. The discontinuation of the health insurance was a matter of miscommunication with the insurance company and has been resolved with no employee impacted by the gap in service.

2022-10 City Budget

The City of Crescent City concurs with the finding. The budget was not input correctly by the firm acting as finance director and will be corrected going forward. The City Commission via Ordinance approves the budget, and the software reporting should coincide with the approved budget ordinance.

The City of Crescent City appreciates the management comments from James Moore & Co. It is our intent to follow the recommendations and remove the comments from next year's audit and provide a timelier report.