

CITY OF CRESCENT CITY, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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, 2023, 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, 2023, 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.

Change in Accounting Principle

As discussed in Note (10) B to the financial statements, the City has elected to change its policy for determining the net pension asset for the police pension plan by revising the measurement date. Our opinion is not modified with respect to this matter.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

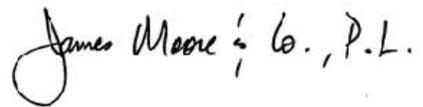
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of 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 March 13, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
March 13, 2025

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

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, 2023.

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, 2023
(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 – 41 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 \$17,108,858 at the close of the most recent fiscal year.

By far the largest portion of the City of Crescent City, Florida's net position (77 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, 2023
(Continued)

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

	Governmental Activities		Business-type		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 2,985,338	\$ 2,869,619	\$ 2,059,007	\$ 3,615,625	\$ 5,044,345	\$ 6,485,244
Capital assets	5,179,393	5,305,781	9,630,976	7,972,419	14,810,369	13,278,200
Total assets	8,164,731	8,175,400	11,689,983	11,588,044	19,854,714	19,763,444
Deferred Outflows	167,982	203,113	-	-	167,982	203,113
Long-term liabilities						
outstanding	42,188	53,819	1,886,764	2,730,154	1,928,952	2,783,973
Other liabilities	109,843	95,061	762,518	1,000,523	872,361	1,095,584
Total liabilities	152,031	148,880	2,649,282	3,730,677	2,801,313	3,879,557
Deferred Inflows	112,525	64,204	-	-	112,525	64,204
Net position:						
Net investment in capital						
assets	5,179,393	5,305,781	7,952,206	6,386,713	13,131,599	11,692,494
Restricted	1,161,495	1,283,546	1,005,151	852,350	2,166,646	2,135,896
Unrestricted	1,727,269	1,576,102	83,344	618,304	1,810,613	2,194,406
Total net position	\$ 8,068,157	\$ 8,165,429	\$ 9,040,701	\$ 7,857,367	\$ 17,108,858	\$ 16,022,796

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* (\$1,810,613) 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 decreased the City of Crescent City, Florida's net position by (\$97,272), this change in net position is due to the following:

- An increase in legal fees;
- Transfers of discretionary sales surtax to the water and sewer funds for capital purchases.

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 74,329	\$ 94,719	\$ 1,693,671	\$ 1,697,305	\$ 1,768,000	\$ 1,792,024
Operating grants and contributions	65,774	48,987	-	-	65,774	48,987
Capital grants and contributions	30,269	141,859	1,340,255	1,199,336	1,370,524	1,341,195
General revenues:						
Taxes	1,736,622	1,545,339	-	-	1,736,622	1,545,339
Other state-shared	86,558	84,075	-	14,068	86,558	98,143
Other	39,711	32,967	36,254	19,905	75,965	52,872
Total revenues	2,033,263	1,947,946	3,070,180	2,930,614	5,103,443	4,878,560
Expenses:						
General government	689,269	663,129	-	-	689,269	663,129
Public safety	707,589	424,357	-	-	707,589	424,357
Transportation	278,158	278,626	-	-	278,158	278,626
Parks and recreation	179,143	151,904	-	-	179,143	151,904
Community redevelopment	212,325	247,782	-	-	212,325	247,782
Gas	-	-	669,982	711,298	669,982	711,298
Water and sewer	-	-	1,280,915	1,089,051	1,280,915	1,089,051
Total expenses	2,066,484	1,765,798	1,950,897	1,800,349	4,017,381	3,566,147
Increase (decrease) in Net position before transfers	(33,221)	182,148	1,119,283	1,130,265	1,086,062	1,312,413
Transfers	(64,051)	100,000	64,051	(100,000)	-	-
Increase (decrease) in Net position	(97,272)	282,148	1,183,334	1,030,265	1,086,062	1,312,413
Net position, beginning of year	8,165,429	7,883,281	7,857,367	6,827,102	16,022,796	14,710,383
Net position, end of year	\$ 8,068,157	\$ 8,165,429	\$ 9,040,701	\$ 7,857,367	\$ 17,108,858	\$ 16,022,796

Business-type activities. Business-type activities increased the City of Crescent City, Florida's net position by \$1,183,334. This increase was due to capital grant revenues to fund infrastructure improvements.

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, 2023
(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 balance of the general fund was \$1,655,361 and \$1,655,361, 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:

- Purchase of a dump truck, Ditch witch and trailer.

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.

A slight increase in property tax revenues combined with little change in total expenditures generated an increase of \$25,440 in the fund balance of the City's general fund during the 2023 fiscal year.

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.

The gas fund net position increased by \$1,071,622 due to the recognition of \$1,096,305 of capital grants. The gas funds unrestricted net position at year end was \$3,803 an increase of \$111,078 over the prior years deficit balance of (\$107,275). The net position of the Water and Sewer fund increased by \$111,712 due to receiving \$243,950 of capital grants. Unrestricted net position for the Water and Sewer fund at the end of the year was \$79,541 a decrease of over the prior year's balance of \$725,579, mostly due to \$700,918 in capital purchases.

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, 2023, amounts to \$14,810,369 (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 \$1,532,169.

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

- Gas line improvement project
- Sewer pump station improvements

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

	City of Crescent City, Florida's Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 469,876	\$ 469,876	\$ 238,868	\$ 238,868	\$ 708,744	\$ 708,744
Buildings and improvements	1,145,820	1,054,714	2,653,904	2,589,853	3,799,724	3,644,567
Infrastructure and other improvements	6,005,753	6,000,007	10,115,175	10,115,175	16,120,928	16,115,182
Equipment	1,371,752	1,354,192	1,199,048	1,321,921	2,570,800	2,676,113
Construction in progress	-	2,004	4,854,532	3,007,406	4,854,532	3,009,410
Accumulated depreciation	(3,813,808)	(3,575,012)	(9,430,551)	(9,300,804)	(13,244,359)	(12,875,816)
Total	\$ 5,179,393	\$ 5,305,781	\$ 9,630,976	\$ 7,972,419	\$ 14,810,369	\$ 13,278,200

Additional information on the City of Crescent City, Florida's capital assets can be found in Note 7 on page 30 of this report.

Long-term debt. At the end of the current fiscal year, the City of Crescent City, Florida had total bonded debt outstanding of \$1,846,745. 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	
	2023	2022	2023	2022	2023	2022
Loan payable	\$ -	\$ -	\$ 350,256	\$ 1,085,282	\$ 350,256	\$ 1,085,282
Revenue bonds	-	-	1,496,489	1,585,706	1,496,489	1,585,706
Total	\$ -	\$ -	\$ 1,846,745	\$ 2,670,988	\$ 1,846,745	\$ 2,670,988

Additional information on the City of Crescent City, Florida's long-term debt can be found in Note 8 on page 31 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
- 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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,458,350	\$ 581,383	\$ 2,039,733
Receivables, net	73,947	368,676	442,623
Lease receivable	59,459	-	59,459
Internal balances	165,443	(165,443)	-
Due from other governments	92,277	-	92,277
Inventories	-	85,789	85,789
Net pension asset	509,273	-	509,273
Restricted assets:			
Cash and cash equivalents	626,589	1,188,602	1,815,191
Capital assets:			
Land	469,876	238,868	708,744
Buildings and improvements	1,145,820	2,653,904	3,799,724
Infrastructure and other improvements	6,005,753	10,115,175	16,120,928
Equipment	1,371,752	1,199,048	2,570,800
Construction in progress	-	4,854,532	4,854,532
Accumulated depreciation	(3,813,808)	(9,430,551)	(13,244,359)
Total assets	<u>8,164,731</u>	<u>11,689,983</u>	<u>19,854,714</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>167,982</u>	<u>-</u>	<u>167,982</u>
LIABILITIES			
Accounts payable	69,007	73,007	142,014
Accrued payroll and employee benefits	35,246	-	35,246
Customer deposits	-	178,621	178,621
Unearned revenue	5,590	506,060	511,650
Accrued interest payable	-	4,830	4,830
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	92,319	92,319
Compensated absences	4,285	6,665	10,950
Loan payable	-	350,256	350,256
Due in more than one year:			
Bonds and notes payable	-	1,404,170	1,404,170
Compensated absences	12,854	19,994	32,848
Total OPEB liability	25,049	13,360	38,409
Total liabilities	<u>152,031</u>	<u>2,649,282</u>	<u>2,801,313</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	53,886	-	53,886
Deferred inflows related to leases	58,639	-	58,639
Total deferred inflows of resources	<u>112,525</u>	<u>-</u>	<u>112,525</u>
NET POSITION			
Net investment in capital assets	5,179,393	7,952,206	13,131,599
Restricted for:			
Discretionary tax - infrastructure	515,457	-	515,457
Community redevelopment	136,765	-	136,765
Debt service	-	141,490	141,490
Renewal and replacement	-	863,661	863,661
Pensions	509,273	-	509,273
Unrestricted	1,727,269	83,344	1,810,613
Total net position	<u>\$ 8,068,157</u>	<u>\$ 9,040,701</u>	<u>\$ 17,108,858</u>

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

**CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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	\$ 689,269	\$ 54,782	\$ 28,323	\$ -	\$ (606,164)	\$ -	\$ (606,164)
Public safety	707,589	2,151	-	-	(705,438)	-	(705,438)
Transportation	278,158	17,396	37,451	-	(223,311)	-	(223,311)
Parks and recreation	179,143	-	-	30,269	(148,874)	-	(148,874)
Community redevelopment	212,325	-	-	-	(212,325)	-	(212,325)
Total governmental activities	<u>2,066,484</u>	<u>74,329</u>	<u>65,774</u>	<u>30,269</u>	<u>(1,896,112)</u>	<u>-</u>	<u>(1,896,112)</u>
Business-type activities:							
Gas	669,982	642,036	-	1,096,305	-	1,068,359	1,068,359
Water and wastewater	1,280,915	1,051,635	-	243,950	-	14,670	14,670
Total business-type activities	<u>1,950,897</u>	<u>1,693,671</u>	<u>-</u>	<u>1,340,255</u>	<u>-</u>	<u>1,083,029</u>	<u>1,083,029</u>
Total primary government	<u>\$ 4,017,381</u>	<u>\$ 1,768,000</u>	<u>\$ 65,774</u>	<u>\$ 1,370,524</u>	<u>(1,896,112)</u>	<u>1,083,029</u>	<u>(813,083)</u>
General revenues:							
Property taxes					869,368	-	869,368
Sales and use taxes					404,541	-	404,541
Franchise fees					164,300	-	164,300
Public service utility taxes					298,413	-	298,413
State revenue sharing					86,558	-	86,558
Miscellaneous revenues					39,711	36,254	75,965
Transfers					(64,051)	64,051	-
Total general revenues and transfers					<u>1,798,840</u>	<u>100,305</u>	<u>1,899,145</u>
Change in net position					(97,272)	1,183,334	1,086,062
Net position - beginning					8,165,429	7,857,367	16,022,796
Net position - ending					<u>\$ 8,068,157</u>	<u>\$ 9,040,701</u>	<u>\$ 17,108,858</u>

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

**CITY OF CRESCENT CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	<u>General</u>	<u>Discretionary Tax</u>	<u>Community Redevelopment Agency</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,458,350	\$ 477,328	\$ 149,261	\$ 2,084,939
Receivables, net	73,947	-	-	73,947
Lease receivable	59,459	-	-	59,459
Due from other governments	54,148	38,129	-	92,277
Due from other funds	188,752	-	2,001	190,753
Total assets	<u>\$ 1,834,656</u>	<u>\$ 515,457</u>	<u>\$ 151,262</u>	<u>\$ 2,501,375</u>
LIABILITIES				
Accounts payable	\$ 55,520	\$ -	\$ 13,487	\$ 69,007
Accrued payroll and employee benefits	34,236	-	1,010	35,246
Unearned revenue	5,590	-	-	5,590
Due to other funds	25,310	-	-	25,310
Total liabilities	<u>120,656</u>	<u>-</u>	<u>14,497</u>	<u>135,153</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	<u>58,639</u>	<u>-</u>	<u>-</u>	<u>58,639</u>
FUND BALANCES				
Restricted for:				
Discretionary tax - infrastructure	-	515,457	-	515,457
Community redevelopment	-	-	136,765	136,765
Assigned to:				
Subsequent year's budget	-	-	-	-
Unassigned	1,655,361	-	-	1,655,361
Total fund balances	<u>1,655,361</u>	<u>515,457</u>	<u>136,765</u>	<u>2,307,583</u>
Total liabilities and fund balances	<u>\$ 1,776,017</u>	<u>\$ 515,457</u>	<u>\$ 151,262</u>	<u>\$ 2,442,736</u>

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

**CITY OF CRESCENT CITY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund balances - total governmental funds		\$ 2,307,583
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	8,993,201	
Less: accumulated depreciation	<u>(3,813,808)</u>	5,179,393
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	509,273	
Deferred outflows related to pensions	167,982	
Deferred inflows related to pensions	<u>(53,886)</u>	623,369
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		(25,049)
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		(17,139)
Net position of governmental activities		<u><u>\$ 8,068,157</u></u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Discretionary Tax</u>	<u>Community Redevelopment Agency</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 1,320,977	\$ 218,777	\$ 98,826	\$ 1,638,580
Licenses and permits	18,103	-	-	18,103
Intergovernmental	293,893	-	-	293,893
Charges for services	463,234	-	-	463,234
Fines and forfeitures	1,769	-	-	1,769
Miscellaneous	40,093	64,051	-	104,144
Total revenues	<u>2,138,069</u>	<u>282,828</u>	<u>98,826</u>	<u>2,519,723</u>
Expenditures				
Current:				
General government	990,366	-	-	990,366
Public safety	670,845	-	-	670,845
Transportation	247,809	-	-	247,809
Parks and recreation	90,331	-	-	90,331
Community redevelopment	-	-	216,655	216,655
Capital outlay	22,598	191,016	-	213,614
Total expenditures	<u>2,021,949</u>	<u>191,016</u>	<u>216,655</u>	<u>2,429,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>116,120</u>	<u>91,812</u>	<u>(117,829)</u>	<u>90,103</u>
Other financing sources (uses)				
Transfers in	-	-	90,680	90,680
Transfers out	(90,680)	(64,051)	-	(154,731)
Total other financing sources (uses)	<u>(90,680)</u>	<u>(64,051)</u>	<u>90,680</u>	<u>(64,051)</u>
Net change in fund balances	<u>25,440</u>	<u>27,761</u>	<u>(27,149)</u>	<u>26,052</u>
Fund balances, beginning of year	1,629,921	487,696	163,914	2,281,531
Fund balances, end of year	<u>\$ 1,655,361</u>	<u>\$ 515,457</u>	<u>\$ 136,765</u>	<u>\$ 2,307,583</u>

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

**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, 2023**

Net change in fund balances - total governmental funds	\$	26,052
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		213,614
Depreciation expense		(286,499)
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		(8,567)
Change in total OPEB liability		1,916
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		9,715
Change in net position of governmental activities	\$	<u>(97,272)</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,667	\$ 576,716	\$ 581,383
Restricted cash and cash equivalents	460,438	728,164	1,188,602
Accounts receivable, net	227,161	141,515	368,676
Due from other governments	-	-	-
Inventories	55,440	30,349	85,789
Due from other funds	77,244	81,573	158,817
Total current assets	<u>824,950</u>	<u>1,558,317</u>	<u>2,383,267</u>
Noncurrent assets:			
Capital assets:			
Land	37,720	201,148	238,868
Buildings and improvements	58,501	2,595,403	2,653,904
Infrastructure	2,883,556	7,231,619	10,115,175
Equipment	343,602	855,446	1,199,048
Construction in progress	4,085,602	768,930	4,854,532
Accumulated depreciation	(2,146,714)	(7,283,837)	(9,430,551)
Total noncurrent assets	<u>5,262,267</u>	<u>4,368,709</u>	<u>9,630,976</u>
Total assets	<u>6,087,217</u>	<u>5,927,026</u>	<u>12,014,243</u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,833	58,174	73,007
Unearned revenue	-	506,060	506,060
Due to other funds	156,259	168,001	324,260
Compensated absences	3,741	2,924	6,665
Loan payable	350,256	-	350,256
Payable from restricted assets:			
Revenue bonds payable, current	30,500	61,819	92,319
Deposits	86,714	91,907	178,621
Accrued interest payable	2,413	2,417	4,830
Total current liabilities	<u>644,716</u>	<u>891,302</u>	<u>1,536,018</u>
Noncurrent liabilities:			
Revenue bonds payable	508,300	895,870	1,404,170
Compensated absences	11,221	8,773	19,994
Total OPEB liability	6,680	6,680	13,360
Total noncurrent liabilities	<u>526,201</u>	<u>911,323</u>	<u>1,437,524</u>
Total liabilities	<u>1,170,917</u>	<u>1,802,625</u>	<u>2,973,542</u>
NET POSITION			
Net investment in capital assets	4,541,186	3,411,020	7,952,206
Restricted for:			
Debt service	55,231	86,259	141,490
Renewal and replacement	316,080	547,581	863,661
Unrestricted	3,803	79,541	83,344
Total net position	<u>\$ 4,916,300</u>	<u>\$ 4,124,401</u>	<u>\$ 9,040,701</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 642,036	\$ 1,051,635	\$ 1,693,671
Operating expenses			
Personal services	200,674	168,508	369,182
Contractual services	28,076	269,278	297,354
Repairs and maintenance	17,280	84,119	101,399
Supplies	227,289	174,857	402,146
Utilities	-	57,367	57,367
Other expenses	114,457	300,683	415,140
Depreciation	56,654	195,326	251,980
Total operating expenses	<u>644,430</u>	<u>1,250,138</u>	<u>1,894,568</u>
Operating income (loss)	<u>(2,394)</u>	<u>(198,503)</u>	<u>(200,897)</u>
Nonoperating revenues (expenses)			
Other income (expense)	3,263	32,991	36,254
Interest and amortization expense	(25,552)	(30,777)	(56,329)
Total nonoperating revenues (expenses)	<u>(22,289)</u>	<u>2,214</u>	<u>(20,075)</u>
Income (loss) before capital contributions and transfers	<u>(24,683)</u>	<u>(196,289)</u>	<u>(220,972)</u>
Capital grants	1,096,305	243,950	1,340,255
Transfers in	-	64,051	64,051
Change in net position	<u>1,071,622</u>	<u>111,712</u>	<u>1,183,334</u>
Net position, beginning of year	3,844,678	4,012,689	7,857,367
Net position, end of year	<u>\$ 4,916,300</u>	<u>\$ 4,124,401</u>	<u>\$ 9,040,701</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Gas</u>	<u>Water and Sewer</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 667,785	\$ 786,649	\$ 1,454,434
Cash paid to employees	(207,962)	(180,367)	(388,329)
Cash paid to suppliers	(408,435)	(871,299)	(1,279,734)
Other receipts (payments)	3,263	276,941	280,204
Net cash provided by (used in) operating activities	<u>54,651</u>	<u>11,924</u>	<u>66,575</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	64,051	64,051
Interfund loans	(111,699)	(135,486)	(247,185)
Net cash provided by (used in) noncapital financing activities	<u>(111,699)</u>	<u>(71,435)</u>	<u>(183,134)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	-	(852,022)	(852,022)
Proceeds from sale of capital assets	-	41,831	41,831
Capital grants	1,096,305	8,840	1,105,145
Principal payments of long-term debt	(29,100)	(60,117)	(89,217)
Repayment of short-term debt	(918,065)	-	(918,065)
Interest paid	(28,199)	(30,777)	(58,976)
Net cash provided by (used in) capital and related financing activities	<u>120,941</u>	<u>(892,245)</u>	<u>(771,304)</u>
Net increase (decrease) in cash and cash equivalents	<u>63,893</u>	<u>(951,756)</u>	<u>(887,863)</u>
Cash and cash equivalents, beginning of year	401,212	2,256,636	2,657,848
Cash and cash equivalents, end of year	<u>\$ 465,105</u>	<u>\$ 1,304,880</u>	<u>\$ 1,769,985</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,394)	\$ (198,503)	\$ (200,897)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation	56,654	195,326	251,980
Other income (expense)	3,263	276,941	280,204
Changes in assets and liabilities:			
Accounts receivable	25,289	(22,089)	3,200
Inventories and prepaids	(3,420)	(9,987)	(13,407)
Accounts payable and accrued liabilities	(17,913)	24,992	7,079
Deposits	460	1,053	1,513
Unearned revenue	-	(243,950)	(243,950)
Compensated absences	(3,183)	(9,552)	(12,735)
Total OPEB liability	(4,105)	(2,307)	(6,412)
Net cash provided by (used in) operating activities	<u>\$ 54,651</u>	<u>\$ 11,924</u>	<u>\$ 66,575</u>
Cash and cash equivalents classified as:			
Unrestricted	\$ 4,667	\$ 576,716	\$ 581,383
Restricted	460,438	728,164	1,188,602
Total cash and cash equivalents	<u>\$ 465,105</u>	<u>\$ 1,304,880</u>	<u>\$ 1,769,985</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
ASSETS			
Cash and cash equivalents with trustee	\$ 3,999	\$ 5,003	\$ 9,002
Receivables			
Employee contributions receivable	-	7,676	7,676
State premium taxes	246	-	246
Total receivables	<u>246</u>	<u>7,676</u>	<u>7,922</u>
Investments, at fair value			
Mutual funds - fixed income	87,867	246,759	334,626
Mutual funds - equity	172,168	478,807	650,975
Other assets	<u>293,468</u>	<u>-</u>	<u>293,468</u>
Total investments	553,503	725,566	1,279,069
Total assets	<u>557,748</u>	<u>738,245</u>	<u>1,295,993</u>
LIABILITIES			
Accounts payable	-	74	74
NET POSITION			
Restricted for pensions	<u>\$ 557,748</u>	<u>\$ 738,171</u>	<u>\$ 1,295,919</u>

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
Additions			
Contributions:			
Plan members	\$ -	\$ 4,323	\$ 4,323
State - insurance premium taxes	-	7,653	7,653
Total contributions	<u>-</u>	<u>11,976</u>	<u>11,976</u>
Investment earnings (loss):			
Interest and dividends	13,342	17,445	30,787
Net appreciation (depreciation) in fair value of investments	53,391	66,447	119,838
Total investment earnings	<u>66,733</u>	<u>83,892</u>	<u>150,625</u>
Less: investment expense	(36,282)	(8,125)	(44,407)
Net investment income (loss)	<u>30,451</u>	<u>75,767</u>	<u>106,218</u>
Total additions	<u>30,451</u>	<u>87,743</u>	<u>118,194</u>
Deductions			
Benefit payments	17,038	12,879	29,917
Administrative expenses	905	987	1,892
Total deductions	<u>17,943</u>	<u>13,866</u>	<u>31,809</u>
Change in net position	<u>12,508</u>	<u>73,877</u>	<u>86,385</u>
Net position , beginning of year	545,240	664,294	1,209,534
Net position , end of year	<u>\$ 557,748</u>	<u>\$ 738,171</u>	<u>\$ 1,295,919</u>

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

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(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, 2023

(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, 2023

(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, 2023

(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, 2023**

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

(j) **Lease receivable**—When engaged in long-term leasing activity as the lessor, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.
- The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable

(k) **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

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

(l) **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.

(m) **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.

(n) **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.

(o) **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.

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

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.

(p) **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 assets 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 (10).

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 assets 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 (10).

(q) **Implementation of new accounting standards**—At September 30, 2023, and for the year then ended, the City has not implemented any significant new standards.

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(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, 2023, 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.

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, 2023. See Note (10) for Fiduciary Funds.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(5) **Accounts Receivable:**

The City's accounts receivables consist of the following at September 30, 2023:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund	\$ 73,947	\$ -	\$ 73,947
Totals – Governmental Type Activities	73,947	-	73,947
Business-Type Activities			
Gas Fund	251,435	(24,274)	227,161
Water and Sewer Fund	194,177	(52,662)	141,515
Totals – Business-Type Activities	445,612	(76,936)	368,676
Totals	\$ 519,559	\$ (76,936)	\$ 442,623

In addition to accounts receivable, the City also recorded \$92,277 in due from other governments at September 30, 2023.

(6) **Leases Receivable:**

General Fund

The City has an ongoing lease agreement with the Putnam County Board of County Commissioners related to office space owned by the City. The lease was originally entered into on December 1, 2007, with an initial term of 60 months, and the City exercised the two renewals, with most recent one expiring on December 31, 2025.

The City recognized \$23,620 in lease revenue and \$1,270 in interest revenue during the fiscal year related September 30, 2023 to this lease. As of September 30, 2023, the City's receivable for lease payments was \$59,459. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term, which totaled \$58,639 at September 30, 2023.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(7) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2023, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 469,876	\$ -	\$ -	\$ 469,876
Construction in progress	2,004	-	(2,004)	-
Total assets not being depreciated	<u>471,880</u>	<u>-</u>	<u>(2,004)</u>	<u>469,876</u>
Capital assets being depreciated:				
Building & improvements	1,054,714	91,106	-	1,145,820
Equipment	1,354,192	116,008	(98,448)	1,371,752
Infrastructure	1,725,069	-	(754)	1,724,315
Improvements other than building	4,274,938	6,500	-	4,281,438
Total assets being depreciated	8,408,913	213,614	(99,202)	8,523,325
Less: accumulated depreciation	(3,575,012)	(286,499)	47,703	(3,813,808)
Total capital assets being depreciated, net	<u>4,833,901</u>	<u>(72,885)</u>	<u>(51,499)</u>	<u>4,709,517</u>
Governmental activities capital assets, net	<u>\$ 5,305,781</u>	<u>\$ (72,885)</u>	<u>\$ (53,503)</u>	<u>\$ 5,179,393</u>

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 238,868	\$ -	\$ -	\$ 238,868
Construction in progress	3,007,406	1,847,126	-	4,854,532
Total assets not being depreciated	<u>3,246,274</u>	<u>1,847,126</u>	<u>-</u>	<u>5,093,400</u>
Capital assets being depreciated:				
Building & improvements	2,589,853	64,051	-	2,653,904
Equipment	1,321,921	-	(122,873)	1,199,048
Infrastructure	10,002,485	-	-	10,002,485
Improvements other than buildings	112,690	-	-	112,690
Total assets being depreciated	14,026,949	64,051	(122,873)	13,968,127
Less: accumulated depreciation	(9,300,804)	(251,980)	122,233	(9,430,551)
Total capital assets being depreciated, net	<u>4,726,145</u>	<u>(187,929)</u>	<u>(640)</u>	<u>4,537,576</u>
Business-type activities capital assets, net	<u>\$ 7,972,419</u>	<u>\$ 1,659,197</u>	<u>\$ (640)</u>	<u>\$ 9,630,976</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 135,014
Community development	23,972
Public safety	34,183
Parks and recreation	93,330
Total depreciation expense - governmental activities	<u>\$ 286,499</u>

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Business-type activities:	
Gas	\$ 56,654
Water and sewer	195,326
Total depreciation expense - business-type activities	\$ 251,980

(8) Long-Term Debt:

A summary of the long-term liability transactions for the City for the fiscal year ended September 30, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 26,854	\$ 8,268	\$ (17,983)	\$ 17,139	\$ 4,285
Governmental activities –					
Total long-term liabilities	\$ 26,854	\$ 8,268	\$ (17,983)	\$ 17,139	\$ 4,285
Business-type activities:					
Bonds payable	\$ 1,585,706	\$ -	\$ (89,217)	\$ 1,496,489	\$ 92,319
Loan payable	1,085,282	-	(735,026)	350,256	350,256
Compensated absences	39,394	10,142	(22,877)	26,659	6,665
Business-type activities –					
Total long-term liabilities	\$ 2,710,382	\$ 10,142	\$ (847,120)	\$ 1,873,404	\$ 449,240

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
2024	\$ 442,575	\$ 53,611	\$ 496,186
2025	95,593	50,322	145,915
2026	99,018	46,909	145,927
2027	102,596	43,362	145,958
2028	106,328	39,677	146,005
2029-2033	591,611	137,923	729,534
2034-2036	409,024	28,504	437,528
Total	\$ 1,846,745	\$ 400,308	\$ 2,247,053

Bonds and loan payables in the City’s business-type activities at September 30, 2023, 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.	\$ 538,800
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.	957,689
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, 2023, is \$2,710. The loan payable matures in 2025.	350,256
Total long-term debt, business-type activities	\$ 1,846,745

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(9) 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, 2023, are comprised of the following:

	Due From Other Funds	Due to Other Funds
Government Activities:		
General Fund		
Gas Fund	\$ 97,811	\$ 184
Water and Sewer Fund	90,941	23,125
Discretionary Tax Fund	-	2,001
Discretionary Tax Fund		
General Fund	2,001	-
	190,753	25,310
Business-Type Activities:		
Gas Fund		
General Fund	184	97,811
Water and Sewer Fund	77,060	58,448
Water and Sewer Fund		
Gas Fund	58,448	77,060
General Fund	23,125	90,941
	158,817	324,260
 Total – All Funds	 \$ 349,570	 \$ 349,570

For the year ended September 30, 2023, interfund transfers consisted of the following:

	Transfer From	Transfer To
Governmental Activities		
General Fund:		
CRA Fund	\$ -	\$ 90,680
Water and Sewer Fund	-	64,051
CRA Fund:		
General Fund	90,680	-
	90,680	154,731
Business-type Activities:		
Water and Sewer Fund:		
General Fund	64,051	-
	64,051	-
 Totals – All Funds	 \$ 154,731	 \$ 154,731

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, 2023**

(10) 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.

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, 2023:

	Fire	Police
Inactive plan members or beneficiaries currently receiving benefits	2	2
Inactive plan members entitled to but not yet receiving benefits	2	-
Active participants	14	-
Total current membership	18	2

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) **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, 2023, 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, 2023, 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, 2023, were as follows:

	Police Plan	Fire Plan	Total
Employee contributions	\$ -	\$ 4,323	\$ 4,323
City contributions	-	-	-
State contributions	-	7,653	7,653
Total contributions	\$ -	\$ 11,976	\$ 11,976

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, 2023:

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) **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, 2023, there are no amounts legally required to be reserved for the 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, 2023, 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	\$ 9,001	\$ 9,001	N/A
Mutual Funds – Fixed Income	334,626	334,626	1
Mutual Funds – Equity	650,976	650,976	1
Annuity	293,468	293,468	2
Total Portfolio	<u>\$ 1,288,071</u>	<u>\$ 1,288,071</u>	

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2023, were as follows:

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Total pension liability	\$ 226,003	\$ 529,802	\$ 755,805
Plan fiduciary net position	(526,907)	(738,171)	(1,265,078)
Net pension liability (asset)	<u>\$ (300,904)</u>	<u>\$ (208,369)</u>	<u>\$ (509,273)</u>
Plan fiduciary net position as percentage of total pension liability	233.14%	139.33%	170.62%

The total pension liability was determined by an actuarial valuation as of October 1, 2023, for the Fire Plan and October 1, 2022, for the Police Plan, and measurement date of September 30, 2023, for the Fire Plan and September 30, 2022, for the Police Plan, 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 in the actuarial valuation as of October 1, 2022. During the year ended September 30, 2023, annuities were purchased for the remaining two inactive participants. The annuities are currently being held by the plan. 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, 2023 for the Fire Plan, and as of September 30, 2022 for the Police Plan, 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, 2023

(10) **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	\$ 226,003	\$ 526,907	\$ (300,904)
Changes for year:			
Service cost	-	-	-
Interest	-	-	-
Interest	-	-	-
Differences between expected/actual experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions – employer	-	-	-
Contributions – state	-	-	-
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds	-	-	-
Administrative expenses	-	-	-
Net changes	-	-	-
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	\$ 472,171	\$ 664,294	\$ (192,123)
Changes for year:			
Service cost	12,127	-	12,127
Interest	32,728	-	32,728
Differences between expected/actual experience	25,655	-	25,655
Changes of assumptions	-	-	-
Contributions – city and state	-	7,653	(7,653)
Contributions – employee	-	4,323	(4,323)
Net investment income	-	75,767	(75,767)
Benefit payments, including refunds	(12,879)	(12,879)	-
Administrative expenses	-	(987)	987
Other	-	-	-
Net changes	<u>57,631</u>	<u>73,877</u>	<u>(16,246)</u>
Ending Balance	<u>\$ 529,802</u>	<u>\$ 738,171</u>	<u>\$ (208,369)</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%	(141,126)	(208,369)	(264,661)
Total		<u>\$ (416,616)</u>	<u>\$ (509,273)</u>	<u>\$ (586,658)</u>

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) **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, 2023, 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)	5.29%	12.42%

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

For the year ended September 30, 2023, the City recognized pension expense (benefit) of \$0 and \$16,220 in the Police and Fire pension plans, respectively, for a total net pension benefit of \$258,891.

At September 30, 2023, 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	\$ 21,646	\$ 17,545
Changes of assumptions	-	3,422	9,806	6,267
Net different between projected and actual investment earnings	63,244	-	62,148	-
	\$ 74,382	\$ 30,074	\$ 93,600	\$ 23,812

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
2024	\$ 4,004	\$ 14,154
2025	(9,232)	18,854
2026	10,392	36,783
2027	39,144	(5,613)
2028	-	4,009
Thereafter	-	1,601

On March 11, 2021, the City disbanded the police department and entered into an agreement with the Putnam County Sheriff's Office to provide law enforcement services. The Municipal Police Officers' Pension Plan (Prior Plan) termination date was also October 11, 2022. The City had 24 months under Section 185.37, Florida Statutes, to complete the termination. Plan members of the original plan were eligible for several options including: 1) payment in cash, or 2) maintenance of another or substituted trust fund. Those electing the first option received their payouts in fiscal years 2021 and 2022. Those who elected the second option became members of the new plan.

On October 11, 2022, the City passed Ordinance No. 2022-28 establishing the Municipal Police Officers' Substituted Trust Fund (Retired Police Officers' Plan), which is intended to be a governmental plan as provided in Internal Revenue Code Section 414(d). Substantially all remaining assets of the original plan were transferred to the new plan on that date. Therefore, the City is treating it as a continuation of the Prior Plan for financial reporting purposes. The Retired Police Officers' Plan covers only retirees.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(11) 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.

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, 2023, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	20
Inactive Employees	0
	20
	20

Total OPEB Liability—The City's total OPEB liability of \$38,409 was measured as of September 30, 2023, 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, 2023, 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	4.87%
Healthcare cost trend rate	7.00%
	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, 2023.

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.

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

For the fiscal year ended September 30, 2023, changes in the total OPEB liability were as follows:

Balance at September 30, 2022	\$ 46,737
Changes for a year:	
Service cost	4,791
Interest	2,285
Differences between expected and actual experience	(683)
Changes of assumptions	(7,389)
Benefit payments	(7,332)
Net changes	(8,328)
Balance at September 30, 2023	\$ 38,409

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 4.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 40,083	\$ 38,409	\$ 34,362

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 (6.60%-3.00%) or 1% higher (8.00%-5.00%) than the current healthcare cost trend rates (7.00%-4.00%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 34,252	\$ 38,409	\$ 40,388

OPEB Expense

For the year ended September 30, 2023, the City recognized OPEB expense of \$2,404.

(12) Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

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

CITY OF CRESCENT CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(13) Discretionary Tax:

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

(14) Commitments and Contingencies:

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

(15) Recent Accounting Pronouncements:

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

- (a) GASB issued Statement No. 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.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.
- (c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (d) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,203,463	\$ 1,203,463	\$ 1,320,977	\$ 117,514
Licenses and permits	11,576	11,576	18,103	6,527
Intergovernmental	271,391	271,391	293,893	22,502
Charges for services	467,971	467,971	463,234	(4,737)
Fines and forfeitures	1,050	1,050	1,769	719
Interest revenues	7,000	7,000	-	(7,000)
Miscellaneous	33,500	33,500	40,093	6,593
Total revenues	<u>1,995,951</u>	<u>1,995,951</u>	<u>2,138,069</u>	<u>142,118</u>
Expenditures				
Current:				
General government:				
Executive	62,627	62,627	59,028	3,599
Finance and administration	425,981	408,897	432,506	(23,609)
Legal	50,000	50,000	75,714	(25,714)
Utility billing expenditures	254,790	248,434	225,625	22,809
Planning and zoning	38,000	38,000	59,356	(21,356)
Other	100,000	90,000	138,137	(48,137)
Public safety:				
Fire	153,800	138,800	140,147	(1,347)
Police	494,825	494,825	494,825	-
Code enforcement	37,084	36,884	35,873	1,011
Transportation	269,533	234,840	247,809	(12,969)
Parks and recreation	109,455	103,816	90,331	13,485
Capital outlay	30,000	30,000	22,598	7,402
Total expenditures	<u>2,026,095</u>	<u>1,937,123</u>	<u>2,021,949</u>	<u>(84,826)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,144)</u>	<u>58,828</u>	<u>116,120</u>	<u>57,292</u>
Other financing sources (uses)				
Transfers in	30,144	30,144	-	(30,144)
Transfers out	-	(88,972)	(90,680)	(1,708)
Total other financing sources (uses)	<u>30,144</u>	<u>(58,828)</u>	<u>(90,680)</u>	<u>(31,852)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>25,440</u>	<u>25,440</u>
Fund balances, beginning of year	1,629,921	1,629,921	1,629,921	-
Fund balances, end of year	<u>\$ 1,629,921</u>	<u>\$ 1,629,921</u>	<u>\$ 1,655,361</u>	<u>\$ 25,440</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 146,771	\$ 146,771	\$ 218,777	\$ 72,006
Miscellaneous	-	-	64,051	64,051
Total revenues	<u>146,771</u>	<u>146,771</u>	<u>282,828</u>	<u>136,057</u>
Expenditures				
Capital outlay	383,011	383,011	191,016	191,995
Total expenditures	<u>383,011</u>	<u>383,011</u>	<u>191,016</u>	<u>191,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(236,240)</u>	<u>(236,240)</u>	<u>91,812</u>	<u>328,052</u>
Other financing sources (uses)				
Transfers in	236,240	236,240	-	(236,240)
Net change in fund balances	<u>-</u>	<u>-</u>	<u>27,761</u>	<u>27,761</u>
Fund balances, beginning of year	487,696	487,696	487,696	-
Fund balances, end of year	<u>\$ 487,696</u>	<u>\$ 487,696</u>	<u>\$ 515,457</u>	<u>\$ 27,761</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 96,412	\$ 96,412	\$ 98,826	\$ 2,414
Interest revenues	145	145	-	(145)
Total revenues	<u>96,557</u>	<u>96,557</u>	<u>98,826</u>	<u>2,269</u>
Expenditures				
Current:				
Community redevelopment	358,284	358,284	216,655	141,629
Total expenditures	<u>358,284</u>	<u>358,284</u>	<u>216,655</u>	<u>141,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(261,727)</u>	<u>(261,727)</u>	<u>(117,829)</u>	<u>143,898</u>
Other financing sources (uses)				
Transfers in	88,972	88,972	90,680	1,708
Net change in fund balances	<u>(172,755)</u>	<u>(172,755)</u>	<u>(27,149)</u>	<u>145,606</u>
Fund balances, beginning of year	163,914	163,914	163,914	-
Fund balances, end of year	<u>\$ (8,841)</u>	<u>\$ (8,841)</u>	<u>\$ 136,765</u>	<u>\$ 145,606</u>

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

**CITY OF CRESCENT CITY, FLORIDA
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTEMBER 30, 2023**

The City adopts an annual budget for the General, Discretionary Tax, and Community Redevelopment Funds. The City generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. Budgetary control is maintained at the department level. The fund is the legal level of control.
5. Appropriations lapse at the end of the fiscal year.
6. The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service cost	\$ 4,791	\$ 6,393	\$ 13,774	\$ 10,017	\$ 9,055
Interest	2,285	1,378	2,913	3,874	3,489
Difference between expected and actual experience	(683)	-	(52,220)	-	-
Changes of assumptions	(7,389)	(7,937)	(30,241)	15,788	3,942
Benefit payments	<u>(7,332)</u>	<u>(6,820)</u>	<u>(5,688)</u>	<u>(5,291)</u>	<u>(4,922)</u>
Net change in total OPEB liability	(8,328)	(6,986)	(71,462)	24,388	11,564
Total OPEB liability - beginning of year	<u>46,737</u>	<u>53,723</u>	<u>125,185</u>	<u>100,797</u>	<u>89,233</u>
Total OPEB liability - end of year	<u>\$ 38,409</u>	<u>\$ 46,737</u>	<u>\$ 53,723</u>	<u>\$ 125,185</u>	<u>\$ 100,797</u>
Covered-employee payroll	782,789	706,220	688,995	924,453	901,905
Total OPEB liability as a percentage of covered-employee payroll	4.91%	6.62%	7.80%	13.54%	11.18%

Notes to Schedule:

Measurement date	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019
Valuation date	September 30, 2023	September 30, 2021	September 30, 2021	September 30, 2020	September 30, 2019
Discount rate	4.87%	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.

There are no assets accumulated in a trust that meets the criteria to pay related benefits for the OPEB plan.

Benefit Payments : The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2023. 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.

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

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, 2023
(UNAUDITED)

Reporting Period Ending September 30, Measurement Date Ending September 30,	2023 2022	2022 2022	2021 2021	2020 2020	2019 2019	2018 2018	2017 2017	2016 2016
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	226,003	1,092,155	971,348	877,646	749,007			689,620
Total pension liability - ending (a)	<u>\$ 226,003</u>	<u>\$ 226,003</u>	<u>\$ 1,092,155</u>	<u>\$ 971,348</u>	<u>\$ 877,646</u>	N/A	N/A	<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	526,907	1,309,664	1,125,599	1,058,605	971,448			820,725
Plan fiduciary net position - ending (b)	<u>\$ 526,907</u>	<u>\$ 526,907</u>	<u>\$ 1,309,664</u>	<u>\$ 1,125,599</u>	<u>\$ 1,058,605</u>	N/A	N/A	<u>\$ 878,809</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (300,904)</u>	<u>\$ (300,904)</u>	<u>\$ (217,509)</u>	<u>\$ (154,251)</u>	<u>\$ (180,959)</u>	N/A	N/A	<u>\$ (129,802)</u>
Plan fiduciary net position as a percentage of the total pension liability	233.14%	233.14%	119.92%	115.88%	120.62%	N/A	N/A	117.33%
Covered payroll	N/A	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	N/A	-216.93%	-59.24%	-81.45%	N/A	N/A	-54.92%
Annual Money-Weighted Rate of Return	5.29%	-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 the measurement date of 9/30/2023, the total pension liability is based on the fact that all participants have elected for lump sum payments. Annuities were purchased for the remaining two inactive participants during the fiscal year ending 9/30/2023, and as a result, these participants are no longer in the pension plan.

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

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, 2023
(UNAUDITED)

	<u>2023</u>	<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	\$ 12,127	\$ 10,440	\$ 9,803	\$ 9,214	\$ 8,652	\$ 7,691	\$ 6,634	\$ 6,200
Interest	32,728	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	25,655	-	(10,701)	-	(6,191)	(47,712)	-	-
Changes of assumptions	-	-	(10,968)	-	-	49,016	-	9,861
Benefit payments including refunds of contributions	(12,879)	(12,879)	(11,999)	(11,370)	(12,872)	(12,490)	(11,370)	(12,409)
Net change in total pension liability	57,631	26,772	3,685	25,150	15,406	88,269	16,105	22,829
Total pension liability - beginning	472,171	445,399	441,714	416,564	401,158	312,889	296,784	273,955
Total pension liability - ending (a)	<u>\$ 529,802</u>	<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	\$ 7,653	\$ 5,258	\$ 4,778	\$ 5,272	\$ 7,458	\$ 7,816	\$ 8,292	\$ 19,922
Contributions - employee	4,323	3,176	2,241	2,341	2,277	2,306	2,430	2,369
Net investment income	75,767	(159,182)	132,009	65,329	27,721	39,819	53,253	36,692
Benefit payments including refunds of contributions	(12,879)	(12,879)	(11,999)	(11,370)	(12,873)	(12,490)	(11,370)	(12,409)
Administrative expense	(987)	(318)	(875)	(875)	(875)	(875)	(2,875)	(7,385)
Other	-	1,709	-	-	-	-	-	-
Net change in plan fiduciary net position	73,877	(162,236)	126,154	60,697	23,708	36,576	49,730	39,189
Plan fiduciary net position - beginning	664,294	826,530	700,376	639,679	615,971	579,395	529,665	490,476
Plan fiduciary net position - ending (b)	<u>\$ 738,171</u>	<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>\$ (208,369)</u>	<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	139.33%	140.69%	185.57%	158.56%	153.56%	153.55%	185.18%	178.47%
Covered payroll	\$ 84,681	\$ 63,520	\$ 44,813	\$ 46,790	\$ 45,538	\$ 46,120	\$ 53,379	\$ 47,380
Net pension liability as a percentage of covered payroll	-246.06%	-302.46%	-850.49%	-552.81%	-489.95%	-465.77%	-499.27%	-491.52%
Annual Money-Weighted Rate of Return	12.42%	-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

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

**CITY OF CRESCENT CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2023
(UNAUDITED)**

Reporting Period Ending September 30, Measurement Date Ending September 30,	2023 2022	2022 2022	2021 2021	2020 2020	2019 2019	2018 2018	2017 2017	2016 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)	\$ -	\$ -	\$ (15,775)	\$ (266)	\$ -	N/A	N/A	\$ -
Covered payroll	N/A	N/A	\$ 100,265	\$ 260,388	\$ 222,175	N/A	N/A	\$ 236,340
Contributions as a percentage of covered payroll	N/A	N/A	31.23%	7.00%	24.60%	N/A	N/A	17.00%

Notes to Schedule:

Valuation Date 10/1/2020 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 Actuar Aggregate Actuarial Cost Method
Inflation Rate 2.50% 2.50%
Salary Increases 5.50% to 10.00% 5.50% to 10.00% based on years of service
Interest Rate 7.00% per year, c 7.00% per year, compounded annually, gross of investment related expenses.
Payroll Growth None. 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	Service	% Terminating During the Year
0-2 Years	0-2 Years	20.0%
3-4 Years	3-4 Years	15.0%
5+ Years	5+ Years	5.0%

Disability Rates

Age	Age	% Becoming Disabled During the Year
20	20	0.03%
30	30	0.04%
40	40	0.07%
50	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

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

**CITY OF CRESCENT CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL FIREMEN'S PENSION PLAN
SEPTEMBER 30, 2023
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contributions	\$ 8,214	\$ 5,190	\$ -	\$ -	\$ -	\$ 6,457	\$ 7,473	\$ 8,529
Contributions in relation to the actuarially determined contributions	7,653	5,258	4,778	5,272	7,458	7,816	8,292	19,922
Control deficiency (excess)	<u>\$ 561</u>	<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	\$ 84,681	\$ 63,520	\$ 44,813	\$ 46,790	\$ 45,538	\$ 46,120	\$ 53,379	\$ 47,380
Contributions as a percentage of covered payroll	9.04%	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 prior to the end of the

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method
Asset Valuation Method
Inflation
Salary Increases
Interest Rate
Retirement Age
Mortality

Aggregate
Market Value

2.50%

5.00%

6.50%, net of investment related expenses

Varies by Age and Service

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

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

SUPPLEMENTARY INFORMATION

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
WATER AND SEWER FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 583,623	\$ 468,012	\$ 1,051,635
Operating expenses			
Personal services	113,362	55,146	168,508
Contractual services	160,472	108,806	269,278
Repairs and maintenance	56,182	27,937	84,119
Supplies	112,470	62,387	174,857
Utilities	26,302	31,065	57,367
Other expenses	148,511	152,172	300,683
Depreciation	92,219	103,107	195,326
Total operating expenses	<u>709,518</u>	<u>540,620</u>	<u>1,250,138</u>
Operating income (loss)	<u>(125,895)</u>	<u>(72,608)</u>	<u>(198,503)</u>
Nonoperating revenues (expenses)			
Other income (expense)	32,991	-	32,991
Interest and amortization expense	-	(30,777)	(30,777)
Total nonoperating revenues (expenses)	<u>32,991</u>	<u>(30,777)</u>	<u>2,214</u>
Income (loss) before capital contributions and transfers	<u>(92,904)</u>	<u>(103,385)</u>	<u>(196,289)</u>
Capital grants	243,950	-	243,950
Transfers in	-	64,051	64,051
Change in net position	<u>151,046</u>	<u>(39,334)</u>	<u>111,712</u>
Net position, beginning of year	1,368,611	2,644,078	4,012,689
Net position, end of year	<u>\$ 1,519,657</u>	<u>\$ 2,604,744</u>	<u>\$ 4,124,401</u>

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

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent City, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 deficiency described below to be a material weakness:

2023-001 – Reconciliation of account balances (Fourth-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:

2023-002 – Bank reconciliations (Third-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 also noted that bank reconciliation for one of the accounts was not prepared. We suggest that all 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.

2023-003 – Journal Entry Review (Second-Year Repeat Comment)

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 and 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.

2023-004 – Proper Authorization of Disbursements (Second-Year Repeat Comment)

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

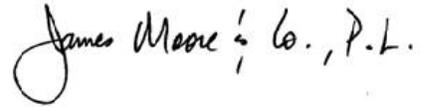
As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Crescent City, Florida’s Response to Findings

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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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" and a distinct "Co." followed by "P.L.".

Daytona Beach, Florida
March 13, 2025



**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, 2023, and have issued our report thereon dated March 13, 2025.

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 March 13, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Four findings and recommendations from the prior year's audit (2022-001, 2022-003, 2022-004, and 202-00) 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:

2022-001 Reconciliation of Account Balances – Corrective action not taken. See fourth-year repeat comment 2023-001.

2022-002 Utility Billing Rates – Corrective action taken.

2022-003 Bank Reconciliations – Corrective action not taken. See third-year repeat comment 2023-002.

2022-004 Journal Entries Review – Corrective action not taken. See second-year repeat comment 2023-003.

2022-005 Proper Authorization of Disbursements – Corrective action not taken. See second-year repeat comment 2023-004.

2022-006 Debt compliance – Corrective action taken.

2022-007 Community Redevelopment Agency (CRA) Expenditures – Corrective action taken.

2022-008 Public Depositor Annual Report - Corrective action taken.

2022-009 Health Insurance - Corrective action taken.

2022-010 City Budget - Corrective action not taken. See 2023-005

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:

2023-005 – City Budget and Budgetary Compliance (Second-Year Repeat Comment) – During our testing of budgetary compliance, we noted the expenditures in the General Fund exceeded its budgeted amount as approved by the City Commission, resulting in the City not being within legal budgetary compliance. Additionally, 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. To avoid such instances in the future, we recommend the City actively monitor budget-to-actual comparisons of expenditures throughout the year and ensure that any necessary budget amendments are brought to the City Commissioners on a timely basis.

2023-006 – Other Post Employment Benefits (OPEB) Report – During our testing of the OPEB liabilities, we noted that data initially provided to actuaries for the OPEB liability valuation contained errors resulting in inaccurate actuarial valuation report that needed to be corrected. We recommend management establish processes to ensure accurate information is used for the valuation of OPEB liabilities.

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

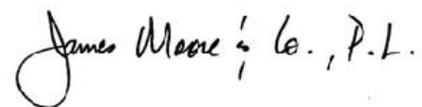
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants 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.



Daytona Beach, Florida
March 13, 2025

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, 2023. 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 whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2023. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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, 2023.



Daytona Beach, Florida
March 13, 2025

City of Crescent City, Florida
Management Response to the Audit Findings
Fiscal Year ending September 30, 2023

City Response:

The City of Crescent City (the City) has experienced staffing changes and shortages in the finance department for the last few years. They have hired an outside CPA firm to assist with developing, implementing and performing the proper accounting procedures and to provide additional expertise and continuity. Many of the repeat comments are a result of the City's delinquent audits and the inability to properly implement the procedures to correct the findings in a more timely fashion

2023-001- Reconciliation of account balances (Fourth-Year Repeat Comment)

The City of Crescent City concurs with the finding. The City continues to experience staffing challenges with changes in the finance director's position and staff shortages. The City has hired an outside CPA firm to assist and train the staff and to develop procedures to ensure that the accounts are reconciled properly.

2023-002- Bank reconciliations (Third-Year Repeat Comment)

The City of Crescent City concurs with the finding. Bank reconciliations should be completed monthly. The city's staffing issues, noted above, continued to cause a delay in the timing of the bank reconciliation. A CPA was hired to bring the reconciliations up to date and going forward the bank statements will be reconciled monthly.

2023-003- Journal Entry Review (Second-Year Repeat Comment)

The City of Crescent City concurs with the finding. Internal control is a challenge in a small organization and the City is working on improving the process and to include supporting documentation to each journal entry.

2023-004 – Proper Authorization of Disbursements (Second-Year Repeat Comment)

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.

City of Crescent City, Florida
Management Response to the Audit Findings
Fiscal Year ending September 30, 2023

City Response:

2023-005- City Budget and Budgetary Compliance (Second-Year repeat comment)

The City of Crescent City concurs with the finding. It takes time for new staff to become familiar with the accounting software and the process for entering the budget into the software, which resulted in inconsistencies between the approved budget and the amounts reflected in the accounting records. The City Commission does monitor the budget to actual comparisons on a monthly basis. The City records very few budget amendments but will endeavor to be make the necessary amendments on a timely basis.

2023-006 Other Post Employment Benefits (OPEB) Report

The City of Crescent City concurs with the finding. The OPEB reporting requirements are a challenge for smaller governmental entities. The staff is not familiar with the actuarial process and misunderstood the information request. The City will establish procedures that outline the information needed by the actuaries to perform the valuation.