CITY OF CRESCENT CITY, FLORIDA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

CITY COMMISSION

Michele Myers, Mayor
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CITY MANAGER

Derek Martin

Prepared by:
City of Crescent City Finance Department

CITY OF CRESCENT CITY, FLORIDA
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JAMESMOORE

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

Qualified and Unmodified 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified opinions on the General Fund, other governmental funds, business-type funds, and the aggregate remaining fund information; and (2) qualified opinion on the governmental activities and qualified opinion on the fiduciary funds.

Unmodified Opinions on the General Fund, other governmental funds, business-type funds, and the aggregate remaining fund information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General Fund, other governmental funds, business-type funds, and aggregate remaining fund information for the City, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the Governmental Activities and the Police Officers Pension Fiduciary Fund

In our opinion, except for the effects of the matters described in the Basis for Qualified and Unmodified Opinions section, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and fiduciary funds of the City as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit 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* (GAS), 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.

Matters Giving Rise to Qualified Opinions on the Governmental Activities and Fiduciary Funds

As discussed in Note (10)B to the financial statements, the City has not implemented the provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions,* for its Municipal Police Officers' Pension Plan. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities. The amounts by which these departures would affect the liabilities, deferred inflows, deferred outflows, net position, and expenses of the governmental activities has not been determined.

Further, as discussed in Note (10)B to the financial statements, the City's annuity investments reported with the Police Officers' Pension Trust Fund are recorded at cost rather than at fair value. Accounting principles generally accepted in the United States of America require such investments to be reported at fair value. The effects of this departure from generally accepted accounting principles on the fiduciary fund financial statements have not been determined.

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 GAS 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 GAS, 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.

Management has omitted the Municipal Police Officers' Pension Plan information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of state financial assistance as required by the audit requirements of Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 October 28, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
October 28, 2026

CITY OF CRESCENT CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

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, 2025.

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.

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

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

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 16 – 18 of this report.

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

The basic fiduciary fund financial statements can be found on pages 19 – 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 40 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Crescent City, Florida, assets and deferred outflows exceeded liabilities and deferred inflows by $19,471,033 at the close of the most recent fiscal year.

By far the largest portion of the City of Crescent City, Florida's net position (82 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's Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 2,296,040	$ 2,229,655	$ 1,476,983	$ 2,872,672	$ 3,773,023	$ 5,102,327
Capital assets	4,982,622	5,180,447	12,633,033	10,773,382	17,615,655	15,953,829
Total assets	7,278,662	7,410,102	14,110,016	13,646,054	21,388,678	21,056,156
Deferred Outflows	55,345	70,805	-	-	55,345	70,805
Long-term liabilities outstanding	57,421	44,710	1,360,610	1,439,058	1,418,031	1,483,768
Other liabilities	86,975	72,133	371,723	1,670,401	458,698	1,742,534
Total liabilities	144,396	116,843	1,732,333	3,109,459	1,876,729	3,226,302
Deferred Inflows	96,261	106,390	-	-	96,261	106,390
Net position:						
Net investment in capital assets	4,982,622	5,180,447	11,324,433	9,369,189	16,307,055	14,549,636
Restricted	1,107,329	829,869	819,729	844,744	1,927,058	1,674,613
Unrestricted	1,003,399	1,247,358	233,521	322,662	1,236,920	1,570,020
Total net position	$ 7,093,350	$ 7,257,674	$ 12,377,683	$ 10,536,595	$19,471,033	$ 17,794,269

An additional portion of the City of Crescent City, Florida's net position (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($1,236,920) 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 ($164,324), this change in net position is due to an increase in salaries and the Miller Middle School Feasibility Study.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 65,541	$ 86,062	$ 2,031,328	$ 1,833,889	$ 2,096,869	$ 1,919,951
Operating grants and contributions	5,000	103,885	-	-	5,000	103,885
Capital grants and contributions	185,776	-	2,071,187	1,370,052	2,256,963	1,370,052
General revenues:						
Taxes	2,078,382	1,992,613	-	-	2,078,382	1,992,613
Other state-shared	139,595	90,893	26,090	-	165,685	90,893
Other	40,163	16,376	1,695	35,259	41,858	51,635
Total revenues	2,514,457	2,289,829	4,130,300	3,239,200	6,644,757	5,529,029
Expenses:						
General government	1,120,201	1,023,158	-	-	1,120,201	1,023,158
Public safety	726,214	714,617	-	-	726,214	714,617
Transportation	404,713	327,856	-	-	404,713	327,856
Parks and recreation	175,564	170,227	-	-	175,564	170,227
Community redevelopment	234,973	316,976	-	-	234,973	316,976
Gas	-	-	880,500	734,597	880,500	734,597
Water and sewer	-	-	1,425,828	1,210,975	1,425,828	1,210,975
Total expenses	2,661,665	2,552,834	2,306,328	1,945,572	4,967,993	4,498,406
Increase (decrease) in Net position before transfers	(147,208)	(263,005)	1,823,972	1,293,628	1,676,764	1,030,623
Transfers	(17,116)	(202,266)	17,116	202,266	-	-
Increase (decrease) in Net position	(164,324)	(465,271)	1,841,088	1,495,894	1,676,764	1,030,623
Net position, beginning of year	7,257,674	7,722,945	10,536,595	9,040,701	17,794,269	16,763,646
Net position, end of year	$ 7,093,350	$ 7,257,674	$ 12,377,683	$ 10,536,595	$19,471,033	$ 17,794,269

Business-type activities. Business-type activities increased the City of Crescent City, Florida's net position by $1,841,088. 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.

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 $1,071,082 and $1,095,220, 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 59 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:

- New playground equipment for city parks
- Replace decking in Sunrise Park pavilion
- Stormwater upgrades for Lake St.
- Installation of security cameras at city parks and city hall
- New lift station generators

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 affecting these variations included salary increases, capital assets transferred from the Discretionary Tax Fund and the Miller Middle School Feasibility study.

An increase in salaries and expenses related to the Miller Middle School Feasibility Study and the New Fire Station Project design generated a decrease of $199,855 in the fund balance of the City's general fund during the 2025 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 decreased by $132,911 due to an increase in salaries and transfers to the General Fund for administration. The net position of the Water and Sewer fund increased by $1,973,999 due to an increase in capital grants.

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, 2025, amounts to $17,615,655 (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 $1,661,826.

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

- Water Main Project

City of Crescent City, Florida's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 469,876	$ 469,876	$ 238,868	$ 238,868	$ 708,744	$ 708,744
Buildings and improvements	1,148,574	1,148,574	2,653,904	2,653,904	3,802,478	3,802,478
Infrastructure and other improvements	6,011,003	6,011,003	18,176,772	14,732,570	24,187,775	20,743,573
Equipment	1,700,932	1,656,349	1,524,457	1,464,780	3,225,389	3,121,129
Construction in progress	65,776	-	251,100	1,475,448	316,876	1,475,448
Accumulated depreciation	(4,413,539)	(4,105,355)	(10,212,068)	(9,792,188)	(14,625,607)	(13,897,543)
Total	$ 4,982,622	$ 5,180,447	$ 12,633,033	$ 10,773,382	$17,615,655	$ 15,953,829

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 $1,308,600. 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	
	2025	2024	2025	2024	2025	2024
Loan payable	$ -	$ -	$ -	$ -	$ -	$ -
Revenue bonds	-	-	1,308,600	1,404,193	1,308,600	1,404,193
Total	$ -	$ -	$ 1,308,600	$ 1,404,193	$ 1,308,600	$ 1,404,193

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, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 179,921	$ 180,806	$ 360,727
Investments	755,000	-	755,000
Receivables, net	71,110	249,847	320,957
Lease receivable	6,864	-	6,864
Internal balances	83,932	(83,932)	-
Due from other governments	150,957	6,545	157,502
Inventories	-	90,304	90,304
Prepaids	24,138	29,431	53,569
Net pension asset	328,752	-	328,752
Restricted assets:			
Cash and cash equivalents	695,366	1,003,982	1,699,348
Capital assets:			
Land	469,876	238,868	708,744
Buildings and improvements	1,148,574	2,653,904	3,802,478
Infrastructure and other improvements	6,011,003	18,176,772	24,187,775
Equipment	1,700,932	1,524,457	3,225,389
Construction in progress	65,776	251,100	316,876
Accumulated depreciation	(4,413,539)	(10,212,068)	(14,625,607)
Total assets	7,278,662	14,110,016	21,388,678
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	55,345	-	55,345
LIABILITIES			
Accounts payable	59,404	131,284	190,688
Accrued payroll and employee benefits	27,571	-	27,571
Customer deposits	-	180,343	180,343
Unearned revenue	-	56,186	56,186
Accrued interest payable	-	3,910	3,910
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	99,018	99,018
Compensated absences	8,695	11,430	20,125
Due in more than one year:			
Bonds and notes payable	-	1,209,582	1,209,582
Compensated absences	26,083	34,290	60,373
Total OPEB liability	22,643	6,290	28,933
Total liabilities	144,396	1,732,333	1,876,729
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	89,745	-	89,745
Deferred inflows related to leases	6,516	-	6,516
Total deferred inflows of resources	96,261	-	96,261
NET POSITION			
Net investment in capital assets	4,982,622	11,324,433	16,307,055
Restricted for:			
Discretionary tax - infrastructure	559,242	-	559,242
Community redevelopment	219,335	-	219,335
Debt service	-	146,952	146,952
Renewal and replacement	-	672,777	672,777
Pensions	328,752	-	328,752
Unrestricted	1,003,399	233,521	1,236,920
Total net position	$ 7,093,350	$ 12,377,683	$ 19,471,033

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, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,120,201	$ 40,944	$ 5,000	$ 120,000	$ (954,257)	$ -	$ (954,257)
Public safety	726,214	15,388	-	65,776	(645,050)	-	(645,050)
Transportation	404,713	8,709	-	-	(396,004)	-	(396,004)
Parks and recreation	175,564	500	-	-	(175,064)	-	(175,064)
Community redevelopment	234,973	-	-	-	(234,973)	-	(234,973)
Total governmental activities	2,661,665	65,541	5,000	185,776	(2,405,348)	-	(2,405,348)
Business-type activities:							
Gas	880,500	720,134	26,090	-	-	(134,276)	(134,276)
Water and wastewater	1,425,828	1,311,194	-	2,071,187	-	1,956,553	1,956,553
Total business-type activities	2,306,328	2,031,328	26,090	2,071,187	-	1,822,277	1,822,277
Total primary government	$ 4,967,993	$ 2,096,869	$ 31,090	$ 2,256,963	(2,405,348)	1,822,277	(583,071)
General revenues:							
Property taxes					1,169,731	-	1,169,731
Sales and use taxes					416,680	-	416,680
Franchise fees					169,081	-	169,081
Public service utility taxes					322,890	-	322,890
State revenue sharing					139,595	-	139,595
Investment earnings					5,000	-	5,000
Miscellaneous revenues					35,163	1,695	36,858
Transfers					(17,116)	17,116	-
Total general revenues and transfers					2,241,024	18,811	2,259,835
Change in net position					(164,324)	1,841,088	1,676,764
Net position - beginning					7,257,674	10,536,595	17,794,269
Net position - ending					$ 7,093,350	$ 12,377,683	$ 19,471,033

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

CITY OF CRESCENT CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General	Discretionary Tax	Community Redevelopment Agency	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 179,921	$ 516,460	$ 178,906	$ 875,287
Investments	755,000	-	-	755,000
Receivables, net	71,110	-	-	71,110
Lease receivable	6,864	-	-	6,864
Due from other governments	108,175	42,782	-	150,957
Due from other funds	132,280	-	81,750	214,030
Prepaid items	24,138	-	-	24,138
Total assets	$ 1,277,488	$ 559,242	$ 260,656	$ 2,097,386
LIABILITIES				
Accounts payable	$ 56,740	$ -	$ 2,664	$ 59,404
Accrued payroll and employee benefits	25,108	-	2,463	27,571
Due to other funds	93,904	-	36,194	130,098
Total liabilities	175,752	-	41,321	217,073
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	6,516	-	-	6,516
FUND BALANCES				
Nonspendable:				
Prepaid items	24,138	-	-	24,138
Restricted for:				
Discretionary tax - infrastructure	-	559,242	-	559,242
Community redevelopment	-	-	219,335	219,335
Unassigned	1,071,082	-	-	1,071,082
Total fund balances	1,095,220	559,242	219,335	1,873,797
Total liabilities and fund balances	$ 1,270,972	$ 559,242	$ 260,656	$ 2,090,870

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, 2025

Fund balances - total governmental funds		$ 1,873,797
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	9,396,161	
Less: accumulated depreciation	(4,413,539)	4,982,622
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	328,752	
Deferred outflows related to pensions	55,345	
Deferred inflows related to pensions	(89,745)	294,352
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		(22,643)
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		(34,778)
Net position of governmental activities		$ 7,093,350

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, 2025

	General	Discretionary Tax	Community Redevelopment Agency	Total Governmental Funds
Revenues				
Taxes	$ 1,613,235	$ 233,358	$ 150,295	$ 1,996,888
Licenses and permits	28,693	-	-	28,693
Intergovernmental	421,370	-	-	421,370
Charges for services	453,277	-	-	453,277
Fines and forfeitures	654	-	-	654
Investment gain (loss)	5,000	-	-	5,000
Miscellaneous	35,525	-	-	35,525
Total revenues	2,557,754	233,358	150,295	2,941,407
Expenditures				
Current:				
General government	1,374,515	12,756	-	1,387,271
Public safety	715,644	-	-	715,644
Transportation	336,356	-	-	336,356
Parks and recreation	86,145	-	-	86,145
Community redevelopment	-	-	253,070	253,070
Capital outlay	94,649	15,710	-	110,359
Total expenditures	2,607,309	28,466	253,070	2,888,845
Excess (deficiency) of revenues over (under) expenditures	(49,555)	204,892	(102,775)	52,562
Other financing sources (uses)				
Transfers in	-	-	150,300	150,300
Transfers out	(150,300)	(17,116)	-	(167,416)
Total other financing sources (uses)	(150,300)	(17,116)	150,300	(17,116)
Net change in fund balances	(199,855)	187,776	47,525	35,446
Fund balances, beginning of year	1,295,075	371,466	171,810	1,838,351
Fund balances, end of year	$ 1,095,220	$ 559,242	$ 219,335	$ 1,873,797

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, 2025

Net change in fund balances - total governmental funds	$	35,446
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		110,359
Depreciation expense		(308,184)
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		10,766
Change in total OPEB liability		(633)
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		(12,078)
Change in net position of governmental activities	$	(164,324)

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, 2025

	Gas	Water and Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 100	$ 180,706	$ 180,806
Restricted cash and cash equivalents	355,410	648,572	1,003,982
Accounts receivable, net	71,090	178,757	249,847
Due from other governments	6,545	-	6,545
Inventories	62,194	28,110	90,304
Prepaid items	6,117	23,314	29,431
Due from other funds	-	57,508	57,508
Total current assets	501,456	1,116,967	1,618,423
Noncurrent assets:			
Capital assets:			
Land	37,720	201,148	238,868
Buildings and improvements	58,501	2,595,403	2,653,904
Infrastructure	6,969,158	11,207,614	18,176,772
Equipment	526,518	997,939	1,524,457
Construction in progress	26,090	225,010	251,100
Accumulated depreciation	(2,491,962)	(7,720,106)	(10,212,068)
Total noncurrent assets	5,126,025	7,507,008	12,633,033
Total assets	5,627,481	8,623,975	14,251,456
LIABILITIES			
Current liabilities:			
Accounts payable	44,981	86,303	131,284
Unearned revenue	-	56,186	56,186
Due to other funds	117,152	24,288	141,440
Compensated absences	4,905	6,525	11,430
Payable from restricted assets:			
Revenue bonds payable, current	33,600	65,418	99,018
Deposits	84,569	95,774	180,343
Accrued interest payable	1,944	1,966	3,910
Total current liabilities	287,151	336,460	623,611
Noncurrent liabilities:			
Revenue bonds payable	442,700	766,882	1,209,582
Compensated absences	14,715	19,575	34,290
Total OPEB liability	3,774	2,516	6,290
Total noncurrent liabilities	461,189	788,973	1,250,162
Total liabilities	748,340	1,125,433	1,873,773
NET POSITION			
Net investment in capital assets	4,649,725	6,674,708	11,324,433
Restricted for:			
Debt service	60,242	86,710	146,952
Renewal and replacement	208,655	464,122	672,777
Unrestricted	(39,481)	273,002	233,521
Total net position	$ 4,879,141	$ 7,498,542	$ 12,377,683

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

CITY OF CRESCENT CITY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Gas	Water and Sewer	Total
Operating revenues			
Charges for services	$ 720,134	$ 1,311,194	$ 2,031,328
Operating expenses			
Personal services	261,554	253,505	515,059
Contractual services	34,042	258,569	292,611
Repairs and maintenance	11,686	81,905	93,591
Supplies	254,093	222,585	476,678
Utilities	-	52,849	52,849
Other expenses	117,536	285,850	403,386
Depreciation	176,481	245,632	422,113
Total operating expenses	855,392	1,400,895	2,256,287
Operating income (loss)	(135,258)	(89,701)	(224,959)
Nonoperating revenues (expenses)			
Operating grants	26,090	-	26,090
Other income (expense)	1,365	330	1,695
Interest and amortization expense	(25,108)	(24,933)	(50,041)
Total nonoperating revenues (expenses)	2,347	(24,603)	(22,256)
Income (loss) before capital contributions and transfers	(132,911)	(114,304)	(247,215)
Capital grants	-	2,071,187	2,071,187
Transfers in	-	17,116	17,116
Change in net position	(132,911)	1,973,999	1,841,088
Net position, beginning of year	5,012,052	5,524,543	10,536,595
Net position, end of year	$ 4,879,141	$ 7,498,542	$ 12,377,683

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, 2025

	Gas	Water and Sewer	Total
Cash flows from operating activities			
Cash received from customers	$ 710,133	$ 1,020,288	$ 1,730,421
Cash paid to employees	(258,863)	(239,051)	(497,914)
Cash paid to suppliers	(383,200)	(1,909,790)	(2,292,990)
Other receipts (payments)	27,455	330	27,785
Net cash provided by (used in) operating activities	95,525	(1,128,223)	(1,032,698)
Cash flows from noncapital financing activities			
Transfers from other funds	-	17,116	17,116
Interfund loans	81,668	3,854	85,522
Net cash provided by (used in) noncapital financing activities	81,668	20,970	102,638
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(26,090)	(2,255,674)	(2,281,764)
Capital grants	-	3,269,517	3,269,517
Principal payments of long-term debt	(32,000)	(63,593)	(95,593)
Repayment of short-term debt	-	-	-
Interest paid	(25,239)	(25,083)	(50,322)
Net cash provided by (used in) capital and related financing activities	(83,329)	925,167	841,838
Net increase (decrease) in cash and cash equivalents	93,864	(182,086)	(88,222)
Cash and cash equivalents, beginning of year	261,646	1,011,364	1,273,010
Cash and cash equivalents, end of year	$ 355,510	$ 829,278	$ 1,184,788
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (135,258)	$ (89,701)	$ (224,959)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation	176,481	245,632	422,113
Other income (expense)	27,455	330	27,785
Changes in assets and liabilities:			
Accounts receivable	(4,108)	(16,116)	(20,224)
Due from other governments	(6,545)	-	(6,545)
Inventories and prepaids	(2,978)	53,362	50,384
Accounts payable and accrued liabilities	37,135	(1,061,394)	(1,024,259)
Deposits	652	2,524	3,176
Unearned revenue	-	(277,314)	(277,314)
Compensated absences	4,787	17,808	22,595
Total OPEB liability	(2,096)	(3,354)	(5,450)
Net cash provided by (used in) operating activities	$ 95,525	$ (1,128,223)	$ (1,032,698)
Cash and cash equivalents classified as:			
Unrestricted	$ 100	$ 180,706	$ 180,806
Restricted	355,410	648,572	1,003,982
Total cash and cash equivalents	$ 355,510	$ 829,278	$ 1,184,788

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, 2025

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
ASSETS			
Cash and cash equivalents with trustee	$ 12,057	$ 6,365	$ 18,422
Receivables			
Interest and dividends receivable	41	5,039	5,080
Total receivables	41	5,039	5,080
Investments, at fair value			
Mutual funds - fixed income	96,085	319,205	415,290
Mutual funds - equity	247,106	674,910	922,016
Other assets	293,468	-	293,468
Total investments	636,659	994,115	1,630,774
Total assets	648,757	1,005,519	1,654,276
LIABILITIES			
Accounts payable	-	5,904	5,904
NET POSITION			
Restricted for pensions	$ 648,757	$ 999,615	$ 1,648,372

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, 2025

	Municipal Police Officers' Pension Trust Fund	Municipal Firemen's Pension Trust Fund	Total
Additions			
Contributions:			
Plan members	$ -	$ 4,745	$ 4,745
State - insurance premium taxes	-	14,374	14,374
Total contributions	-	19,119	19,119
Investment earnings (loss):			
Interest and dividends	6,620	22,918	29,538
Net appreciation (depreciation) in fair value of investments	27,435	71,092	98,527
Total investment earnings	34,055	94,010	128,065
Less: investment expense	-	-	-
Net investment income (loss)	34,055	94,010	128,065
Total additions	34,055	113,129	147,184
Deductions			
Benefit payments	-	18,425	18,425
Administrative expenses	167	21,145	21,312
Total deductions	167	39,570	39,737
Change in net position	33,888	73,559	107,447
Net position, beginning of year	614,869	926,056	1,540,925
Net position, end of year	$ 648,757	$ 999,615	$ 1,648,372

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

(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. As 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.

(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 e*conomic 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.

(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.

(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.

(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

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

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 City recognizes a liability for accumulated vacation, sick leave, and other compensated absences attributable to services already rendered when such leave accumulates and is more likely than not to be used for time off or otherwise paid. The amount recognized is based on the City's employment policies, historical utilization and payout trends, and other relevant information available as of year-end. The liability is measured using employees' applicable rates of pay as of year-end.

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

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

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

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

(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.

(o) **Deferred outflows/inflows of resources—**In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net 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 two items, deferred inflows related to pensions and deferred inflows related to leases, which qualify for reporting in this category. Deferred inflows related to pensions are discussed further in Note (10), and deferred inflows related to leases are discussed in Note (6).

(p) **Implementation of new accounting standards—**At September 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes updated recognition and measurement requirements for compensated absences. The implementation of this Statement did not have a significant effect on the City's financial statements.

(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, 2025, was 8.4340 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's investments in external investment pools are reported at amortized cost. See Note (10) for Fiduciary Funds.

(5) Accounts Receivable:

The City's accounts receivables consist of the following at September 30, 2025:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund	$ 71,110	$ -	$ 71,110
Totals – Governmental Type Activities	71,110	-	71,110
Business-Type Activities			
Gas Fund	128,090	(57,000)	71,090
Water and Sewer Fund	248,757	(70,000)	178,757
Totals – Business-Type Activities	376,847	(127,000)	249,847
Totals	$ 447,957	$ (127,000)	$ 320,957

In addition to accounts receivable, the City also recorded $157,502 in due from other governments at September 30, 2025.

(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. The lease has subsequently been renewed, with the current renewal term expiring on December 31, 2028.

The City recognized $25,127 in lease revenue and $482 in interest revenue during the fiscal year ended September 30, 2025, related to this lease. As of September 30, 2025, the City's receivable for lease payments was $6,864. 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 $6,516 at September 30, 2025.

(7) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2025, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 469,876	$ -	$ -	$ 469,876
Construction in progress	-	65,776	-	65,776
Total assets not being depreciated	469,876	65,776	-	535,652
Capital assets being depreciated:				
Building & improvements	1,148,574	-	-	1,148,574
Equipment	1,656,349	44,583	-	1,700,932
Infrastructure	1,729,565	-	-	1,729,565
Improvements other than building	4,281,438	-	-	4,281,438
Total assets being depreciated	8,815,926	44,583	-	8,860,509
Less: accumulated depreciation	(4,105,355)	(308,184)	-	(4,413,539)
Total capital assets being depreciated, net	4,710,571	(263,601)	-	4,446,970
Governmental activities capital assets, net	$ 5,180,447	$ (197,825)	$ -	$ 4,982,622

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 238,868	$ -	$ -	$ 238,868
Construction in progress	1,475,448	2,149,656	-	3,625,104
Total assets not being depreciated	1,714,316	2,149,656	-	3,863,972
Capital assets being depreciated:				
Building & improvements	2,653,904	-	-	2,653,904
Equipment	1,464,780	61,910	(2,233)	1,524,457
Infrastructure	14,619,880	67,198	-	14,687,078
Improvements other than buildings	112,690	3,000	-	115,690
Total assets being depreciated	18,851,254	132,108	(2,233)	18,981,129
Less: accumulated depreciation	(9,792,188)	(422,113)	2,233	(10,212,068)
Total capital assets being depreciated, net	9,059,066	(290,005)	-	8,769,061
Business-type activities capital assets, net	$ 10,773,382	$ 1,859,651	$ -	$ 12,633,033

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	$ 134,228
Community development	21,336
Public safety	63,590
Parks and recreation	89,030
Total depreciation expense - governmental activities	$ 308,184
Business-type activities:	
Gas	$ 176,481
Water and sewer	245,632
Total depreciation expense - business-type activities	$ 422,113

(8) Long-Term Debt:

A summary of the long-term liability transactions for the City for the fiscal year ended September 30, 2025, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 22,700	$ 12,078	$ -	$ 34,778	$ 8,695
Governmental activities – Total long-term liabilities	$ 22,700	$ 12,078	$ -	$ 34,778	$ 8,695
Business-type activities:					
Bonds payable	$ 1,404,193	$ -	$ (95,593)	$ 1,308,600	$ 99,018
Compensated absences	23,125	22,595	-	45,720	11,430
Business-type activities – Total long-term liabilities	$ 1,427,318	$ 22,595	$ (95,593)	$ 1,354,320	$ 110,448

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
2026	$ 99,018	$ 46,909	$ 145,927
2027	102,596	43,362	145,958
2028	106,328	39,677	146,005
2029	110,115	35,848	145,963
2030	114,059	31,873	145,932
2031-2035	635,170	94,140	729,310
2036	141,314	4,566	145,880
Total	$ 1,308,600	$ 296,375	$ 1,604,975

Bonds payable in the City's business-type activities at September 30, 2025, 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.	$ 476,300
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.	832,300
Total long-term debt, business-type activities	$ 1,308,600

(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, 2025, are comprised of the following:

	Due From Other Funds	Due to Other Funds
Government Activities:		
General Fund		
Gas Fund	$ 71,798	$ -
CRA Fund	36,194	81,750
Water and Sewer Fund	24,288	12,154
CRA Fund		
General Fund	81,750	36,194
	214,030	130,098
Business-Type Activities:		
Gas Fund		
Water and Sewer Fund	-	45,354
General Fund	-	71,798
Water and Sewer Fund		
Gas Fund	45,354	-
General Fund	12,154	24,288
	57,508	141,440
Total – All Funds	$ 271,538	$ 271,538

For the year ended September 30, 2025, interfund transfers consisted of the following:

	Transfer From	Transfer To
Governmental Activities		
General Fund:		
CRA Fund	$ -	$ 150,300
CRA Fund:		
General Fund	150,300	-
Discretionary Tax Fund:		
Water and Sewer Fund	17,116	-
	167,416	150,300
Business-type Activities:		
Water and Sewer Fund:		
Discretionary Tax Fund	-	17,116
	-	17,116
Totals – All Funds	$ 167,416	$ 167,416

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.

(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. Police Officer's Plan

The Municipal Police Officers' Retirement Trust Fund is a single-employer defined benefit pension plan that provides pensions for qualified police officers pursuant to Florida Statute, Chapter 185. The City adopted a "chapter plan" that provides benefits based on years of service. The benefits are provided through a state contribution from collections of a Police Insurance Premium Tax. The City is required to participate only when the State contributions are insufficient to fund the plan.

The City has not implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statements No. 67 and 68 establish standards for the measurement, recognition, and display of pension expense/expenditures and related liabilities, note disclosures, and required supplementary information.

Annuity Investments Recorded at Cost – Departure from GAAP

The Plan holds annuity contracts as part of its investment portfolio. These annuity investments are recorded at cost, which represents the original premium paid to the insurance carrier. Accounting principles generally accepted in the United States of America require such investments to be reported at fair value. Because the annuity contracts are reported at cost rather than at fair value, the Plan's financial statements depart from accounting principles generally accepted in the United States of America. The amount by which this departure would affect the fiduciary net position and the changes in fiduciary net position has not been determined.

C. Firemen's Plan

Plan Description and Administration

The City maintains a single-employer defined benefit pension plan for eligible firemen. The City of Crescent City Municipal Firemen's Pension Plan (the Plan) is administered by the Plan's Board of Trustees (the Board) and covers all eligible firemen. 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.

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

Benefits Provided and Employees Covered

The Plan provides 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 Plan vest after ten years of full-time employment. Current membership in the Plan was composed of the following at September 30, 2025:

	Fire
Inactive plan members or beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	2
Active participants	15
Total current membership	19

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. 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 that 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 a minimum benefit of 25% of average final compensation.

Financial Statements

The financial statements of the Plan 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 Plan.

Contributions

Legislature grants the authority to establish and amend the contribution requirements of the City and active employees to the Board of Trustees. The Board establishes 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, 2025, the average active employee contribution was 5% of annual pay for Fire employees. For the year ended September 30, 2025, the City was not required to contribute to the firefighters pension plans.

Contributions to the City's pension plans for the year ended September 30, 2025, were as follows:

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

	Fire Plan
Employee contributions	$ 4,745
City contributions	-
State contributions	14,374
Total contributions	$ 19,119

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 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 for 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, 2025:

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

Concentrations

The plan 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, 2025, there are no amounts legally required to be reserved for the firefighter pension fund.

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 fund measures its investments using fair value measurement guidelines established by GASB No. 72. These guidelines recognize a three-tiered fair value hierarchy as follows:

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

At September 30, 2025, the City's pension plan had the following deposits and investments:

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

	Fair Value	Maturities (in years) Less Than 1	Fair Value Hierarchy Level
Cash	$ 18,422	$ 18,422	N/A
Mutual Funds – Fixed Income	415,290	415,290	1
Mutual Funds – Equity	922,016	922,016	1
Total Portfolio	$ 1,355,728	$ 1,355,728	

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2025, were as follows:

	Fire
Total pension liability	$ 673,254
Plan fiduciary net position	(1,002,006)
Net pension liability (asset)	$ (328,752)
Plan fiduciary net position as percentage of total pension liability	148.83%

The total pension liability was determined by an actuarial valuation as of October 1, 2023, and measurement date of September 30, 2025, using the following actuarial assumptions to all measurement periods.

	Fire
Inflation	2.50%
Salary increases	6.50-4.50%
Investment rate of return	6.50%
Mortality table	PUB-2010

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, 2025 for the Fire Plan are summarized in the following table:

Asset Class	Fire
Domestic equity	7.50%
International equity	8.50%
Broad market fixed income	2.50%
Global fixed income	3.50%

Discount rate:

The discount rate used to measure the total pension liability was 6.50%. The discount rate used to measure the total pension liability 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.

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

Changes in net pension liability:

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

	Fire		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a – b)
Beginning Balance	$ 632,083	$ 918,676	$ (286,593)
Changes for year:			
Service cost	19,289	-	19,289
Interest	41,695	-	41,695
Differences between expected/actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – city and state	-	5,219	(5,219)
Contributions – employee	-	4,213	(4,213)
Net investment income	-	98,586	(98,586)
Benefit payments, including refunds	(19,813)	(19,813)	-
Administrative expenses	-	(4,875)	4,875
Other	-	-	-
Net changes	41,171	83,330	(42,159)
Ending Balance	$ 673,254	$ 1,002,006	$ (328,752)

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
Fire	6.50%	$ (239,904)	$ (328,752)	$ (402,628)

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, 2025, the annual-money weighted rate of return pension plan investments, net of pension plan investment expense was as follows:

	Fire Plan
Annual money-weighted rate of return (loss)	8.63%

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

For the year ended September 30, 2025, the City recognized pension expense (benefit) of $(5,547).

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 51,090	$ 3,227
Changes of assumptions	4,255	3,133
Net difference between projected and actual investment earnings	-	83,385
	$ 55,345	$ 89,745

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

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

	Fire Plan
2026	$ 9,954
2027	(32,442)
2028	(22,818)
2029	1,909
2030	8,180
Thereafter	817

(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, 2025, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	23
Inactive Employees	0
	23

Total OPEB Liability—The City's total OPEB liability of $28,933 was measured as of September 30, 2025, 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, 2025, 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	4.50%
Healthcare cost trend rate	6.50%
Ultimate rate reached in 2075	4.00%
Retirees' share of benefit-related costs	100.00%

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

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, 2025.

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

For the fiscal year ended September 30, 2025, changes in the total OPEB liability were as follows:

Balance at September 30, 2024	$ 33,750
Changes for a year:	
Service cost	4,156
Interest	1,432
Differences between expected and actual experience	(10,214)
Changes of assumptions	5,141
Benefit payments	(5,332)
Net changes	(4,817)
Balance at September 30, 2025	$ 28,933

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 4.50%, 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	$ 30,034	$ 28,933	$ 24,049

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 (5.50%-3.00%) or 1% higher (7.50%-5.00%) than the current healthcare cost trend rates (6.50%-4.00%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 23,644	$ 28,933	$ 30,752

OPEB Expense

For the year ended September 30, 2025, the City recognized OPEB expense of $4,015.

(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.

(12) **Risk Management:** (Continued)

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

(13) **Discretionary Tax:**

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

(14) **Commitments and Contingencies:**

The City is engaged in routine litigation incidental to the conduct of its business and municipal affairs. In the opinion of its counsel, no legal proceedings are pending against the City, 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. 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.

(b) 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.

(c) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 (GASB 105) clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements. The provisions of GASB 105 are effective for fiscal years beginning after June 15, 2026.

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, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
REVENUES				
Taxes	$ 1,486,703	$ 1,486,703	$ 1,613,235	$ 126,532
Licenses and permits	26,500	26,500	28,693	2,193
Intergovernmental	237,400	237,400	421,370	183,970
Charges for services	462,900	462,900	453,277	(9,623)
Fines and forfeitures	1,980	1,980	654	(1,326)
Interest revenues	30,000	30,000	5,000	(25,000)
Miscellaneous	31,500	31,500	35,525	4,025
Total revenues	2,276,983	2,276,983	2,557,754	280,771
Expenditures				
Current:				
General government:				
Executive	73,627	74,751	68,745	6,006
Finance and administration	486,239	607,139	519,367	87,772
Legal	51,000	51,000	51,090	(90)
Utility billing expenditures	252,691	279,574	288,211	(8,637)
Planning and zoning	50,000	52,859	67,578	(14,719)
Other	147,320	221,472	379,524	(158,052)
Public safety:				
Fire	155,971	166,530	178,923	(12,393)
Police	494,825	494,825	494,825	-
Code enforcement	40,665	43,575	41,896	1,679
Transportation	278,757	308,618	336,356	(27,738)
Parks and recreation	95,588	109,482	86,145	23,337
Capital outlay	-	-	94,649	(94,649)
Total expenditures	2,126,683	2,409,825	2,607,309	(197,484)
Excess (deficiency) of revenues over (under) expenditures	150,300	(132,842)	(49,555)	83,287
Other financing sources (uses)				
Transfers out	(150,300)	(150,300)	(150,300)	-
Total other financing sources (uses)	(150,300)	(150,300)	(150,300)	-
Net change in fund balances	-	(283,142)	(199,855)	83,287
Fund balances, beginning of year	1,295,075	1,295,075	1,295,075	-
Fund balances, end of year	$ 1,295,075	$ 1,011,933	$ 1,095,220	$ 83,287

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, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 211,350	$ 211,350	$ 233,358	$ 22,008
Total revenues	211,350	211,350	233,358	22,008
Expenditures				
Current:				
General government:				
Human resources	-	-	12,756	(12,756)
Capital outlay	441,350	441,350	15,710	425,640
Total expenditures	441,350	441,350	28,466	412,884
Excess (deficiency) of revenues over (under) expenditures	(230,000)	(230,000)	204,892	434,892
Net change in fund balances	(230,000)	(230,000)	187,776	417,776
Fund balances, beginning of year	371,466	371,466	371,466	-
Fund balances, end of year	$ 141,466	$ 141,466	$ 559,242	$ 417,776

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, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 157,540	$ 157,540	$ 150,295	$ (7,245)
Total revenues	157,540	157,540	150,295	(7,245)
Expenditures				
Current:				
Community redevelopment	442,902	442,902	253,070	189,832
Total expenditures	442,902	442,902	253,070	189,832
Excess (deficiency) of revenues over (under) expenditures	(285,362)	(285,362)	(102,775)	182,587
Other financing sources (uses)				
Transfers in	150,300	150,300	150,300	-
Net change in fund balances	(135,062)	(135,062)	47,525	182,587
Fund balances, beginning of year	171,810	171,810	171,810	-
Fund balances, end of year	$ 36,748	$ 36,748	$ 219,335	$ 182,587

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, 2025

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)

	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability							
Service cost	$ 4,156	$ 4,055	$ 4,791	$ 6,393	$ 13,774	$ 10,017	$ 9,055
Interest	1,432	1,415	2,285	1,378	2,913	3,874	3,489
Difference between expected and actual experience	(10,214)	(6,715)	(683)	-	(52,220)	-	-
Changes of assumptions	5,141	1,569	(7,389)	(7,937)	(30,241)	15,788	3,942
Benefit payments	(5,332)	(4,983)	(7,332)	(6,820)	(5,688)	(5,291)	(4,922)
Net change in total OPEB liability	(4,817)	(4,659)	(8,328)	(6,986)	(71,462)	24,388	11,564
Total OPEB liability - beginning of year	33,750	38,409	46,737	53,723	125,185	100,797	89,233
Total OPEB liability - end of year	$ 28,933	$ 33,750	$ 38,409	$ 46,737	$ 53,723	$ 125,185	$ 100,797
Covered-employee payroll	1,136,044	802,359	782,789	706,220	688,995	924,453	901,905
Total OPEB liability as a percentage of covered-employee payroll	2.55%	4.21%	4.91%	6.62%	7.80%	13.54%	11.18%
Notes to Schedule:							
Measurement date	September 30, 2025	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019
Valuation date	September 30, 2025	September 30, 2023	September 30, 2023	September 30, 2021	September 30, 2021	September 30, 2020	September 30, 2019
Discount rate	4.50%	4.06%	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, 2025. 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 FIREMEN'S PENSION PLAN
SEPTEMBER 30, 2025
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 19,289	$ 18,112	$ 12,127	$ 10,440	$ 9,803	$ 9,214	$ 8,652	$ 7,691	$ 6,634	$ 6,200
Interest	41,695	38,971	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	-	52,154	25,655	-	(10,701)	-	(6,191)	(47,712)	-	-
Changes of assumptions	-	5,923	-	-	(10,968)	-	-	49,016	-	9,861
Benefit payments including refunds of contributions	(19,813)	(12,879)	(12,879)	(12,879)	(11,999)	(11,370)	(12,872)	(12,490)	(11,370)	(12,409)
Net change in total pension liability	41,171	102,281	57,631	26,772	3,685	25,150	15,406	88,269	16,105	22,829
Total pension liability - beginning	632,083	529,802	472,171	445,399	441,714	416,564	401,158	312,889	296,784	273,955
Total pension liability - ending (a)	$ 673,254	$ 632,083	$ 529,802	$ 472,171	$ 445,399	$ 441,714	$ 416,564	$ 401,158	$ 312,889	$ 296,784
Total Fiduciary Net Position										
Contributions - employer and state	$ 5,219	$ 13,428	$ 7,653	$ 5,258	$ 4,778	$ 5,272	$ 7,458	$ 7,816	$ 8,292	$ 19,922
Contributions - employee	4,213	4,409	4,323	3,176	2,241	2,341	2,277	2,306	2,430	2,369
Net investment income	98,586	183,555	75,767	(159,182)	132,009	65,329	27,721	39,819	53,253	36,692
Benefit payments including refunds of contributions	(19,813)	(12,879)	(12,879)	(12,879)	(11,999)	(11,370)	(12,873)	(12,490)	(11,370)	(12,409)
Administrative expense	(4,875)	(8,008)	(987)	(318)	(875)	(875)	(875)	(875)	(2,875)	(7,385)
Other	-	-	-	1,709	-	-	-	-	-	-
Net change in plan fiduciary net position	83,330	180,505	73,877	(162,236)	126,154	60,697	23,708	36,576	49,730	39,189
Plan fiduciary net position - beginning	918,676	738,171	664,294	826,530	700,376	639,679	615,971	579,395	529,665	490,476
Plan fiduciary net position - ending (b)	$ 1,002,006	$ 918,676	$ 738,171	$ 664,294	$ 826,530	$ 700,376	$ 639,679	$ 615,971	$ 579,395	$ 529,665
Net pension liability (asset) - ending (a) - (b)	$ (328,752)	$ (286,593)	$ (208,369)	$ (192,123)	$ (381,131)	$ (258,662)	$ (223,115)	$ (214,813)	$ (266,506)	$ (232,881)
Plan fiduciary net position as a percentage of the total pension liability	148.83%	145.34%	139.33%	140.69%	185.57%	158.56%	153.56%	153.55%	185.18%	178.47%
Covered payroll	$ 84,260	$ 85,638	$ 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	-390.16%	-334.66%	-246.06%	-302.46%	-850.49%	-552.81%	-489.95%	-465.77%	-499.27%	-491.52%
Annual Money-Weighted Rate of Return	8.63%	25.04%	12.42%	-19.22%	19.44%	9.91%	4.44%	6.90%	10.10%	7.50%

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, 2025
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	$ 3,455	$ 8,307	$ 8,214	$ 5,190	$ -	$ -	$ -	$ 6,457	$ 7,473	$ 8,529
Contributions in relation to the actuarially determined contributions	5,219	13,428	7,653	5,258	4,778	5,272	7,458	7,816	8,292	19,922
Control deficiency (excess)	$ (1,764)	$ (5,121)	$ 561	$ (68)	$ (4,778)	$ (5,272)	$ (7,458)	$ (1,359)	$ (819)	$ (11,393)
Covered payroll	$ 84,260	$ 85,638	$ 84,681	$ 63,520	$ 44,813	$ 46,790	$ 45,538	$ 46,120	$ 53,379	$ 47,380
Contributions as a percentage of covered payroll	6.19%	15.68%	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 fiscal year in which contributions are being reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Aggregate
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	6.5% - 4.5%
Interest Rate	6.50%, net of investment related expenses
Retirement Age	Varies by Age and Service
Mortality	For healthy participants during employment, PUB-2010 Benefits Weighted Safety Employee Mortality Table, separate rates for males and females, males set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2021. For healthy participants post employment, PUB-2010 Benefits Weighted Safety Healthy Retiree Mortality Table, separate rates for males and females, males set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2021. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, females set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2021. For survivors of participants, PUB-2010 Headcount Weighted General Healthy Retiree Mortality Table, separate rates for males and females, males set back 1 year, with fully generational mortality improvements projected to each future decrement date with MP-2021.

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, 2025

	Water	Sewer	Total
Operating revenues			
Charges for services	$ 721,048	$ 590,146	$ 1,311,194
Operating expenses			
Personal services	145,629	107,876	253,505
Contractual services	185,010	73,559	258,569
Repairs and maintenance	50,045	31,860	81,905
Supplies	136,013	86,572	222,585
Utilities	25,150	27,699	52,849
Other expenses	140,850	145,000	285,850
Depreciation	124,143	121,489	245,632
Total operating expenses	806,840	594,055	1,400,895
Operating income (loss)	(85,792)	(3,909)	(89,701)
Nonoperating revenues (expenses)			
Other income (expense)	330	-	330
Interest and amortization expense	-	(24,933)	(24,933)
Total nonoperating revenues (expenses)	330	(24,933)	(24,603)
Income (loss) before capital contributions and transfers	(85,462)	(28,842)	(114,304)
Capital grants	2,033,352	37,835	2,071,187
Transfers in	17,116	-	17,116
Change in net position	1,965,006	8,993	1,973,999
Net position, beginning of year	2,911,853	2,612,690	5,524,543
Net position, end of year	$ 4,876,859	$ 2,621,683	$ 7,498,542

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

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

State Grantor / Pass-Through Entity / Project Title	CSDA Number	Contract / Grant Number	Expenditures
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection			
Direct:			
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0500	$ 1,031,033
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0501	307,115
Total Statewide Surface Water Restoration and Wastewater Projects			1,338,148
Total Department of Environmental Protection			1,338,148
Florida Department of State and Secretary of State			
Direct:			
Historic Preservation Grants	45.031	25.h.sm.200.043	50,000
Total Department of State and Secretary of State			50,000
Total State Financial Assistance			$ 1,388,148

The accompanying notes to the schedule of expenditures of state financial assistance are an integral part of this statement.

CITY OF CRESCENT CITY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the State grant awards activity of City of Crescent City, Florida (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City

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

Expenditures reported on the schedule are reported on the modified accrual basis of accounting.

(3) **Subrecipients:**

During the year ended September 30, 2025, the City provided no grant awards to subrecipients

(4) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

CITY OF CRESCENT CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2025

A. **Summary of Auditors' Results:**

Financial Statements:

Type of audit report issued on the financial statements:	*Modified*	
Internal control over financial reporting:		
Material weakness(es) identified?	X yes	____ no
Significant deficiency(ies) identified?	X yes	____ none reported
Noncompliance material to financial statements noted?	____ yes	X no

State Awards:

Internal control over major state projects:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Type of auditors' report issued on compliance for major State projects:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550?	____ yes	X none reported
Dollar threshold used to distinguish between type A and type B programs:		$416,444

Identification of major state project:

Assistance Listing Number	Program Name
37.039	Statewide Water Quality Restoration Projects

B. **Financial Statement Findings:**

2025-001 – Accounting Errors and Adjustments

Criteria: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Condition: Material adjustments were required to be made to the accounting records subsequent to the start of the audit due to errors in posting journal entries, errors in calculations, and journal entries that had not been recorded prior to providing the trial balance for audit. Additionally, adjustments were necessary to correct account balances related to pensions and grants.

Cause: Management did not identify and correct accounting errors or record all necessary journal entries prior to the start of the audit.

Effect: Errors and omissions in the accounting records could result in material misstatements of the financial statements.

Recommendation: We recommend that management strengthen its year-end closing procedures to ensure that account balances are properly reconciled, calculations and journal entries are reviewed for accuracy, and all necessary adjustments are recorded prior to providing the trial balance for audit.

2025-002 – Payroll Authorization and Documentation (Repeat Comment)

Criteria: Effective internal control procedures require that all employee pay rates, time sheets, and leave requests be properly authorized by management and adequately documented. Formal approval through standardized forms, such as Personnel Action Forms, and retention of such documentation provides assurance that payroll transactions are accurate, valid, and consistent with approved personnel actions.

Condition: During our testing of internal controls over payroll, we noted that the City is not currently utilizing Personnel Action Forms to document pay rate approvals. Additionally, documentation supporting pay rate changes, such as email approvals from management, was not readily available for review. Documentation of vacation and sick leave requests and approvals was also not consistently maintained.

Cause: The City has not fully implemented procedures to ensure that payroll-related authorizations and supporting documentation are consistently prepared, approved, and retained in accordance with effective internal control practices.

Effect: The absence of standardized documentation and formal approval increases the risk of unauthorized or inaccurate payroll transactions and limits the City's ability to demonstrate compliance with established personnel and payroll control policies.

Recommendation: We recommend that the City implement formal procedures requiring the use of Personnel Action Forms or equivalent written documentation for all pay rate changes, time sheets, and leave approvals. All such documentation should be approved by appropriate management personnel and retained on file to provide evidence of review and authorization.

2025-003 – Journal Entry Review (Repeat Comment)

Criteria: Internal control best practices require that journal entries be subject to segregation of duties such that the individual preparing or recording entries is not the same person responsible for their review and approval. Supporting documentation and evidence of approval should be maintained to demonstrate compliance with established procedures.

Condition: During our testing of journal entries, we noted that the City was unable to provide supporting documentation and evidence of review and approval for three out of ten journal entries selected for testing in accordance with the City's documented procedures.

Cause: The City has not implemented sufficient segregation of duties or formal review procedures to ensure independent review and approval of journal entries.

Effect: Lack of segregation of duties and review documentation increases the risk of unauthorized or inappropriate journal entries being posted without detection.

Recommendation: We recommend that the City implement processes to segregate the preparation and approval of journal entries and maintain supporting documentation evidencing review and approval to demonstrate that entries are properly authorized before posting.

2025-004 – CRA Expenditure Eligibility

Criteria: The City is responsible for ensuring that expenditures charged to the Community Redevelopment Agency (CRA) Fund are allowable and consistent with the purposes and restrictions applicable to CRA resources

Condition: During our testing of expenditures, we noted an expenditure charged to the CRA Fund that was not an eligible use of the Fund's restricted resources.

Cause: Procedures were not sufficient to ensure that expenditures were reviewed for eligibility prior to being charged to the CRA Fund.

Effect: Charging ineligible expenditures to the CRA Fund may result in restricted resources being used for purposes that are not allowable and may result in noncompliance with applicable restrictions.

Recommendation: We recommend that the City implement procedures to review expenditures for eligibility prior to payment and ensure that all expenditures charged to the CRA Fund are allowable and consistent with applicable restrictions. Any ineligible expenditures should be charged to an appropriate unrestricted funding source.

C. **State Financial Assistance Findings and Questioned Costs:**

No findings or questioned costs were noted.

D. **Summary Schedule of Prior Audit Findings:**

Not applicable as no prior year findings were reported as part of a single audit.

E. **Corrective Action Plan:**

See Management's Response to Findings, as listed in the table of contents.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mayor and City Commissioners,
City of Crescent City, Florida:

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited City of Crescent City, Florida's (the City) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2025. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Chapter 10.550, Rules of the Auditor General, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida
October 28, 2026

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 28, 2026.

As discussed in the Independent Auditors' Report, the City has not implemented the provisions of Statement No. 67 *Financial Reporting for Pension Plans* and Statement No. 68 *Accounting and Financial Reporting for Pensions,* for its Municipal Police Officers' Pension Plan. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities.

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.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2025-001 and 2025-002 that we considered to be material weaknesses and 2025-003 and 2025-004 that we consider to be significant deficiencies.

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.

James Moore & Co., P.L.

Daytona Beach, Florida
October 28, 2026

JAMESMOORE

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, 2025, and have issued our report thereon dated October 28, 2026.

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 October 28, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Three findings and recommendations from the prior year's audit (2024-001, 2024-002, and 2024-003) 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:

2024-001 Reconciliation of Account Balances – Corrective action taken.

2024-002 Payroll Authorization and Documentation – Corrective action not taken. See second-year repeat comment 2025-002.

2024-003 Journal Entry Review – Corrective action not taken. See fourth-year repeat comment 2025-003.

2024-004 Proper Authorization of Disbursements – Corrective action taken.

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 recommendation:

2025-005 – Debt Compliance – During our testing of debt compliance requirements, we noted that the City is not in compliance with one of the gas bonds requirements as the balance in Gas Renewal and Replacement restricted cash account is below the amount required by the Gas Bonds Agreement and as required by Ordinance 96-02. Further, the balance in unrestricted cash in gas fund is insufficient to make a reclassification to correct this noncompliance. We recommend correcting this noncompliance by transferring sufficient funds into Gas Renewal and Replacement restricted cash account.

2025-006 – Approval of Budget Amendments – During our testing of the City budgets, we noted that actual expenditures on an accrual basis exceeded the amount budgeted. In accordance with Section 166.241(8), Florida Statutes, the governing body of a municipality may amend its budget within 60 days following the end of the fiscal year to reflect the actual financial activity. We recommend that the City ensure timely budget amendments are made, including all accrual-based expenditures, to maintain compliance with statutory budgetary requirements.

2025-007 – Public Deposit Annual Reporting – Chapter 280, Florida Statutes requires all public depositors to file an annual report of all public deposits with the Chief Financial Officer prior to November 30 for the preceding fiscal year. We noted that this report was not filed for the fiscal year ended September 30, 2025. We recommend the City ensure the required annual reporting is completed timely to ensure all state protections related to public deposits remain in effect.

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

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 the 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.

James Moore & Co., P.L.

Daytona Beach, Florida
October 28, 2026

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, 2025. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating the City's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies,* and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance for the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the City's compliance was not in accordance with the aforementioned requirements, in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City of Crescent City, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

James Moore & Co., P.L.

Daytona Beach, Florida
October 28, 2026

City of Crescent City, Florida
Management Response to the Audit Findings
Fiscal Year ending September 30, 2025

City Response:
The City of Crescent 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.

2025-001- Accounting Errors and Adjustments
The City of Crescent City concurs with the finding and has strengthened its year end procedures by documenting the procedures necessary, performing timely reconciliations and assigning staff to oversee the timely reconciliation of grant and pension activity.

2025-002- Payroll Authorization and Documentation (Repeat Comment)
The City of Crescent City concurs with the finding. The City now requires all pay rate changes be documented using the Wage Change Form. The Employee, City Manager and Department Head signatures are required on the Wage Change Form before processing. Time sheets, leave approvals and Personnel Action Forms are also required to be signed by appropriate management and retained on file.

2025-003- Journal Entry Review (Repeat comment)
The City of Crescent City concurs with the finding. The City has improved the process by having journal entries reviewed by the outside accountant assisting the City before the finance director records them in the general ledger. The City will continue to improve the documentation of the review and include it in the supporting documentation for each journal entry.

2025-004 – CRA Expenditures Eligibility
The City of Crescent City concurs with the finding and now has a full-time A/P Clerk who has improved the accuracy of expenditure coding.

2025-005 – Debt Compliance (Repeat comment)
The City of Crescent City concurs with the finding and has increased rates to assist with generating the funds needed to comply with the gas bond agreements.

2025-006 – City Budget and Budgetary Compliance
The City of Crescent City concurs with the finding. The expenditures exceeding revenues was caused by ARPA funds not budgeted as revenues, the use of discretionary funds used for capital outlay expenditures and additional revenues not budgeted. 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 make the necessary amendments on a timely basis.

2025-007 – Public Deposit Annual Report
The City of Crescent City concurs with the finding and will maintain a schedule of all required reporting requirements to ensure that the necessary reports are filed on a timely basis.