

2023

City of Crestview, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2023

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**CITY OF CRESTVIEW, FLORIDA
CRESTVIEW, FLORIDA**

SEPTEMBER 30, 2023

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**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**CITY OF CRESTVIEW, FLORIDA
CRESTVIEW, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crestview (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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.

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City of Crestview
Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of October 1, 2022. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

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.

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 accompanying combining non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, 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 solely 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 effectiveness of the City's 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.



June 27, 2024
Tallahassee, Florida

CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)

As management of the City of Crestview, we offer readers of the City of Crestview's financial statements this narrative overview and analysis of the financial activities of the City of Crestview for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Crestview exceeded liabilities and deferred inflows by approximately \$81 million (net position) and represents an increase of approximately \$6.3 million in net position from the prior year. Of this amount, approximately \$56 million represents the net investment in capital assets (e.g., land, infrastructure, building, machinery and equipment), \$8.0 million is restricted for future obligations, and \$17.8 million is unrestricted and may be used to meet the City of Crestview's ongoing obligations to citizens and creditors.
- Net position of the governmental activities increased by approximately \$3.4 million from the prior year.
- The net position of the business-type activities increased by approximately \$2.9 million from the prior year. The primary reason for the increase was the Utility wide rate increase.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15.7 million, or 51% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Crestview's basic financial statements. The City of Crestview'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 Crestview's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Crestview's assets (and deferred outflows) and liabilities (and deferred inflows), with the difference reported as net position. The statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the City of Crestview.

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 flow in future fiscal periods.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

Both of the government-wide financial statements distinguish functions of the City of Crestview 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 Crestview include general government (city clerk, city council, mayor, finance, service maintenance, planning, administration, engineering, facilities, and non-departmental expenses), public safety (police and fire), economic environment (CDBG), transportation (streets and right-of-way), human services (animal shelter), culture and recreation (parks and library), and debt service interest. The business-type activities of the City of Crestview include utilities (water and sewer), sanitation, stormwater, and the recently formed entity Crestview Unlimited (CV Unlimited), which operates the City of Crestview's golf course. The government-wide financial statements are found on pages 16-18 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 Crestview, 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 Crestview can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 financial requirements. Found on pages 19-23 of this report are the basic governmental fund financial statements.

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 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 Crestview maintains seven individual governmental funds (General Fund, Law Enforcement Trust Fund, Community Redevelopment Fund, Community Development Block Grant Fund, Building and Permitting Fund, Debt Service Fund, and the Permanent Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

The City of Crestview adopts an annual appropriated budget for its General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget.

Proprietary funds - All proprietary funds of the City of Crestview are maintained as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Crestview uses enterprise funds to account for its utilities operations (water operations and distribution and sewer collections and treatment), Stormwater, Sanitation, and CV Unlimited (Blackwater Golf Club) operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Utilities Fund and Sanitation Fund are both considered major proprietary funds. Data from the other two enterprise funds (Stormwater and CV Unlimited) are combined into a single, aggregated presentation. The proprietary fund financial statements are found on pages 24-28 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 Crestview's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements are found on pages 29-30 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. On page 31 of this report is the beginning of the notes to the financial statements.

OTHER INFORMATION

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the notes to the financial statements. The combining and individual fund statements and schedules are found on pages 76-80 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 Crestview, assets and deferred outflows exceeded liabilities and deferred inflows by \$81 million (net position) for the fiscal year ended 2023 as reported in Table 1.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

**TABLE 1
CITY OF CRESTVIEW, FLORIDA
NET POSITION
AS OF SEPTEMBER 30, 2023 AND 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Total assets, excluding capital assets	\$ 27,494,267	\$ 26,930,075	\$ 17,919,864	\$ 16,507,921	\$ 45,414,131	\$ 43,437,996
Capital assets, net of depreciation	39,058,988	34,543,335	50,545,022	46,109,213	89,604,010	80,652,548
Total assets	66,553,255	61,473,410	68,464,886	62,617,134	135,018,141	124,090,544
Deferred outflows of resources	5,047,999	7,296,288	1,605,073	1,962,271	6,653,072	9,258,559
Total assets and deferred outflows	\$ 71,601,254	\$ 68,769,698	\$ 70,069,959	\$ 64,579,405	\$ 141,671,213	\$ 133,349,103
Total liabilities, excluding long-term liabilities	\$ 4,015,783	\$ 3,818,626	\$ 5,542,233	\$ 4,955,610	\$ 9,558,016	\$ 8,774,236
Long-term liabilities	23,303,683	24,516,823	25,988,251	24,112,662	49,291,934	48,629,485
Total liabilities	27,319,466	28,335,449	31,530,484	29,068,272	58,849,950	57,403,721
Deferred inflows of resources	852,125	447,038	163,772	50,332	1,015,897	497,370
Net position:						
Net investment in capital assets	25,767,622	20,135,236	30,249,128	25,771,441	56,016,750	45,906,677
Restricted	3,462,778	2,592,634	4,535,879	3,112,541	7,998,657	5,705,175
Unrestricted	14,199,263	17,259,341	3,590,696	6,576,819	17,789,959	23,836,160
Total net position	43,429,663	39,987,211	38,375,703	35,460,801	81,805,366	75,448,012
Total liabilities, deferred inflows and net position	\$ 71,601,254	\$ 68,769,698	\$ 70,069,959	\$ 64,579,405	\$ 141,671,213	\$ 133,349,103

By far the largest portion of the City of Crestview's net position, approximately \$56 million (or 69%), represents the investment in capital assets (e.g., land, infrastructure, building, machinery and equipment).

An additional portion of the City of Crestview's net position, approximately \$8.0 million (or 10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17.8 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The overall increase in the City's net position was \$6.4 million during FY 2023, which is primarily due from the receipt of capital grants, SRF loan proceeds and some large impact fees related to continued growth within the City.

Governmental Activities - Governmental activities increased the City of Crestview's net position by \$3.4 million and business-type activities increased the City's net position by \$2.9 million. Reported in Table 2 are the key elements of these changes.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

**TABLE 2
CITY OF CRESTVIEW, FLORIDA
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 2,322,073	\$ 1,842,913	\$ 15,020,611	\$ 15,564,456	\$ 17,342,684	\$ 17,407,369
Operating grants and contributions	498,924	305,761	-	-	498,924	305,761
Capital grants and contributions	215,017	730,553	2,838,613	2,290,455	3,053,630	3,021,008
General revenues:						
Property taxes	10,864,904	9,586,787	-	-	10,864,904	9,586,787
Other taxes	7,011,015	6,642,702	-	-	7,011,015	6,642,702
Other revenues	9,763,029	9,815,725	6,108	1,277	9,769,137	9,817,002
Total revenues	<u>30,674,962</u>	<u>28,924,441</u>	<u>17,865,332</u>	<u>17,856,188</u>	<u>48,540,294</u>	<u>46,780,629</u>
Expenses:						
General government	6,662,840	6,167,465	-	-	6,662,840	6,167,465
Public safety	15,279,596	12,868,310	-	-	15,279,596	12,868,310
Economic environment	153,635	139,742	-	-	153,635	139,742
Transportation	2,091,534	1,983,031	-	-	2,091,534	1,983,031
Human services	336,208	165,622	-	-	336,208	165,622
Culture and recreation	2,550,123	2,244,594	-	-	2,550,123	2,244,594
Interest on long-term debt	361,124	386,489	-	-	361,124	386,489
Utilities fund	-	-	9,065,339	8,323,951	9,065,339	8,323,951
Sanitation fund	-	-	4,143,536	4,001,333	4,143,536	4,001,333
Stormwater fund	-	-	461,374	344,904	461,374	344,904
Crestview Unlimited	-	-	1,077,631	984,826	1,077,631	984,826
Total expenses	<u>27,435,060</u>	<u>23,955,253</u>	<u>14,747,880</u>	<u>13,655,014</u>	<u>42,182,940</u>	<u>37,610,267</u>
Increase (decrease) in net assets before transfers	3,239,902	4,969,188	3,117,452	4,201,174	6,357,354	9,170,362
Transfers	202,550	(729,719)	(202,550)	729,719	-	-
Increase (decrease) in net position	<u>\$ 3,442,452</u>	<u>\$ 4,239,469</u>	<u>\$ 2,914,902</u>	<u>\$ 4,930,893</u>	<u>\$ 6,357,354</u>	<u>\$ 9,170,362</u>

Financial Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

- **Economic Condition** - This can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, gas, or other tax revenue.
- **Council Approved Rate Adjustments** - While certain tax rates are set by statute, the City Council has significant authority to impose and periodically adjust rates (water, wastewater, sanitation, impact fees, recreation user fees, etc.).

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

- Changing Patterns in Intergovernmental Grant Revenue (both recurring and non-recurring) – Certain recurring revenues (state revenue sharing and community development grants) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- Market Impacts on Investment Income - The current market conditions have little influence on the City of Crestview's investment income since the majority of the City of Crestview's non-pension investments consist of certificates of deposit and deposits with the State Board of Administration.

Expenses

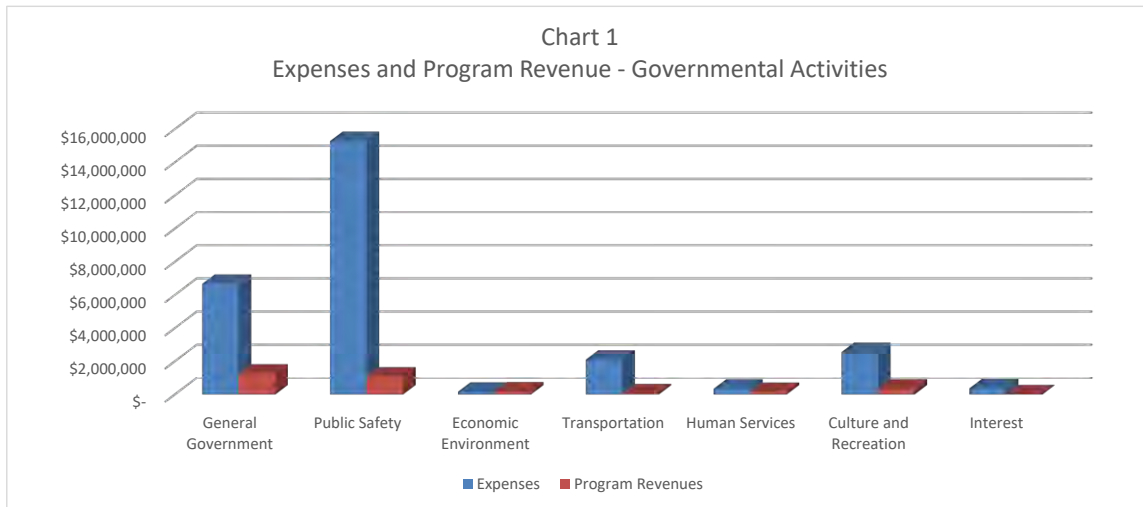
- Introduction of New Programs - Within functional expense categories (police, fire, public works, community development, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.
- Authorized Position Adjustments - Changes in service demand may cause the City Council to change authorized staffing. Staffing costs (salary and related benefits) represent approximately 68% of the City of Crestview's operating costs.
- Salary Adjustments - The ability to attract and retain human and intellectual resources requires the City of Crestview to strive to approach a competitive salary range position in the marketplace.
- Inflation - While overall inflation appears to be reasonably modest, the City of Crestview is a major consumer of certain commodities such as paper, chemicals, supplies, fuel, oil, and parts. Some fluctuations may experience commodity specific increases.

Current Year Impacts - Governmental Activities

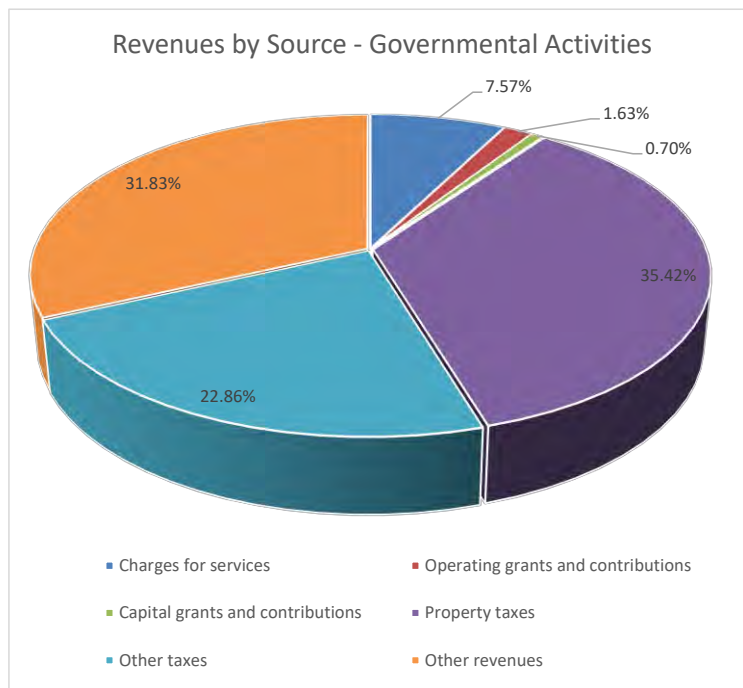
- Net position in the governmental activities increased by approximately \$4.2 million in the prior year and increased approximately \$3.4 million in the current year. Total revenues in the governmental activities increased by approximately \$1.8 million and expenditures increased approximately \$3.5 million.
- Property taxes increased by approximately \$1.3 million (or 13%) due to both community growth and improving property values.
- Other taxes and Other revenues, which include state shared revenues, increased by approximately \$315 thousand (or 2%) due to improving economic conditions in the City of Crestview and the State of Florida.

CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)

The following chart compares the program revenues from governmental activities to the related expenses. Please note that expenses exceed revenues as government seeks to identify the needs of citizens and then raise resources to meet those needs. The excess of expenses over program revenues is then funded by the remaining general revenues of the government.



The chart below reflects the percentage of individual revenue sources to total revenue sources for governmental activities. Charges for services, grants, and contributions are considered program revenues. Taxes, intergovernmental revenues, interest, and other miscellaneous revenues are considered general revenues.



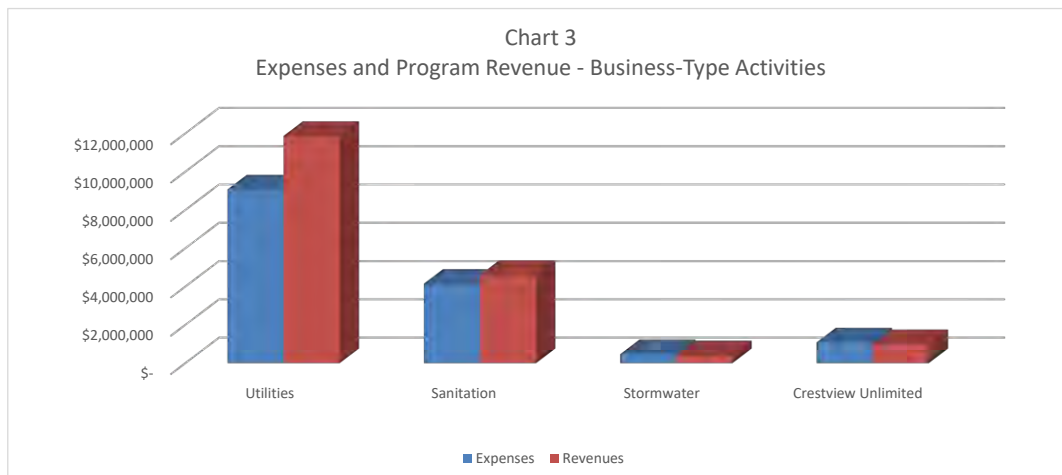
**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

Business-Type Activities

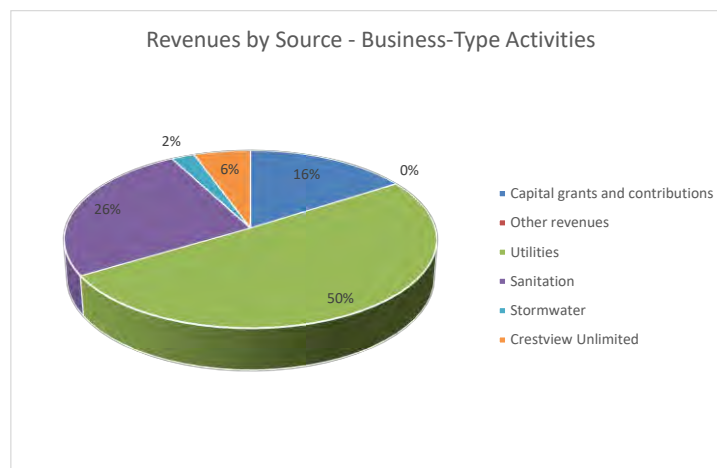
The net position from business-type activities increased by approximately \$2.9 million.

- Charges for services for business-type activities decreased by approximately \$543 thousand (or 3%). This change is minimal but future rate increases will create an upward trend.
- Total operating expenses increased by approximately \$1 million (or 8%). This resulted from additional depreciation expense from the expansion of the water and sewer system and increasing operational costs.

The following chart compares the program revenues from the City of Crestview's business-type activities to the related expenses for the fiscal year. Business-type activities differ from governmental activities in that charges for services are designed specifically to recover the cost of providing those services, including capital costs such as depreciation or debt service.



The following chart shows the composition of revenues from the City of Crestview's business-type activities.



**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds - The focus of the City of Crestview's governmental funds is to provide information on near-term inflows and balances of spendable resources. Such information is useful in assessing the City of Crestview'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.

As of the end of the current fiscal year, the City of Crestview's governmental funds reported a combined ending fund balance of \$25.5 million, an increase of \$366 thousand in comparison with the prior year. Approximately 61% of this total amount (\$15.6 million) constitutes unassigned fund balance in the General Fund, which is available for spending at the City Council's discretion. The remainder of the fund balance is not available for general spending because it is restricted or has already been assigned by the City of Crestview (\$5.8 million).

The General Fund is the chief operating fund of the City of Crestview. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$15.6 million, while total fund balance reached \$22.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 51% of the total General Fund expenditures, while total fund balance represents 74% of that same amount.

Proprietary Funds - The City of Crestview's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds totaled \$3.5 million at the end of the year; of that the Sanitation Fund totaled \$3.7 million, and the non-major funds totaled \$48 thousand. The net position for this fiscal year in the proprietary funds increased by approximately \$2.7 million. This increase primarily resulted from the Utilities Fund where infrastructure costs have been capitalized and will be depreciated over time. Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the City of Crestview's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City of Crestview's budget was amended to correctly reflect capital lease payments in the General Fund budget.

Revenues for the year were more than budget by approximately \$1.5 million. Expenditures were less than budgeted amounts by approximately \$570 thousand.

CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Crestview's investments in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$144 million (\$89 million net of accumulated depreciation). This investment in capital assets includes land, buildings, water, wastewater and drainage systems improvements, machinery and equipment, park facilities, roads, and highways, etc. The total increase in the City of Crestview's gross capital assets for the current fiscal year were \$12.5 million or 9.5%, and is summarized as follows:

- Construction in progress decreased by \$8.1 million due to the completion of several improvements and infrastructure projects as noted below.
- Improvements to buildings, highways and streets and other infrastructure (\$8.0 million) and water and sewer system improvements (\$9.0 million).
- Purchases of equipment and vehicles for the police, fire, streets, permitting, utility, stormwater departments, and the golf course (\$2.7 million).

TABLE 3
CITY OF CRESTVIEW CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,960,873	\$ 3,781,127	\$ 2,711,370	\$ 2,711,370	\$ 6,672,243	\$ 6,492,497
Construction in progress	7,810,167	11,956,874	3,822,955	7,799,113	11,633,122	19,755,987
Buildings	10,861,983	8,794,946	8,954,298	8,954,298	19,816,281	17,749,244
Improvements	12,232,731	8,339,162	12,357,626	3,635,890	24,590,357	11,975,052
Infrastructure	17,454,470	15,418,907	37,153,627	36,876,609	54,608,097	52,295,516
Machinery and equipment	11,503,677	10,044,308	11,294,584	10,079,328	22,798,261	20,123,636
Leased equipment	2,208,343	2,122,703	353,827	398,387	2,562,170	2,521,090
Intangible assets	1,007,202	1,007,202	-	-	1,007,202	1,007,202
SBITAs	728,188	-	-	-	728,188	-
Total prior to depreciation	67,767,634	61,465,229	76,648,287	70,454,995	144,415,921	131,920,224
Less accumulated depreciation	28,708,646	26,921,894	26,103,265	24,345,783	54,811,911	51,267,677
Total	<u>\$ 39,058,988</u>	<u>\$ 34,543,335</u>	<u>\$ 50,545,022</u>	<u>\$ 46,109,212</u>	<u>\$ 89,604,010</u>	<u>\$ 80,652,547</u>

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

Long-Term Debt

At the end of the current fiscal year, the City of Crestview had total long-term debt outstanding of \$38.9 million. The City of Crestview's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds), state revolving loans, and capital leases. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts greater than one year, the City of Crestview is required to conduct a voter referendum process for approval of this type of debt. The City of Crestview has no general obligation debts greater than one year as of September 30, 2023.

**TABLE 4
CITY OF CRESTVIEW OUTSTANDING DEBT
REVENUE BONDS, NOTES PAYABLE AND CAPITAL LEASES**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Notes payable	\$ -	\$ -	\$ 10,396,555	\$ 7,755,999	\$ 10,396,555	\$ 7,755,999
Leases	562,155	1,143,732	197,104	317,462	759,259	1,461,194
SBITAs	754,409	-	-	-	754,409	-
Revenue bonds	11,934,842	13,222,187	15,110,157	15,687,813	27,044,999	28,910,000
Total	<u>\$ 13,251,406</u>	<u>\$ 14,365,919</u>	<u>\$ 25,703,816</u>	<u>\$ 23,761,274</u>	<u>\$ 38,955,222</u>	<u>\$ 38,127,193</u>

Total long-term debt increased by approximately \$828 thousand during the 2023 fiscal year. Additional information on the City of Crestview's long-term debt can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State of Florida, by constitution, does not have a state personal income tax and, therefore, the state operates primarily using sales, gasoline, and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely upon property and limited array of permitted other taxes (sales, gasoline, utility service taxes, etc.) and fees (franchise and business license) for their governmental activities. There are a limited number of state shared revenues and recurring and non-recurring grants from both the state and federal government, which provide funding for specific programs, projects, or activities. For the business-type activities and certain governmental activities (permitting and recreational programs) the user pays a related fee or charge associated with the service.

The level of taxes, fees, and charges for services (including development related impact fees) has an impact on the City of Crestview's specific competitive ability to encourage development and redevelopment (office, retail, residential, and industrial) for those businesses that choose to locate in our jurisdiction. As the City of Crestview and surrounding area continues to experience growth, the City of Crestview places great emphasis on forecasting the needs of the future to ensure the continued financial and economic health of our community.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

The military has a significant presence in our community with Duke Field, Eglin Air Force Base, Hurlburt Special Operations, and the 7th Special Forces Operations Group employing military and civilian personnel. These installations are essential to the continued long-term economic vitality of this area. Eglin Air Force Base is the world's largest Department of Defense installation, spanning 724 square miles. Defense contractor companies are established throughout the Northwest Florida region.

The City of Crestview is undertaking several processes to assist in future planning by creating a multi-year capital improvement program. Another factor that is being looked at is a replacement program for capital equipment such as vehicles, computers, etc.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Crestview's finances for all those with an interest in the City of Crestview's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 198 N. Wilson Street, Crestview, Florida 32536. The City of Crestview's website address is www.cityofcrestview.org. Inquiries may also be sent via email to the Finance Department at ginatoussaint@cityofcrestview.org.

FINANCIAL STATEMENTS

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and Cash Equivalents	\$ 24,412,376	\$ 3,049,610	\$ 27,461,986
Investments	53,391	-	53,391
Accounts Receivable, Net	545,586	2,149,425	2,695,011
Due from Other Governments	815,721	-	815,721
Inventories	73,421	94,089	167,510
Interfund Receivable	116,794	546,612	663,406
Prepaid Expenses	321,236	148,687	469,923
Restricted Assets:			
Cash and Cash Equivalents	1,155,742	11,669,573	12,825,315
Investments	-	261,868	261,868
Capital Assets:			
Assets Not Being Depreciated	11,771,040	6,534,325	18,305,365
Assets Being Depreciated, Net	27,287,948	44,010,697	71,298,645
Total Assets	66,553,255	68,464,886	135,018,141
Deferred Outflows of Resources			
Deferred Loss on Bond Refunding	-	674,648	674,648
Other Postemployment Benefits	328,239	69,932	398,171
Pensions	4,719,760	860,493	5,580,253
Total Deferred Outflows of Resources	5,047,999	1,605,073	6,653,072
Liabilities			
Accounts Payable	757,731	636,570	1,394,301
Accrued Expenses	672,121	49,335	721,456
Interfund Payables	-	663,406	663,406
Unearned Revenue	56,606	1,606,736	1,663,342
Due to Other Governments	488,145	-	488,145
Accrued Interest	78,410	70,745	149,155
Customer Deposits	15,921	965,872	981,793
Non-Current Liabilities:			
Due Within One Year	1,946,849	1,549,569	3,496,418
Due in More Than One Year	23,303,683	25,988,251	49,291,934
Total Liabilities	27,319,466	31,530,484	58,849,950
Deferred Inflows of Resource			
Other Postemployment Benefits	768,701	163,772	932,473
Pensions	83,424	-	83,424
Total Deferred Inflows of Resources	852,125	163,772	1,015,897
Net Position			
Net Investment in Capital Assets	25,767,622	30,249,128	56,016,750
Restricted for:			
Library	53,391	-	53,391
Impact Fees	755,933	3,937,062	4,692,995
Debt Service	399,809	348,817	748,626
Reserve and Replacement	-	250,000	250,000
Building Permits	1,645,509	-	1,645,509
Redevelopment	608,136	-	608,136
Unrestricted	14,199,263	3,590,696	17,789,959
Total Net Position	\$ 43,429,663	\$ 38,375,703	\$ 81,805,366

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 6,662,840	\$ 1,249,546	\$ -	\$ -
Public Safety	15,279,596	664,144	193,861	215,017
Economic Environment	153,635	-	170,545	-
Transportation	2,091,534	56,500	-	-
Human Services	336,208	9,494	134,518	-
Culture and Recreation	2,550,123	342,389	-	-
Interest	361,124	-	-	-
Total Governmental Activities	27,435,060	2,322,073	498,924	215,017
Business-Type Activities				
Utilities	9,065,339	9,024,263	-	2,838,613
Sanitation	4,143,536	4,600,736	-	-
Stormwater	461,374	406,070	-	-
Crestview Unlimited	1,077,631	989,542	-	-
Total Business-Type Activities	14,747,880	15,020,611	-	2,838,613
Total	\$ 42,182,940	\$ 17,342,684	\$ 498,924	\$ 3,053,630

General Revenues

Taxes:

Property Taxes

Franchise and Utility Taxes

Communication Service Tax

Fuel Taxes

Other Taxes

State-Shared Revenues

Other Intergovernmental Revenue

Investment Earnings

Miscellaneous Revenue

Transfers

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (5,413,294)	\$ -	\$ (5,413,294)
(14,206,574)	-	(14,206,574)
16,910	-	16,910
(2,035,034)	-	(2,035,034)
(192,196)	-	(192,196)
(2,207,734)	-	(2,207,734)
(361,124)	-	(361,124)
<u>(24,399,046)</u>	<u>-</u>	<u>(24,399,046)</u>
-	2,797,537	2,797,537
-	457,200	457,200
-	(55,304)	(55,304)
-	(88,089)	(88,089)
<u>-</u>	<u>3,111,344</u>	<u>3,111,344</u>
<u>(24,399,046)</u>	<u>3,111,344</u>	<u>(21,287,702)</u>
10,864,904	-	10,864,904
5,184,887	-	5,184,887
933,144	-	933,144
782,742	-	782,742
110,242	-	110,242
8,602,303	-	8,602,303
71,624	-	71,624
608,640	6,108	614,748
480,462	-	480,462
202,550	(202,550)	-
<u>27,841,498</u>	<u>(196,442)</u>	<u>27,645,056</u>
3,442,452	2,914,902	6,357,354
39,987,211	35,460,801	75,448,012
<u>\$ 43,429,663</u>	<u>\$ 38,375,703</u>	<u>\$ 81,805,366</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 21,635,328	\$ 2,777,048	\$ 24,412,376
Cash and Cash Equivalents - Restricted	1,143,914	11,828	1,155,742
Investments	-	53,391	53,391
Accounts Receivable - Other	545,586	-	545,586
Interfund Receivables	116,794	-	116,794
Due from Other Governments	815,721	-	815,721
Inventories	73,421	-	73,421
Prepaid Expenses	318,329	2,907	321,236
Total Assets	<u>\$ 24,649,093</u>	<u>\$ 2,845,174</u>	<u>\$ 27,494,267</u>
Liabilities			
Accounts Payable	\$ 715,967	\$ 41,764	\$ 757,731
Accrued Expenses	666,592	5,529	672,121
Customer Deposits	15,921	-	15,921
Due to Other Governments	488,145	-	488,145
Unearned Revenue	56,606	-	56,606
Total Liabilities	<u>1,943,231</u>	<u>47,293</u>	<u>1,990,524</u>
Fund Balances			
Non-Spendable	391,750	56,298	448,048
Restricted	1,143,914	2,418,063	3,561,977
Assigned	5,509,999	323,520	5,833,519
Unassigned	15,660,199	-	15,660,199
Total Fund Balances	<u>22,705,862</u>	<u>2,797,881</u>	<u>25,503,743</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,649,093</u>	<u>\$ 2,845,174</u>	<u>\$ 27,494,267</u>

The accompanying notes are an integral part of these financial statements.

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

Total Funds Balances - Governmental Funds \$ 25,503,743

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 governmental funds.

Capital Assets	\$ 67,767,634	
Less Accumulated Depreciation	<u>(28,708,646)</u>	39,058,988

Certain pension and other postemployment benefits are being deferred and amortized over a period of years:

Deferred Outflows Related to Pensions and OPEB	5,047,999	
Deferred Inflows Related to Pensions and OPEB	<u>(852,125)</u>	4,195,874

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:

Accrued Interest Payable	(78,410)	
Bonds, Notes and Leases	(13,291,366)	
Net Pension Liability	(9,634,851)	
Compensated Absences	(1,123,378)	
Other Postemployment Benefit Obligation	<u>(1,200,937)</u>	<u>(25,328,942)</u>

Total Net Position - Governmental Activities \$ 43,429,663

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 15,540,025	\$ 104,631	\$ 15,644,656
License and Permits	2,676,481	994,423	3,670,904
Intergovernmental	8,926,965	305,063	9,232,028
Charges for Services	462,764	-	462,764
Fines and Forfeitures	360,492	20,614	381,106
Miscellaneous	1,282,333	1,387	1,283,720
Total Revenues	<u>29,249,060</u>	<u>1,426,118</u>	<u>30,675,178</u>
Expenditures			
Current:			
General Government	6,894,234	150,008	7,044,242
Public Safety	14,730,068	576,159	15,306,227
Transportation	4,445,172	-	4,445,172
Economic Environment	-	153,635	153,635
Human Services	326,686	-	326,686
Culture and Recreation	2,175,321	-	2,175,321
Debt Service:			
Principal	1,838,561	228,939	2,067,500
Interest	305,234	70,541	375,775
Total Expenditures	<u>30,715,276</u>	<u>1,179,282</u>	<u>31,894,558</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,466,216)</u>	<u>246,836</u>	<u>(1,219,380)</u>
Other Financing Sources (Uses)			
Transfers in	533,418	484,846	1,018,264
Transfers (out)	(484,846)	(152,020)	(636,866)
SBITA Obligations	884,291	-	884,291
Sale of General Capital Assets	275,000	-	275,000
Lease Obligation	44,865	-	44,865
Total Other Financing Sources (Uses)	<u>1,252,728</u>	<u>332,826</u>	<u>1,585,554</u>
Net Changes in Fund Balances	(213,488)	579,662	366,174
Fund Balance, Beginning of Year	<u>22,919,350</u>	<u>2,218,219</u>	<u>25,137,569</u>
Fund Balance, End of Year	<u>\$ 22,705,862</u>	<u>\$ 2,797,881</u>	<u>\$ 25,503,743</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Governmental Funds	\$	366,174
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Amounts reported for governmental activities in the statement of activities are different because:

The repayment of principal on long-term debt consumes the current financial resources of governmental funds but has no effect on the government-wide net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred in the statement of activities.

Principal Payments	\$ 2,067,500	
Lease/SBITA Obligations	(929,156)	
Amortization of Bond Premium	<u>2,220</u>	1,140,564

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.

Expenditures for Capital Assets	6,614,124	
Transfer of Capital Assets Less Related Debt	(224,500)	
(Current Year Depreciation)	<u>(1,897,802)</u>	4,491,822

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in Accrued Interest	12,431	
Change in Accrued Compensated Absences	(38,770)	
Change in Net Pension Liability	(2,218,859)	
Change in Other Postemployment Benefits	<u>(35,694)</u>	(2,280,892)

Some revenues were deferred in the governmental funds in the prior year and recognized in the current year because they were not available at year-end, but were recognized in the statement of activities in the prior year and should not be included in revenues of the current year.

(275,216)

Change in Net Position - Governmental Activities	\$	<u><u>3,442,452</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 17,241,667	\$ 15,831,665	\$ 15,540,025	\$ (291,640)
License and Permits	1,770,750	1,770,750	2,676,481	905,731
Intergovernmental	9,390,232	9,128,347	8,926,965	(201,382)
Charges for Services	452,800	459,100	462,764	3,664
Fines and Forfeitures	327,050	319,750	360,492	40,742
Miscellaneous	228,000	280,000	1,282,333	1,002,333
Total Revenues	<u>29,410,499</u>	<u>27,789,612</u>	<u>29,249,060</u>	<u>1,459,448</u>
Expenditures				
Current:				
General Government	8,504,227	8,067,129	6,894,234	1,172,895
Public Safety	13,432,525	13,432,524	14,730,068	(1,297,544)
Transportation	7,577,522	5,638,135	4,445,172	1,192,963
Human Services	-	265,222	326,686	(61,464)
Culture and Recreation	2,260,464	2,260,465	2,175,321	85,144
Debt Service:				
Principal	1,422,263	1,485,971	1,838,561	(352,590)
Interest	624	135,624	305,234	(169,610)
Total Expenditures	<u>33,197,625</u>	<u>31,285,070</u>	<u>30,715,276</u>	<u>569,794</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,787,126)</u>	<u>(3,495,458)</u>	<u>(1,466,216)</u>	<u>2,029,242</u>
Other Financing Sources (Uses)				
Transfers in	932,755	3,033,661	533,418	(2,500,243)
Transfers (out)	(596,224)	(2,747,801)	(484,846)	2,262,955
Sale of General Capital Assets	-	-	275,000	275,000
SBITA Obligations	-	-	884,291	884,291
Lease Obligation	-	-	44,865	44,865
Total Other Financing Sources (Uses)	<u>336,531</u>	<u>285,860</u>	<u>1,252,728</u>	<u>966,868</u>
Reserves	<u>2,970,578</u>	<u>11,306,328</u>	<u>22,919,350</u>	<u>11,613,022</u>
Fund Balance, End of Year	<u>\$ (480,017)</u>	<u>\$ 8,096,730</u>	<u>\$ 22,705,862</u>	<u>\$ 14,609,132</u>

The accompanying notes are an integral part of these financial statements.

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

	Business-Type Activities			
	Enterprise Funds			
	Utilities	Sanitation	Other	Total
	Fund	Fund	Funds	
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 2,771,438	\$ 278,172	\$ 3,049,610
Accounts Receivable, Net	1,378,913	736,866	33,646	2,149,425
Due From Other Funds	-	546,612	-	546,612
Prepaid Expenses	144,016	-	4,671	148,687
Inventories	124	-	93,965	94,089
Total Current Assets	1,523,053	4,054,916	410,454	5,988,423
Non-Current Assets:				
Restricted Assets:				
Cash and Cash Equivalents	11,669,573	-	-	11,669,573
Investments	261,868	-	-	261,868
Capital Assets:				
Assets Not Being Depreciated	6,534,325	-	-	6,534,325
Assets Being Depreciated, Net	43,651,681	184,344	174,672	44,010,697
Total Non-Current Assets	62,117,447	184,344	174,672	62,476,463
Total Assets	63,640,500	4,239,260	585,126	68,464,886
Deferred Outflows of Resources				
Deferred Loss on Bonding Refunding	674,648	-	-	674,648
Other Postemployment Benefits	51,944	-	17,988	69,932
Pensions	802,452	-	58,041	860,493
Total Deferred Outflows of Resources	1,529,044	-	76,029	1,605,073

The accompanying notes are an integral part of these financial statements.

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

	Business-Type Activities			
	Enterprise Funds			Total
	Utilities Fund	Sanitation Fund	Other Funds	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 256,108	\$ 313,450	\$ 67,012	\$ 636,570
Accrued Expenses	33,584	-	15,751	49,335
Accrued Interest	70,745	-	-	70,745
Due to Other Funds	546,612	-	116,794	663,406
Unearned Revenue	1,600,071	-	6,665	1,606,736
Customer Deposits	965,872	-	-	965,872
Revenue Bonds, Notes, and				
Capital Leases Payable	1,486,479	-	7,159	1,493,638
Compensated Absences	54,292	-	1,639	55,931
Total Current Liabilities	5,013,763	313,450	215,020	5,542,233
Non-Current Liabilities:				
Other Postemployment				
Benefits Obligation	190,049	-	65,812	255,861
Net Pension Liability	1,455,483	-	105,275	1,560,758
Compensated Absences	152,621	-	16,894	169,515
Revenue Bonds, Notes, and				
Leases Payable	23,990,185	-	11,932	24,002,117
Total Non-Current Liabilities	25,788,338	-	199,913	25,988,251
Total Liabilities	30,802,101	313,450	414,933	31,530,484
Deferred Inflows of Resources				
Other Postemployment Benefits	121,647	-	42,125	163,772
Pensions	-	-	-	-
Total Deferred Inflows of Resources	121,647	-	42,125	163,772
Net Position				
Net Investment in Capital Assets,				
Net of Related Debt	29,909,203	184,344	155,581	30,249,128
Restricted	4,535,879	-	-	4,535,879
Unrestricted	(199,286)	3,741,466	48,516	3,590,696
Total Net Position	\$ 34,245,796	\$ 3,925,810	\$ 204,097	\$ 38,375,703

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	Total
Operating Revenue				
Charges for Service	\$ 9,024,263	\$ 4,600,736	\$ 1,395,612	\$ 15,020,611
Other	2,838,613	-	-	2,838,613
Total Operating Revenue	<u>11,862,876</u>	<u>4,600,736</u>	<u>1,395,612</u>	<u>17,859,224</u>
Operating Expenses				
Personnel Expenses	2,893,929	-	878,796	3,772,725
Purchased Services	1,395,791	4,107,828	78,410	5,582,029
Repairs and Maintenance	495,330	-	75,877	571,207
Depreciation and Amortization	1,733,215	9,702	21,141	1,764,058
Materials and Supplies	396,356	-	283,495	679,851
Other Expenses	1,416,270	26,006	192,905	1,635,181
Total Operating Expenses	<u>8,330,891</u>	<u>4,143,536</u>	<u>1,530,624</u>	<u>14,005,051</u>
Operating Income (Loss)	<u>3,531,985</u>	<u>457,200</u>	<u>(135,012)</u>	<u>3,854,173</u>
Non-Operating Revenue and Expense				
Interest Earnings	6,108	-	-	6,108
Interest Expense	(734,448)	-	(8,381)	(742,829)
Loss on Transfer of Capital Assets	(17,542)	-	-	(17,542)
Total Non-Operating Revenues and Expenses	<u>(745,882)</u>	<u>-</u>	<u>(8,381)</u>	<u>(754,263)</u>
Income Before Operating Transfers	<u>2,786,103</u>	<u>457,200</u>	<u>(143,393)</u>	<u>3,099,910</u>
Capital Contributions				
Capital Contribution From Other Fund	196,390	-	-	196,390
Transfers				
Transfers (out)	(281,398)	(100,000)	-	(381,398)
Total Transfers	<u>(281,398)</u>	<u>(100,000)</u>	<u>-</u>	<u>(381,398)</u>
Change in Net Position	<u>2,701,095</u>	<u>357,200</u>	<u>(143,393)</u>	<u>2,914,902</u>
Net Position, Beginning of Year	<u>31,544,701</u>	<u>3,568,610</u>	<u>347,490</u>	<u>35,460,801</u>
Net Position, End of Year	<u>\$ 34,245,796</u>	<u>\$ 3,925,810</u>	<u>\$ 204,097</u>	<u>\$ 38,375,703</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities			
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	Total
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 11,622,528	\$ 4,465,421	\$ 1,396,603	\$ 17,484,552
Cash Paid to Suppliers for Goods and Services	(3,867,324)	(4,133,701)	(662,205)	(8,663,230)
Cash Paid to Employees for Services	(2,617,737)	-	(788,681)	(3,406,418)
Net Cash Provided by (Used in) Operating Activities	<u>5,137,467</u>	<u>331,720</u>	<u>(54,283)</u>	<u>5,414,904</u>
Cash Flows from Non-Capital Financing Activities				
Due to/from Other Funds	546,612	(546,612)	44,468	44,468
Transfers to Other Funds	(298,940)	(100,000)	-	(398,940)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>247,672</u>	<u>(646,612)</u>	<u>44,468</u>	<u>(354,472)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(5,809,431)	(184,344)	-	(5,993,775)
Debt Proceeds	3,422,964	-	-	3,422,964
Interest Paid	(662,273)	-	(8,381)	(670,654)
Principal Payment of Bonds, Notes and Capital Leases	(1,474,056)	-	(6,367)	(1,480,423)
Net Cash Used in Capital and Related Financing Activities	<u>(4,522,796)</u>	<u>(184,344)</u>	<u>(14,748)</u>	<u>(4,721,888)</u>
Cash Flows from Investing Activities				
Purchases of Investments	(1,174)	-	-	(1,174)
Interest Received	6,108	-	-	6,108
Net Cash Provided by Investing Activities	<u>4,934</u>	<u>-</u>	<u>-</u>	<u>4,934</u>
Net Change in Cash and Cash Equivalents	867,277	(499,236)	(24,563)	343,478
Cash and Cash Equivalents, Beginning of Year	<u>10,802,296</u>	<u>3,270,674</u>	<u>302,735</u>	<u>14,375,705</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,669,573</u>	<u>\$ 2,771,438</u>	<u>\$ 278,172</u>	<u>\$ 14,719,183</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities			
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	Total
Displayed as				
Cash and Cash Equivalents	\$ -	\$ 2,771,438	\$ 278,172	\$ 3,049,610
Restricted Cash and Cash Equivalents	11,669,573	-	-	11,669,573
Total	\$ 11,669,573	\$ 2,771,438	\$ 278,172	\$ 14,719,183
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ 3,531,985	\$ 457,200	\$ (135,012)	\$ 3,854,173
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Expense	1,733,215	-	21,141	1,754,356
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(325,266)	(135,315)	(3,901)	(464,482)
Prepaid Expenses	(31,275)	-	(1,728)	(33,003)
Inventories	(124)	-	(23,070)	(23,194)
Accounts Payable and Accrued Expenses	(132,178)	9,835	(6,720)	(129,063)
Unearned Revenues	17,636	-	4,892	22,528
Customer Deposits	67,282	-	-	67,282
Compensated Absences	12,645	-	7,274	19,919
Other Postemployment Benefits and Related Deferred Inflows and Outflows	4,628	-	68,595	73,223
Net Pension Liability and Related Deferred Inflows and Outflows	258,919	-	14,246	273,165
Total Adjustments	1,605,482	(125,480)	80,729	1,560,731
Net Cash Provided by (Used in) Operating Activities	\$ 5,137,467	\$ 331,720	\$ (54,283)	\$ 5,414,904
Supplemental Schedule of Non-Cash Activities				
Lease Obligation Interfund Transfer	\$ (23,831)	\$ -	\$ -	\$ (23,831)
Capital Assets Transferred In	196,390	-	-	196,390
Amortization of Bond (Premium)/Discount	18,756	-	-	18,756
Amortization of Refunding Loss	56,897	-	-	56,897

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2023

	Fiduciary Funds		
	General Employees Retirement Plans	Police Officers/ Firefighters Plan	Total
Assets			
Cash and Cash Equivalents	\$ 276,825	\$ 615,193	\$ 892,018
Accrued Interest Receivable	-	34,645	34,645
Contributions Receivable	3,383	1,385	4,768
Investments:			
Fixed Income Securities	4,980,271	6,342,384	11,322,655
Common Stock and Equity Funds	13,315,979	15,396,951	28,712,930
Real Estate	3,841,033	4,133,469	7,974,502
Total Investments	<u>22,137,283</u>	<u>25,872,804</u>	<u>48,010,087</u>
Total Assets	<u>22,417,491</u>	<u>26,524,027</u>	<u>48,941,518</u>
Liabilities			
Accounts Payable and Accrued Expenses	<u>12,019</u>	<u>20,222</u>	<u>32,241</u>
Net Position			
Net Position Restricted for Pensions	<u>\$ 22,405,472</u>	<u>\$ 26,503,805</u>	<u>\$ 48,909,277</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Fiduciary Funds		
	General Employees Retirement Plans	Police Officers/ Firefighters Plan	Total
Additions			
Contributions:			
Contributions - Employee	\$ 410,202	\$ 366,583	\$ 776,785
Contributions - City	870,241	773,390	1,643,631
Contributions - State	-	515,326	515,326
Total Contributions	<u>1,280,443</u>	<u>1,655,299</u>	<u>2,935,742</u>
Investment Income:			
Investment Earnings	2,060,349	2,486,504	4,546,853
(Investment Expenses)	(135,286)	(159,619)	(294,905)
Net Investment Income	<u>1,925,063</u>	<u>2,326,885</u>	<u>4,251,948</u>
Total Additions	<u>3,205,506</u>	<u>3,982,184</u>	<u>7,187,690</u>
Deductions			
Benefits Paid	1,540,066	1,084,694	2,624,760
Refunds of Contributions	49,728	92,571	142,299
Administrative Expenses	73,433	76,207	149,640
Total Deductions	<u>1,663,227</u>	<u>1,253,472</u>	<u>2,916,699</u>
Changes in Net Position	1,542,279	2,728,712	4,270,991
Net Position, Beginning of Year	<u>20,863,193</u>	<u>23,775,093</u>	<u>44,638,286</u>
Net Position, End of Year	<u>\$ 22,405,472</u>	<u>\$ 26,503,805</u>	<u>\$ 48,909,277</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

The City of Crestview (the City) was originally incorporated as the Town of Crestview under Laws of the State of Florida in April 11, 1916. The town was re-incorporated by Chapter 9718, Acts 1923, and Chapter 25754, Special Acts 1949, as the City of Crestview. The City operates under the Council-Mayor form of government and provides the following services: public safety (law enforcement and fire control), roads and streets, water and sewer, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The following is a summary of the more significant accounting policies of the City:

A. Reporting Entity

The City is governed by a five-member City Council and a Mayor, each elected at-large for four-year terms. The Council has no powers other than those expressly vested in by State Statute and the City Charter and their governmental powers cannot be delegated.

As required by GAAP, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. In evaluating the City as reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and, as such, be included within the City's financial statements. Management utilized criteria set forth in GASB Statement No. 61 for determining financial accountability of potential component units in evaluating all potential component units. In accordance with GASB Statement No. 61, the City (primary government) is financially accountable if it appoints a voting majority of the potential component unit's governing board and: (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific burden on the City. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of September 30, 2023, the City has two component units, the Crestview Community Redevelopment Agency (the Agency) and Crestview Unlimited, Inc. These entities are presented in the financial statements of the primary government as blended component units.

The Agency was established by the City as a separate legal entity in accordance with Florida Statute 166.021, Chapter 163, Part III. The Agency oversees the redevelopment of the downtown area. The Community Redevelopment Board of Commissioners consists of the City Council. In addition, City employees manage the Agency's assets. The Agency is reported in the financial statements of the primary government as a non-major governmental fund. The Agency also issues separate, audited financial statements which are available from the Agency at 198 North Wilson Street, Crestview, Florida 32536.

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

Crestview Unlimited, Inc. (Crestview Unlimited) was established as a separate not-for-profit corporation on June 10, 2021. The purpose of this entity is to erect and maintain public facilities fostering amateur sports. The Board of Directors of Crestview Unlimited consists of the City Council. Due to the level of control and a benefit/burden relationship with the City, Crestview Unlimited is reported in the financial statements of the City as a non-major enterprise fund. This fund will account for the operation of a golf course managed by Crestview Unlimited. Crestview Unlimited does not issue separate financial statements from the City.

The City of Crestview Housing Authority (the Authority) is considered a related organization to the City rather than a component unit. The Mayor of the City appoints each of the five board members of the Authority. The Mayor and members of the City Council have no oversight responsibility or any financial relationship with the Authority, other than providing certain services. Thus, the Authority is determined not to be a part of the reporting entity and is not included as a component unit in the financial statements.

B. 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. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Pension plans recognize revenue when contributions are due, as there is a statutory requirement to make the contribution. Property taxes are recorded as revenue in the year for which they are levied. Grants and similar items are recognized as revenue soon as all eligibility requirements imposed by the provider have been met.

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

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 judgements, are recorded only when payment is due.

Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants 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 items are considered to be measurable only when cash is received by the City.

The City's ad valorem taxes are assessed by the Okaloosa County Property Appraiser and collected by the Okaloosa County Tax Collector in accordance with Florida Statutes. The City retains the right and duty to set millage rates. Property taxes are not recorded as receivables at September 30 because, though legally assessed as of January 1, they are not due and payable until after the close of the fiscal year ended the following September 30.

Details of the property tax calendar are presented below:

Assessment Date	January 1, 2021
Levy Date	November 1, 2021
Due Date	March 31, 2022
Delinquency Date	April 1, 2022

Discounts of 1% for each month taxes are paid prior to March are granted.

Revenue recognition criteria for property taxes under GASB requires that only property taxes expected to be collected within 60 days of the current period be accrued. Property taxes which are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility; therefore, they are not recorded as a receivable at the balance sheet date.

D. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The following three classifications are used to categorize the fund types used by the City:

■ **Governmental Funds**

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources) and not net income.

The City reports the following major governmental fund:

General Fund—This is the City's primary operating Fund. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

■ **Proprietary Funds**

Proprietary funds focus on the determination of net income, changes in net position, financial position and cash flows. All of the City's proprietary funds are enterprise funds, as fees are charged to external users for services. The following is a description of the major proprietary funds of the City.

Utilities Fund—This fund accounts for the City's distribution of potable water; sales and service and sanitary wastewater collection; and treatment of and disposal operations services.

Sanitation Fund—This fund accounts for the City's solid waste collection, disposal, and/or recycling services.

■ **Fiduciary Funds**

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments. The City has two major fiduciary funds:

Crestview Police Officers/Firefighters Retirement Plan—Used to report resources that are required to be held in trust for the members and beneficiaries of a defined benefit pension plan administered by the City for all City police officers and firefighters.

Crestview General Employees Retirement Plan—Used to report the resources that are required to be held in trust for the members and beneficiaries of a defined benefit pension plan administered by the City for the employees that are not part of the police officer/firefighter plan.

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

E. Assets, Liabilities, and Net Position or Fund Balances

Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and Investments

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments in which those investments are authorized, specifically the State of Florida Local Government Surplus Funds Trust Fund, direct obligations of the United States Government or other obligations unconditionally guaranteed by the United States Government and other similar permitted investments. The City adheres strictly to the provisions of those cited Statutes, as well as with Chapter 280, Florida Statutes, which requires the City to maintain deposits only with Qualified Public Depositories (QPDs). The City maintains a cash pool available for use by all funds. Earnings from the pool are allocated to the respective funds based on applicable cash participation by each fund.

In addition, restricted cash accounts, certificates of deposit, and other investments are separately maintained by a few City funds in accordance with bond ordinances, retirement fund plan documents and other contractual agreements. Investments are stated at fair value.

Cash amounts in the general and utilities funds are generally either placed in State Board of Administration Debt Service accounts for investment of debt service moneys, invested with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Section 218.405 and 218.417, Florida Statutes, or made locally.

At September 30, 2023, the City's investments in the Local Government Surplus Funds Trust Fund A (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which approximates amortized cost.

Pension Trust Funds may invest in collateralized interest-bearing time deposits or savings accounts in state or federal banks or savings and loan associations; direct obligations of the United States Government or other obligations unconditionally guaranteed by the United States Government or an agency of the U.S. Government; stocks, mutual funds, corporate bonds, structured mortgage products issued by the U.S. Government, or other mortgage related or asset-backed securities provided the meet certain criteria; real estate; and foreign fixed income and equity securities.

Inventories

Inventories reported in the General Fund consist of office supplies and are reported at cost. General Fund inventories are recorded using the consumption method. Inventories reported in the Crestview Unlimited Fund consist of golf shop merchandise and golf course maintenance supplies including fertilizers, chemicals and other seed. These inventories are reported at cost and are recorded using the consumption method.

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

Receivables and Payables

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

Advances between funds, if any, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Services provided, deemed to beat market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Accounts receivable from customers are reported at the outstanding balance due from customers, net of any allowance for doubtful accounts. The City provides for doubtful accounts based on experience and analysis of individual accounts. When the collectability of a receivable becomes questionable, an allowance for doubtful accounts is established. When specific accounts are determined to be uncollectible, they are written off by charging the allowance and crediting the receivable. At September 30, 2023, the allowance for doubtful accounts for proprietary funds totaled \$75,000.

Restricted Assets

Certain proceeds of the City’s Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, impact fees and customer deposits for water and sewer services are classified as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, offset by any interest earned on the invested proceeds over the same period.

CITY OF CRESTVIEW, FLORIDA
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Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Utility System	20-50 Years
Improvements Other Than Buildings	20-40 Years
Infrastructure	20-40 Years
Machinery and Equipment	3-40 Years

Leases

The City is a lessee under a master lease agreement for its fleet of vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made at or before the lease commencement date, plus initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise, if any.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that future time. The City has the following items that qualify for reporting in this category:

- *Deferred loss on refunding of bonds*—losses on refunding of bonds have been deferred. These amounts are being amortized over the life of the old debt or the life of the new debt, whichever is shorter.
- *Pension and OPEB related*—increases in the net pension and OPEB liability resulting from changes of assumptions, differences between projected and actual earnings on plan investments, and differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred outflows of resources, to be recognized as an increase in expense future years as disclosed in Notes 10 and 11.

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and, therefore, will not be recognized as an inflow of resources until that future time. The City has the following items that qualify for reporting in this category:

- *Pension and OPEB related*—decreases in the net pension and OPEB liability resulting from changes of assumptions, differences between projected and actual earnings on plan investments, and differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred inflows of resources, to be recognized as a decrease in expense in future years as disclosed in Notes 10 and 11.

CITY OF CRESTVIEW, FLORIDA
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- *Unavailable Revenues*—Unavailable revenues are revenues which are measurable, but not available because they have not been received within the City’s period of availability. These revenues are deferred and recorded as deferred inflows of resources in governmental fund financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City pension plans and additions to/deduction from the City pension plans’ fiduciary net position have been determined on the same basis as they are reported by the City pension plans.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

The measurement of net OPEB obligation, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense are described in more detail in Note 11. Additions to/deductions have been determined on the same basis as they have been reported by the OPEB plan. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms.

Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation, personal, and sick leave based on length of service to the City. All vacation, personal, and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for the amounts of vacation, personal, and sick leave is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

Annual leave is accrued by full-time employees as follows:

<u>Years of Employment</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>
0 - 3 Years of Service	13.33 Hours	16 Hours	20 Hours
3 - 5 Years of Service	15.66 Hours	20 Hours	28 Hours*
5+ Years of Service	18 Hours	24 Hours	33 Hours*

*The fire accrual for the 3 - 5 years of service and the 5+ years of service are for those with less than 100 hours banked.

Upon termination or retirement, a maximum of 480 hours of accrued benefit will be paid for any earned but unused leave to their credit as of the effective date of termination.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term 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 reported as current period expenses.

CITY OF CRESTVIEW, FLORIDA
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In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Bond premiums and discounts are recognized as other financing sources or uses as appropriate. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Classification of Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB Statement No. 54, are comprised of the following:

- **Non-Spendable**—includes amounts that are: (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, for example: inventories, deposits, prepaid items, and advances to other funds.
- **Restricted**—includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed**—includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action of the government’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.
- **Assigned**—includes fund balance amounts that sets limits as a result of the intended use of funds that are neither restricted nor committed, per the City’s Purchasing Policy, which is set by the City’s management. In governmental funds, other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that the resources of other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned**—includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When restricted, committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the City’s policy to use restricted resources first, followed by committed, assigned resources and then unassigned resources, as they are needed.

The City has established a fund balance policy which requires that 25% of budgeted annual operating expenses be held in reserve for unanticipated events or emergencies.

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Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—is intended to reflect the portion of net position which are associated with non-liquid, capital assets, net of related debt.
- **Restricted Net Position**—are liquid assets, generated from revenues and net bond proceeds, which are not accessible for general use because of third-party (statutory, bond covenant or grant agency) limitations.
- **Unrestricted Net Position**—represents unrestricted liquid assets.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

G. Budgets

Budgets are adopted on a basis consistent with GAAP, except that capital lease proceeds and related capital outlay are excluded from the budget. Annual appropriated budgets are adopted by ordinance for all governmental and proprietary funds. However, budgets for proprietary funds are not legally required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end except for appropriations related to multiyear capital projects.

Budgetary data reflected in the financial statements are established by the following procedures:

Prior to September 1 of each year, the City Council prepares in detail and adopts a budget of anticipated revenues and expenditures for all City purposes of the ensuing year.

Proposed budgets are advertised in a newspaper of general circulation in the City and detailed in the minutes of the Council. Public hearings are conducted for the purposes of receiving taxpayer comments. When the budget is adopted, it has the force and effect of appropriations for the various items and purposes specified.

The limits shall not be exceeded by the Council nor any office or department during the year. Amendments and transfers may be made to the budget by a two-thirds vote of the Council and the consent of the Mayor. The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level.

A budget amendment shall be deemed to mean the act of increasing the total budgeted amount of a given fund as opposed to a transfer of a budgeted amount from one account to another within the same fund. Budgeted amounts are as originally adopted, or as amended with the approval of the City Council. During the year ended September 30, 2023, the City did not amend the General Fund's original budget to prevent actual expenditures from exceeding budgeted expenditures. Significant purchases, which the budget was not amended for, were presented to and approved by City Council.

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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H. Adoption of New Accounting Pronouncement

During the year ended September 30, 2023, the City adopted new accounting guidance by implementing the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended. GASB Statement No. 96 implementation required assessment of SBITA's as of October 1, 2022. Therefore, no restatement of prior periods was required as a result of implementation.

The City recognizes a SBITA liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide and proprietary fund financial statements. At the commencement of the subscription arrangement, the City initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. Subsequently, the SBITA liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

Note 2 - Deposits and Investments

Deposits

Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned. The City manages its custodial credit risk by maintaining its deposits with qualified public depositories (QPDs), as defined in Chapter 280, Florida Statutes, which bear no custodial credit risk or are in institutions which meet the exemption requirements of Chapter 280. The exemptions qualify under the exemptions 280.03(e) or 280.03(f) as a deposit made in accordance with Chapter 17.57(g). The provisions of Chapter 280 allow QPDs to participate in a multiple financial institution collateral pool to ensure the security for public deposits.

All QPDs must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all QPDs. Under this method, all deposits are fully insured or collateralized with securities held by the State Treasurer in the City's name.

Investments

As of September 30, 2023, the City held the following investments in its governmental and proprietary funds as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure*:

CITY OF CRESTVIEW, FLORIDA
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<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Local Government Investment Pool – Florida PRIME(*)	\$ 801,929	< One Year	AAAm
Certificates of Deposit	53,391	< One Year	N/A

(*) This amount is included in cash and cash equivalents in the accompanying financial statements due to its less than three-month maturity.

As of September 30, 2023, the City's Pension Funds held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Equities	\$ 28,712,930
Fixed Income Securities	11,322,655
Real Estate Investment Fund	7,974,502
Total	\$ 48,010,087

Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The City minimizes interest rate risk by structuring investments to mature to meet future operating cash requirements and investing primarily in short-term securities.

The maturity of the State Board of Administration Local Government Surplus Funds Trust Fund Florida PRIME is based on the weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on the final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

Neither the General Employees' Retirement Plan nor the Police Officers' and Firefighters' Retirement Plan have policies that limit their investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 Years</u>
General Employees' Plan:					
Bond Mutual Funds	\$ 4,980,271	\$ 4,980,271	\$ -	\$ -	\$ -
Police Officers/Firefighters Plan:					
Asset Backed Securities	224,799	-	-	-	224,799
Foreign Bonds	195,591	-	109,155	79,177	7,259
Government Backed Securities	2,041,216	-	8,479	24,977	2,007,760
US Treasuries	912,420	-	745,896	166,524	-
Corporate Bonds	1,663,895	205,525	989,400	468,970	-
Bond Mutual Funds	1,304,463	1,304,463	-	-	-
Total	\$ 11,322,655	\$ 6,490,259	\$ 1,852,930	\$ 739,648	\$ 2,239,818

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. GASB Statement No. 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

CITY OF CRESTVIEW, FLORIDA
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The City does not have a formal policy that limits its investment choices. Unless otherwise authorized by law or ordinance, the City is authorized under Section 218.415, Florida Statutes, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time-to-time in:

1. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act* as provided in Chapter 163.01, Florida Statutes.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Chapter 280.02, Florida Statutes.
4. Direct obligations of the U.S. Treasury.
5. Federal agencies and instrumentalities.
6. Rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.
7. Other investments authorized by law or by ordinance for a county or municipality.
8. Other investments authorized by law or by resolution for a school district or a special district.
9. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss.80a-1 et seq., as amended from time-to-time, provided the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

As of September 30, 2023, the City's investment in the Florida PRIME is rated AAAM by Standard & Poor's.

As of September 30, 2023, the General Employees' Retirement Plan portfolio consisted of investments in securities held in total return bond funds which are not rated by Moody's.

As of September 30, 2023, the Police Officers' and Firefighters' Retirement Plan portfolio consisted of U.S. Treasury, mortgage-backed securities, and asset backed securities/commercial mortgage-backed securities (all rated Aaa by Moody's). Corporate bonds held ratings ranging from Aaa to Ba2. Foreign bonds held ratings from Aa2 to Baa2.

Concentration Risk

GASB Statement No. 40 requires disclosure of the concentration of credit risk when five or more percent of the total assets of the portfolio are invested with a single issuer.

The investment limits set aside by the City pension plans for an individual company security are summarized below:

CITY OF CRESTVIEW, FLORIDA
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Security	General Employees' Retirement Plan	Police Officers' and Firefighters' Retirement Plan
Equities (Common Stock)	5% of Value of Plan Assets	5% of Value of Plan Assets
Fixed Income (Bonds)	5% of Value of Plan Assets	5% of Value of Plan Assets
Foreign Securities in Total		
May Not Exceed	25% of Value of Plan Assets	25% of Value of Plan Assets

Fixed income investments generally must meet certain investment grading standards and equities must be traded on a national exchange. Investments in corporate common stocks and convertible bonds are limited to 70% of the market value of each plan's assets. Similar grading and/or trading criteria apply to mutual funds, money market funds, U.S. government back securities, etc. None of the above limitations were exceeded by either plan at September 30, 2023. Investment policies are subject to a review at least annually by the Board of Trustees for each plan.

Fair Value Measurements

The General Employees' Retirement Plan (GERP) and the Police Officers' and Firefighters' Retirement Plan (POFRP) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted inactive markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The following table presents the GERP assets carried at fair value at September 30, 2023.

Investment Type	General Employee Retirement Plan			
	Amount	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 13,315,979	\$ 13,315,979	\$ -	\$ -
Fixed Income	4,980,271	4,980,271	-	-
Total Investments Measured at Fair Value	\$ 18,296,250	\$ 18,296,250	\$ -	\$ -

Investments Measured at the Net Asset Value (NAV)	Amount
Real Estate Fund	\$ 3,841,033
Total Investments	\$ 22,137,283

The following table presents the POFRP assets carried at fair value at September 30, 2023.

Investment Type	Police Officers' and Firefighters' Employee Retirement Plan			
	Amount	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 15,396,951	\$ 15,396,951	\$ -	\$ -
Fixed Income	6,342,384	-	6,342,384	-
Total Investments Measured at Fair Value	\$ 21,739,335	\$ 15,396,951	\$ 6,342,384	\$ -

Investments Measured at the Net Asset Value (NAV)	Amount
Real Estate Fund	\$ 4,133,469
Total Investments	\$ 25,872,804

CITY OF CRESTVIEW, FLORIDA
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Note 3 - Interfund Receivables, Payables, and Transfers

All transfers are routine and are consistent with the activities of the fund making the transfer. Included in these are intergovernmental transfers and transfers from the General Fund to the Utilities Fund to allocate expenses and/or report fixed assets in the correct fund. The following presents the interfund transfers for the year ended September 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 533,418	\$ 484,846
Other Governmental Funds	484,846	152,020
Utilities Fund	196,390	298,940
Sanitation Fund	-	100,000
Governmental Activities	17,542	196,390
Total	<u>\$ 1,232,196</u>	<u>\$ 1,232,196</u>

Interfund receivables and payables include the following at September 30, 2023:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 116,794	\$ -
Utilities Fund	-	546,612
Sanitation Fund	546,612	-
Other Enterprise Funds	-	116,794
Total	<u>\$ 663,406</u>	<u>\$ 663,406</u>

The \$546,612 represents short-term borrowing by the Utilities Fund from the Sanitation Fund for capital improvements. The \$116,794 represents cost reimbursements owed by Crestview Unlimited to the General Fund at year-end.

During the 2022 fiscal year, the City purchased golf carts and related equipment on behalf of Crestview Unlimited totaling \$555,953. Two intercompany loans were entered into between Crestview Unlimited and the City to repay the City over a period of 5 years including interest of 3.991%. These intercompany loans are being treated as operating leases for accounting purposes and are not included in the interfund receivables and payables balances presented above. The City expects Crestview Unlimited to repay the loans as cash flow permits. As of September 30, 2023, the principal balances owed on the loans totaled \$479,409.

Note 4 - Receivables

Receivables at September 30, 2023, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>				
	<u>General Fund</u>	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Crestview Unlimited</u>	<u>Total</u>
Franchise Fees	\$ 223,546	\$ -	\$ -	\$ -	\$ -	\$ 223,546
Utility Services	296,116	-	-	-	-	296,116
Accounts Receivable	25,924	627,343	310,982	25,818	7,828	997,895
Unbilled Receivables	-	801,570	450,884	-	-	1,252,454
Less: Allowance for Doubtful Accounts	-	(50,000)	(25,000)	-	-	(75,000)
Receivables, Net	<u>\$ 545,586</u>	<u>\$ 1,378,913</u>	<u>\$ 736,866</u>	<u>\$ 25,818</u>	<u>\$ 7,828</u>	<u>\$ 2,695,011</u>

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

Note 5 - Capital Assets

Changes in capital assets of the government-type activities are summarized as follows:

Primary Government	Beginning Balance	Increases	(Decreases/Transfers)	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,781,127	\$ 179,746	\$ -	\$ 3,960,873
Construction in Progress	11,956,874	2,788,146	(6,934,853)	7,810,167
Total Capital Assets Not Being Depreciated	15,738,001	2,967,892	(6,934,853)	11,771,040
Capital Assets Being Depreciated/Amortized:				
Buildings	8,794,946	2,067,037	-	10,861,983
Improvements Other Than Buildings	8,339,162	3,535,219	358,350	12,232,731
Infrastructure	15,418,907	2,393,913	(358,350)	17,454,470
Machinery and Equipment	10,044,308	1,459,369	-	11,503,677
Leased Equipment	2,122,703	44,866	40,774	2,208,343
Intangible Assets - Software	1,007,202	-	-	1,007,202
SBITAs	-	884,291	(156,103)	728,188
Total Capital Assets Being Depreciated/Amortized	45,727,228	10,384,695	(115,329)	55,996,594
Less Accumulated Depreciation/Amortization:				
Buildings	(3,383,528)	(185,242)	54,044	(3,514,726)
Improvements Other Than Buildings*	(4,182,063)	(324,562)	5,289	(4,501,336)
Infrastructure*	(10,825,342)	(350,892)	-	(11,176,234)
Machinery and Equipment	(6,999,690)	(656,054)	(2,369)	(7,658,113)
Leased Equipment	(765,786)	(302,224)	(8,435)	(1,076,445)
Intangible Assets - Software	(765,485)	(49,352)	62,521	(752,316)
SBITAs	-	(29,476)	-	(29,476)
Total Accumulated Depreciation/Amortization	(26,921,894)	(1,897,802)	111,050	(28,708,646)
Total Capital Assets Being Depreciated/Amortized, Net	18,805,334	8,486,893	(4,279)	27,287,948
Governmental Activities, Capital Assets, Net	\$ 34,543,335	\$ 11,454,785	\$ (6,939,132)	\$ 39,058,988

* Certain reclassifications were made between asset types to correct the beginning balances of accumulated depreciation. The total beginning balance of accumulated depreciation remained unchanged.

Primary Government	Beginning Balance	Increases	(Decreases/Transfers)	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated/Amortized:				
Land	\$ 2,711,370	\$ -	\$ -	\$ 2,711,370
Construction in Progress	7,799,114	796,231	(4,772,390)	3,822,955
Total Capital Assets Not Being Depreciated	10,510,484	796,231	(4,772,390)	6,534,325
Capital Assets Being Depreciated/Amortized:				
Buildings	8,954,298	-	-	8,954,298
Improvements Other Than Buildings	3,635,890	8,774,243	(52,507)	12,357,626
Infrastructure	36,876,609	224,511	52,507	37,153,627
Machinery and Equipment	10,079,328	1,215,256	-	11,294,584
Leased Equipment	398,387	-	(44,560)	353,827
Total Capital Assets Being Depreciated/Amortized	59,944,512	10,214,010	(44,560)	70,113,962
Less Accumulated Depreciation/Amortization:				
Buildings	(5,033,866)	(175,142)	-	(5,209,008)
Improvements Other Than Buildings	(1,755,306)	(226,248)	-	(1,981,554)
Infrastructure	(12,152,567)	(729,032)	-	(12,881,599)
Machinery and Equipment	(5,346,768)	(562,872)	-	(5,909,640)
Leased Equipment	(57,276)	(70,764)	6,576	(121,464)
Total Accumulated Depreciation/Amortization	(24,345,783)	(1,764,058)	6,576	(26,103,265)
Total Capital Assets Being Depreciated/Amortized, Net	35,598,729	8,449,952	(37,984)	44,010,697
Total Business-Type Activities Capital Assets, Net	\$ 46,109,213	\$ 9,246,183	\$ (4,810,374)	\$ 50,545,022

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

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 382,126
Public Safety	685,521
Transportation	483,177
Culture and Recreation	344,616
Human Services	<u>2,362</u>
Total Depreciation Expense	
Governmental Activities	<u><u>\$ 1,897,802</u></u>
 Business-Type Activities	
Utilities	\$ 1,733,215
Sanitation	9,702
Stormwater	<u>21,141</u>
Total Depreciation Expense	
Business-Type Activities	<u><u>\$ 1,764,058</u></u>

Note 6 - Non-Current Liabilities

The following is a summary of changes in long-term debt and other liabilities of the City:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Direct Borrowings:					
Leases	\$ 1,143,732	\$ 68,696	\$ (650,273)	\$ 562,155	\$ 311,313
SBITAs	-	884,291	(129,882)	754,409	171,389
Other Debt:					
Revenue Bonds	13,222,187	-	(1,287,345)	11,934,842	1,181,299
Plus Deferred Amounts for Issuance					
Premium	42,180	-	(2,220)	39,960	-
Compensated Absences	1,084,608	38,770	-	1,123,378	282,848
Other Postemployment Benefits	1,787,831	-	(586,894)	1,200,937	-
Net Pension Liability	9,446,780	188,071	-	9,634,851	-
Total Governmental Activities	<u><u>\$ 26,727,318</u></u>	<u><u>\$ 1,179,828</u></u>	<u><u>\$ (2,656,614)</u></u>	<u><u>\$ 25,250,532</u></u>	<u><u>\$ 1,946,849</u></u>
 Business-Type Activities					
Direct Borrowings:					
State Revolving Loans	\$ 7,755,999	\$ 3,422,964	\$ (782,408)	\$ 10,396,555	\$ 802,547
Leases	317,462	-	(120,358)	197,104	92,391
Other Debt:					
Revenue Bonds	15,687,813	-	(577,656)	15,110,157	598,700
Less Deferred Amounts for Issuance					
Discount	(226,817)	-	18,756	(208,061)	-
Compensated Absences	205,527	19,919	-	225,446	55,931
Other Postemployment Benefits	307,837	-	(51,976)	255,861	-
Net Pension Liability	1,576,135	-	(15,377)	1,560,758	-
Total Business-Type Activities	<u><u>\$ 25,623,956</u></u>	<u><u>\$ 3,442,883</u></u>	<u><u>\$ (1,529,019)</u></u>	<u><u>\$ 27,537,820</u></u>	<u><u>\$ 1,549,569</u></u>

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

Description of Long-Term Debt and Other Liabilities Outstanding:

Governmental Activities

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Revenue Bonds			
<u>Public Improvement Refunding Bonds, Series 2015</u>			
Issued \$3,165,000, interest ranges from 1.2% to 4%. Principal and interest payments due annually on March 1, matures in September 2041. Secured and payable from the public service taxes, franchise fees, communication services taxes and the local government half-cent sales tax. Funds used for the purpose of retiring the City's Public Improvement Revenue Bonds, Series 2001 and Series 2008.	\$ 80,000	\$ 1,810,000	\$ 1,890,000
<u>Capital Improvement Revenue Bonds, Series 2020</u>			
Issued \$10,348,358, bearing an interest rate of 2.15%. Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2030. Secured and payable from the local government half- cent sales tax and non-ad valorem revenues. Of the original issue amount, \$1,125,863 due June 2029 and \$1,145,027 due June 2030 is not secured by the half-cent sales tax. Funds used for the purpose of capital outlay purchases.	1,001,299	6,563,543	7,564,842
<u>Capital Improvement Revenue Bonds, Series 2022</u>			
Issued \$2,575,000, bearing an interest rate of 3.07%. Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2042. Secured and payable from non-ad valorem revenues. Funds used for the purpose of acquisition, construction and equipping of capital improvements at the golf club.	100,000	2,380,000	2,480,000
Unamortized Premium on Bond Refunding	-	39,960	39,960
Total Revenue Bonds – Governmental Activities	<u>\$ 1,181,299</u>	<u>\$ 10,793,503</u>	<u>\$ 11,974,802</u>

Business-Type Activities

State Revolving Loans – Direct Borrowings

State revolving loan payable (2008) of \$7,068,015, due in semi-annual payments of \$230,172, through June 15, 2028, bearing an interest rate of 2.53%, secured by anticipated net water and sewer system revenues.	\$ 408,534	\$ 1,740,830	\$ 2,149,364
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CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
State revolving loan payable (2010) of \$890,026, due in semi-annual payments of \$29,486, through July 15, 2032, bearing an interest rate of 2.86%; secured by anticipated net water and sewer system revenues.	\$ 45,998	\$ 419,031	\$ 465,029
State revolving loan payable (2013) of \$7,283,055, due in semi-annual payments of \$228,485, through August 15, 2034, bearing an interest rate of 2.55%; secured by anticipated net water and sewer system revenues.	348,015	4,011,183	4,359,198
Partial draw of state revolving loan funding (2023) of \$3,147,212. Used for construction of solids handling improvements. Semi-annual payments are to be determined upon completion of project. Loan will be secured by anticipated net water and sewer system revenues.	-	3,147,212	3,147,212
Partial draw of state revolving loan funding (2023) of \$275,752. Used for planning and design of effluent disposal expansion. Semi-annual payments are to be determined upon completion of project. Loan will be secured by anticipated net water and sewer system revenues.	<u>-</u>	<u>275,752</u>	<u>275,752</u>
Total Revolving Loans – Business-Type Activities	<u>\$ 802,547</u>	<u>\$ 9,594,008</u>	<u>\$ 10,396,555</u>

Revenue Bonds

Water and Sewer Refunding and Improvement

Revenue Bonds, Series 2015

Issued \$6,650,000, interest ranges 2.1% to 4%.

Interest is payable semi-annually and annual principal payments are due on March 1, matures in September 2033, secured by anticipated net water and sewer system revenues. Funds used for the purpose of retiring the Water and Sewer Revenue Bonds, Series 2008.

\$ 300,000	\$ 5,710,000	\$ 6,010,000
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Water and Sewer Refunding and Improvement

Revenue Bonds, Series 2016

Issued \$5,450,000, interest ranges 2.4% to 4%.

Interest is payable semi-annually and annual principal payments are due on March 1, matures in September 2038, secured by anticipated net water and sewer system revenues. Funds used for the purpose of retiring the Water and Sewer Revenue Bonds, Series 2008.

45,000	3,855,000	3,900,000
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CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
<u>Capital Improvement Revenue Bonds, Series 2020</u>			
Issued \$451,652 bearing an interest rate of 2.15%.			
Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2030. Secured and payable from the local government half-cent sales tax and non-ad valorem revenues. Of the original issue amount, \$49,137 due June 2029 and \$49,973 due June 2030 is not secured by the half-cent sales tax. Funds used for the purposes of retiring a capital lease.	\$ 43,701	\$ 286,456	\$ 330,157
<u>Water and Sewer Revenue Bonds, Series 2021</u>			
Issued \$5,075,000 bearing an interest rate of 2.09%.			
Interest is payable semi-annually and annual principal payments are due on September 1, matures in September 2042, secured by anticipated net water and sewer system revenues. Funds used for the purpose of water and sewer system improvements.	<u>210,000</u>	<u>4,660,000</u>	<u>4,870,000</u>
Unamortized Discount on Bond Refunding	<u>-</u>	<u>(208,061)</u>	<u>(208,061)</u>
Total Revenue Bonds – Business-Type Activities	<u>\$ 598,701</u>	<u>\$ 14,303,395</u>	<u>\$ 14,902,096</u>

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except compensated absences and other postemployment benefits as of September 30, 2023, are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 1,181,299	\$ 300,721	\$ 1,401,247	\$ 611,065	\$ 3,494,332
2025	1,233,999	274,203	1,439,205	571,999	3,519,406
2026	1,258,372	246,552	1,481,021	531,847	3,517,792
2027	1,267,954	218,106	1,388,175	490,296	3,364,531
2028	1,292,327	189,454	1,531,097	452,872	3,465,750
2029-2033	3,365,890	565,530	8,434,628	1,606,732	13,972,780
2034-2038	1,280,000	308,652	5,218,375	571,886	7,378,913
2039-2043	1,055,001	73,456	1,190,000	62,700	2,381,157
Amount to be Refinanced	-	-	3,422,964	-	3,422,964
TOTAL	<u>\$ 11,934,842</u>	<u>\$ 2,176,674</u>	<u>\$ 25,506,712</u>	<u>\$ 4,899,397</u>	<u>\$ 44,517,625</u>

Default Provisions

The City's revenue bonds contain a provision that in an event of a default, any trustee or any holder of bonds may by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the State of Florida. The Capital Improvement Revenue Bonds, Series 2020 contains an additional provision obligating the City to pay all costs related to the collection and enforcement of the default, including attorneys' fees.

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

The City's state revolving loans contain provisions that in an event of a default, the City may be required to do one of the following: (1) account for all moneys received from the Florida Department of Environmental Protection (the Department) as well as the receipt, use, application or disposition of pledged revenues; (2) use an appointed receiver to manage the water and sewer systems, including establishing and collecting fees and charges to reduce the City's obligation; (3) pay the delinquent amount plus a penalty from unobligated funds due to the City; (4) notify financial market credit rating agencies; or (5) the Department may sue for payment or accelerate the repayment schedule.

The City's capital lease agreements contain a provision that in the event of a default, the City shall pay total outstanding amounts due by acceleration, including costs incurred by the lessor associated with the default. The lessor may also request the return of the leased property.

Pledged Revenues

Pledged revenues on the City's outstanding debt for the year ended September 30, 2023, are as follows:

Pledged Revenue Source	Debt Issue	Pledged Through	Original Amount	Outstanding Balance	Principal and Interest Payments	Pledged Revenue Received	Estimated Percentage Pledged
Net Water and Sewer Utility Revenues	State Revolving Loan - 2008	2028	\$ 7,068,015	\$ 4,359,198	\$ 456,970		
	State Revolving Loan - 2010	2032	890,026	2,149,364	460,344		
	State Revolving Loan - 2013	2034	7,283,055	465,029	58,972		
	State Revolving Loan - 2023	2043	5,012,000	3,147,212	-		
	State Revolving Loan - 2023	2043	800,000	275,752	-		
	Water and Sewer Refunding Revenue Bonds, Series 2015	2033	6,650,000	6,010,000	282,986		
	Water and Sewer Refunding Revenue Bonds, Series 2016	2038	5,450,000	3,900,000	389,488		
	Water and Sewer Refunding Revenue Bonds, Series 2021	2042	5,075,000	4,870,000	311,068		
					1,959,828	2,690,136	72.9%
Public Service Taxes, Franchise Fees, Communications Services Taxes, 1/2 Cent Sales Tax	Public Improvement Refunding, Series 2015	2041	3,165,000	1,890,000	283,741	6,118,031	4.6%
1/2 Cent Sales Tax, Non-Ad Valorem Revenues; Except That \$1,125,863 Due June 2029 and \$1,145,027 Due June 2030 is Not Secured by the 1/2 Cent Sales Tax	Capital Improvement Revenue Bonds, Series 2020 (Governmental)	2030	10,348,358	7,564,842	857,544	3,165,986	27.1%
1/2 Cent Sales Tax, Non-Ad Valorem Revenues; Except that \$49,137 Due June 2029 and \$49,973 Due June 2030 is Not Secured by the 1/2 Cent Sales Tax	Capital Improvement Revenue Bonds, Series 2020 (Utility)	2030	451,652	330,157	50,520	138,189	36.6%
Non-Ad Valorem Revenues	Capital Improvement Revenue Bonds, Series 2022	2042	2,575,000	2,480,000	70,928	7,179,929	1.0%

Note 7 - Refundings of Debt

Advance Refunding of Debt

The City issued refunding revenue bonds to defease certain outstanding bonds for the purpose of consolidation at lower interest rates. The City placed the proceeds from those refunding bonds in irrevocable escrow accounts with a trust agent to insure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues.

During the year ended September 30, 2016, the City issued \$6,650,000 Water and Sewer System Refunding Revenue Bonds, Series 2015 and \$5,450,000 of Water and Sewer Refunding and Improvement Bonds, Series 2016, to advance refund \$10,070,000 of Water System Revenue Bonds, Series 2008. The difference between the acquisition price and the net carrying value is reported as a deferred loss on bond refunding in the accompanying financial statements and is being charged to operations through the year 2039 using the straight-line amortization method.

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

At September 30, 2023, the City has \$8,030,000 of bonds outstanding that are considered to be defeased.

Note 8 - Leases

The City leases its fleet of vehicles and two fire trucks. The City's leased assets and accumulated amortization are included in Note 5 Capital Assets. Lease agreements in which the City is a lessee are summarized below.

Description	Lease Inception Date	Lease End Date	Payment Amount	Interest Rate	Initial Lease Liability	Outstanding Balance 9/30/2023
45 Vehicles	Various	48 Month Terms	\$27,993 Monthly	3.65-7.40%	\$ 642,500	\$ 562,155
Total Lease Agreements - Governmental Activities					<u>\$ 642,500</u>	<u>\$ 562,155</u>

Business-Type Activities

Description	Lease Inception Date	Lease End Date	Payment Amount	Interest Rate	Initial Lease Liability	Outstanding Balance 9/30/2023
14 Vehicles	Various	48 Month Terms	\$8,224 Monthly	3.65-6.37%	\$ 356,454	\$ 197,104
Total Lease Agreements - Business-Type Activities					<u>\$ 356,454</u>	<u>\$ 197,104</u>

Principal and Interest requirements to maturity are presented below.

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 311,313	\$ 17,896	\$ 329,209
2025	174,201	10,014	184,215
2026	71,522	4,112	75,634
2027	5,119	294	5,413
TOTAL	<u>\$ 562,155</u>	<u>\$ 32,316</u>	<u>\$ 594,471</u>

Year Ending September 30	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 92,391	\$ 6,338	\$ 98,729
2025	69,945	4,801	74,746
2026	34,768	2,388	37,156
TOTAL	<u>\$ 197,104</u>	<u>\$ 13,527</u>	<u>\$ 210,631</u>

Note 9 - Subscription-Based Information Technology Arrangements

As previously discussed, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. The City has two information technology software subscription arrangements that require recognition under GASB Statement No. 96. The City recognizes a SBITA liability and an intangible right-to-use asset for the software arrangements.

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Effective August 1, 2023, the City entered into a subscription arrangement with Neo Gov for the use of certain software for a five-year term. The agreement requires annual payments of varying amounts ranging from \$9,994 in the first year to \$59,593 in the final year. The City used its incremental borrowing rate of 5.25% to record the present value of the subscription payments.

Effective August 1, 2023, the City entered into a subscription arrangement with Axon for the use of certain software for a five-year term. The agreement requires annual payments of varying amounts ranging from \$119,888 in the first year to \$181,797 in the subsequent four years. The City used its incremental borrowing rate of 5.25% to record the present value of the subscription payments.

As of September 30, 2023, the City's SBITA assets and accumulated amortization is as follows:

	SBITA Asset Value	Accumulated Amortization	Net
Neo Gov Software	\$ 125,383	\$ (4,179)	\$ 121,204
Axon Software	758,908	(25,297)	733,611
Total	<u>\$ 884,291</u>	<u>\$ (29,476)</u>	<u>\$ 854,815</u>

Remaining principal and interest requirements for the City's subscription arrangements are as follows:

Year Ending September 30	Principal	Interest	Total
2024	\$ 171,389	\$ 35,380	\$ 206,769
2025	190,236	31,356	221,592
2026	220,265	21,124	241,389
2027	172,519	9,278	181,797
TOTAL	<u>\$ 754,409</u>	<u>\$ 97,138</u>	<u>\$ 851,547</u>

Note 10 - Defined Benefit Pension Plans

The City administers two defined benefit pension plans: the Crestview General Employees' Retirement Plan Trust Fund and the Crestview Police Officers' and Firefighters' Plan Trust Fund. These plans provide benefits for all qualifying employees of the City. Each plan is administered by a five-person retirement committee consisting of two members appointed by the City Council, two elected members of the Plan and a fifth member elected by the other four and appointed by the City Council. The Plans do not issue separate financial statements.

General Employees' Retirement Plan (GERP)

The Crestview General Employees' Retirement Plan Trust Fund is the administrator of a single employer public employee retirement system established by the City. It is mandatory that all full-time general employees of the City participate in the Plan. GERP provides retirement benefits and reduced early retirement benefits, as well as death and disability benefits. All benefits vest after 10 years of credited service.

Employees who retire at or after age 55 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly, of 2.64% of Average Final Compensation for year of credited service plus \$215 per month. This benefit is paid in the form of a Life Annuity (options available). Employees who

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

have attained age 50 and completed 10 years of credited service are eligible for early retirement and may elect to receive an immediate actuarially reduced benefit. Disability benefits are also provided at a reduced benefit amount for qualifying employees determined by the Board to be totally and permanently disabled. Benefit provisions are established by the Trust Instrument. Any amendments to the Plan are accomplished through revision and amendment of City Ordinances.

The Plan includes a provision for a deferred retirement option plan (DROP). A member becomes eligible when normal retirement requirements are satisfied. The member may not participate in the DROP for more than 60 months. The average daily balance in a member's DROP account shall be credited or debited at a rate equal to the actual net rate of investment return, net of brokerage commissions, transaction costs and management fees. Upon entering the DROP, the members shall not accrue any additional credited service or additional benefits and shall not be permitted to again contribute to the System. All benefits payable to a member from the DROP shall be paid from the assets of the member's DROP account and neither the City nor the Board shall have a duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law. The DROP balances as of September 30, 2023, were \$533,026.

Police Officers' and Firefighters' Retirement Plan (POFRP)

The Crestview Police Officers' and Firefighters' Retirement Plan Trust Fund is the administrator of a single employer public employee retirement system established by the City. It is mandatory that all full-time City police officers and firefighters participate in the plan.

The POFRP provides retirement benefits and reduced early retirement benefits as well as death and disability benefits. All benefits vest after 10 years of credited service. Employees who retire at or after age 55 with 10 years of credited service or age 52 with 25 years of credited service are eligible for normal retirement and are entitled to an annual retirement benefit, payable monthly, of three and one-fifth percent (3.2%) of Average Final Compensation times credited service. This benefit is paid in the form of a Ten Year Certain and Life Annuity (options available). Employees who have attained age 45 and completed 10 years of credited service are eligible for early retirement and may elect to receive a benefit reduced 3% for each year that early retirement precedes age 50 and actuarially reduced accordingly. Disability benefits are also provided at a reduced benefit amount for qualifying employees determined by the Board to be totally and permanently disabled. Benefit provisions are established by the Trust Instrument. The State also contributes to the Plan. Any amendments to the Plan are accomplished through revision and amendment of City Ordinances.

The Plan includes a provision for a deferred retirement option plan (DROP). A member becomes eligible when normal retirement requirements are satisfied. The member may not participate in the DROP for more than 60 months. An eligible member which elects to enter the DROP can select either: 1) actual net rate of investment return, net of brokerage commissions, transaction costs and management fees or 2) interest at an effective rate of 6.5% per annum compounded monthly on the prior month's ending balance. Upon entering the DROP, the member shall not accrue any additional credited service or additional benefits and shall not be permitted to again contribute to the System. All benefits payable to a member from the DROP shall be paid only from the assets of the member's DROP account and neither the City nor the Board shall have a duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law. The DROP balances as of September 30, 2023, were \$398,460.

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

Membership of each plan consisted of the following on September 30, 2023, the date of the latest actuarial report.

	<u>GERP</u>	<u>POFRP</u>
Active Plan Members	130	83
Inactive Plan Members:		
Receiving Benefits	66	33
Entitled to But Not Receiving Benefits	<u>41</u>	<u>16</u>
Total	<u><u>237</u></u>	<u><u>132</u></u>

Contributions

The contribution requirements of plan members and the City are established annually and amended by City ordinance. Plan members are required to contribute a set percentage of their annual covered salaries. The City is required to contribute at an actuarially determined rate.

Investments

The following was the Board's adopted asset allocation policy as of September 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	42.5%
International Equity	15.0%
Broad Market Fixed Income	22.5%
Fixed Income (Non-Core)	2.5%
Global Fixed Income	2.5%
Real Estate	10.0%
Infrastructure	<u>5.0%</u>
	<u><u>100%</u></u>

The Plans did not hold investments in any one organization that represents 5% or more of the Pension Plans' fiduciary net position.

For the year ended September 30, 2023, the annual money-weighted rate of return on the GERP and POFRP investments, net of pension plan investment expenses, was 9.28% and 9.83%, respectively.

More information about the Plan's investments is discussed in Note 2.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2023, were as follows:

	<u>GERP</u>	<u>POFRP</u>
Total Pension Liability	\$ 27,477,902	\$ 32,629,099
Plan Fiduciary Net Position	<u>(22,407,512)</u>	<u>(26,503,880)</u>
Sponsor's Net Pension Liability	<u><u>\$ 5,070,390</u></u>	<u><u>\$ 6,125,219</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u><u>81.55%</u></u>	<u><u>81.23%</u></u>

Differences between plan fiduciary net position presented above and the amounts presented in the financial statements are due to certain accruals which are the result of timing differences. These differences are not considered to be significant.

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

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,745,572 for the GERP and \$2,906,846 for the POFRP. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	GERP		POFRP		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 841,513	\$ -	\$ 558,175	\$ 59,264	\$ 1,399,688	\$ 59,264
Changes in Assumptions	428,524	-	564,567	24,160	993,091	24,160
Difference Between Projected and Actual Earnings on Investments	1,525,424	-	1,662,050	-	3,187,474	-
Balance as of September 30, 2023	\$ 2,795,461	\$ -	\$ 2,784,792	\$ 83,424	\$ 5,580,253	\$ 83,424

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	GERP	POFRP
2024	\$ 853,558	\$ 689,984
2025	830,417	783,410
2026	1,122,986	1,296,449
2027	(11,500)	(68,475)
Total	\$ 2,795,461	\$ 2,701,368

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023, using the following actuarial assumptions applied to all measurements periods.

	GERP	POFRP
Inflation	2.50%	2.50%
Investment Rate of Return	7.00%	7.00%
Discount Rate	7.00%	7.00%
Projected Salary Increases	Service based	Age based

GERP: PubG.H-2010 Mortality Table for healthy active lives for employees (set back one year for males), healthy retiree lives (set back one year for males), beneficiary lives for healthy retirees (set back one year for males), and disabled lives (set forward three years).

POFRP: PubS.H-2010 Mortality Table (Below Median) for healthy active lives for female and male employees set forward one year. PubS.H-2010 Mortality Table for healthy retirees for female and male retirees set forward one year. PubG.H-2010 Mortality Table for beneficiary lives for healthy retirees set back one year for males. 80% PubG.H-2010/20% PubS.H-2010 Mortality Tables for disabled retirees.

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

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

The actuarial assumptions used in the October 1, 2022 valuation were based on the results of an actuarial experience study dated November 30, 2021 for GERP and November 24, 2021 for POFRP.

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 expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>GERP</u>	<u>POFRP</u>
Domestic Equity	7.50%	7.50%
International Equity	8.50%	8.50%
Broad Market Fixed Income	2.50%	2.50%
Fixed Income (Non-Core)	2.50%	2.50%
Global Fixed Income	3.50%	3.50%
Real Estate	4.50%	4.50%
Infrastructure	4.50%	4.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee 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 employees. 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.

	<u>GERP</u>	<u>POFRP</u>
1% Decrease of Discount Rate to 6.00%	\$ 8,704,977	\$ 10,434,192
Current Discount Rate of 7.00%	5,070,390	6,125,219
1% Increase of Discount Rate to 8.00%	2,076,048	2,585,498

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

Changes in Net Pension Liability – GERP

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at September 30, 2022	\$ 26,027,030	\$ 20,856,762	\$ 5,170,268
Changes for the Year:			
Service Cost	801,972	-	801,972
Interest	1,822,389	-	1,822,389
Difference Between Expected and Actual Experience	416,261	-	416,261
Contribution - Employer	-	871,678	(871,678)
Contribution - Employee	-	410,202	(410,202)
Net Investment Income	-	1,920,784	(1,920,784)
Benefit Payments, Including Refunds of Employee Contributions	(1,589,750)	(1,589,750)	-
Administration Expense	-	(62,164)	62,164
Balance at September 30, 2023	\$ 27,477,902	\$ 22,407,512	\$ 5,070,390

Change in Net Pension Liability – POFRP

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2022	\$ 29,627,739	\$ 23,775,092	\$ 5,852,647
Changes for the Year:			
Service Cost	874,088	-	874,088
Interest	2,093,924	-	2,093,924
Changes in Benefit Terms	1,021,745	-	1,021,745
Difference Between Expected and Actual Experience	188,867	-	188,867
Contribution - Employer	-	773,390	(773,390)
Contribution - State	-	515,326	(515,326)
Contribution - Employee	-	366,657	(366,657)
Net Investment Income	-	2,326,885	(2,326,885)
Benefit Payments, Including Refunds of Employee Contributions	(1,177,264)	(1,177,264)	-
Administration Expense	-	(76,206)	76,206
Balance at September 30, 2023	\$ 32,629,099	\$ 26,503,880	\$ 6,125,219

The City has allocated the net pension liabilities above across funds based on payroll costs of each fund. The City's net pension liabilities are reported as follows:

	GERP Net Pension Liability	POFRP Net Pension Liability
Governmental Activities	\$ 3,509,632	\$ 6,125,219
Business-Type Activities	1,560,758	-
Total	\$ 5,070,390	\$ 6,125,219

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

Pension expense for the year ending September 30, 2023, was as follows:

Governmental Activities	\$ 4,115,099
Business-Type Activities	<u>537,319</u>
Total	<u>\$ 4,652,418</u>

Note 11 - Other Postemployment Benefit Plan

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (Statement No. 75), requires governments to account OPEB on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expenses when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefits. The total OPEB liability is recorded at the fund level for proprietary activities and the allocated amount for governmental activities is presented at the government-wide level. The annual OPEB cost is included in the line item of personal services for proprietary fund statements and is allocated by function for governmental activities on the government-wide financial statements.

Plan Description

The City of Crestview's Retiree Health Care Plan (Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical and life insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under Statement No. 75, the Plan does not meet the requirements for an OPEB plan administered through a trust. The Plan does not issue a stand-alone report, and it is not included in the report of a Public Employee Retirement System or another entity.

Employees Covered by Benefit Terms

At September 30, 2022 (the most recent actuarial valuation), the following employees were covered by the benefit terms:

Active Plan Members	225
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	4
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total	<u>229</u>

Benefits Provided

A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirements under the applicable Plan. The retiree is responsible for paying the entire premium for health coverage and that of any covered spouse or eligible dependents.

Total OPEB Liability

At September 30, 2023, the City reported total OPEB liability of \$1,456,798 for the single-employer plan. Total OPEB liability was measured as of September 30, 2022. The measurement period for OPEB expense was October 1, 2021 through September 30, 2022.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions:

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

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies by Service
Discount Rate	4.77%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	52

All mortality rates were based on those used in actuarial valuations of corresponding General Employee and Police and Fire pension plans.

For general employees, mortality rates were based on the PubG-2010 tables. For active lives, PubG-2010 headcount weighted employee mortality with male rates set back one year, projected generationally with Scale MP-2018. For healthy inactive lives and beneficiaries, PubG-2010 headcount weighted healthy retiree mortality with male rates set back one year, projected generationally with Scale MP-2018. For disabled lives, PubG-2010 weighted mortality with male and female rates set forward three years, projected generationally with Scale MP-2018.

For police and fire employees, mortality rates were also based on PubS-2010 tables. For active lives, PubS-2010 headcount weighted employee mortality, below median income, with male and female rates set forward one year projected generationally with Scale MP-2018. For healthy inactive lives, PubS-2010 headcount weighted healthy retiree mortality with both male and female rates set forward one year, projected generationally with Scale MP-2018. For beneficiaries, PubG-2010 headcount weighted healthy retiree mortality with male rates set back one year, projected generationally with Scale MP-2018. For disabled lives, a blend of 80% of PubG-2010 headcount weighted disabled retiree tables and 20% of PubS-2010 headcount weighted disabled retiree tables, projected generationally with Scale MP-2018.

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

	Increase (Decrease) in Total OPEB Liability
Balance as of October 1, 2022	\$ 2,095,668
Changes for the Year:	
Service Cost	189,781
Interest	54,869
Differences Between Expected and Actual Experience	(148,049)
Changes of Assumptions	(680,123)
Benefit Payments	(55,348)
Balance as of September 30, 2023	<u><u>\$ 1,456,798</u></u>

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

Changes of assumptions reflect a change in the discount rate from 2.43% for the reporting period ended September 30, 2022 to 4.77% for the reporting period ended September 30, 2023. Also reflected as assumption changes are updated health care costs and premiums.

Sensitivity of the Total OPEB Liability to Changes in the Discount 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 a discount rate that is 1% point lower or 1% point higher than the current discount rate.

	1% Decrease (3.77%)	Current Discount Rate (4.77%)	1% Increase (5.77%)
Total OPEB Liability	\$ 1,615,685	\$ 1,456,798	\$ 1,315,605

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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% point lower or 1% point higher than the current discount rate.

	1% Decrease (3%-6.25%)	Current Discount Rate (4%-7.25%)	1% Increase (5%-8.25%)
Total OPEB Liability	\$ 1,278,569	\$ 1,456,798	\$ 1,669,080

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$163,350. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 255,849
Changes in Assumptions	343,739	676,624
Employer Contributions Subsequent to the Measurement Date	54,432	-
Total	<u>\$ 398,171</u>	<u>\$ 932,473</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$54,432 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ending September 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ (85,420)
2025	(85,423)
2026	(75,286)
2027	(58,273)
2028	(69,380)
Thereafter	(214,952)
Total	<u><u>\$ (588,734)</u></u>

Note 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; injuries to employees; employee medical benefits and natural disasters. The City purchases insurance through commercial carriers and participates in the Florida Municipal Insurance Trust, which is a public entity risk pool. Coverage through the Florida Municipal Insurance Trust includes comprehensive general and professional liability, automobile, property and workers' compensation coverages. The remaining insurance coverage, which includes but is not limited to health and life insurance coverages, is purchased from various commercial carriers.

The City does not retain a risk of loss as a participant in the public entity risk pool. The City maintains minimal deductibles for insurance policies from its various commercial carriers. There has been no significant reduction in insurance coverage from the prior fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City participates in various federal and state grants. The expenditures of these grants are subject to audit and adjustment by the funding agency or their representatives. If expenditures are subsequently disallowed due to non-compliance with the program, the City may be required to repay the funding agency. The City's management believes that disallowed expenditures, if any, will not be material to the accompanying financial statements.

Note 13 - Fund Equity

Restricted Net Position

The City has established certain restrictions within the net position section of the enterprise funds. It is the City's policy to first apply restricted resources for expenditures incurred for which there are restricted and unrestricted resources available. Additionally, the City would first apply committed, followed by assigned amounts and lastly unassigned amounts of unrestricted fund balance when expenditures are incurred.

	<u>Utilities</u>
Restricted for Impact Fees	\$ 3,937,062
Restricted for Reserve and Replacement	250,000
Restricted for Debt Service	348,817
Total	<u><u>\$ 4,535,879</u></u>

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

Fund Balances

The City has established certain restrictions within the fund balance section of the governmental funds. The City would first apply restricted, followed by assigned amounts and lastly unassigned amounts of unrestricted fund balance when expenditures are incurred. Non-spendable, restricted and assigned fund balances at September 30, 2023, consist of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Non-Spendable			
Prepaid Expenditures	\$ 318,329	\$ 2,907	\$ 321,236
Inventory	73,421	-	73,421
Permanent Fund	-	53,391	53,391
Total Non-Spendable	<u>\$ 391,750</u>	<u>\$ 56,298</u>	<u>\$ 448,048</u>
Restricted For			
Impact Fees	\$ 755,933	\$ -	\$ 755,933
Debt Service	387,981	11,828	399,809
Building Permits	-	1,645,509	1,645,509
Redevelopment	-	608,136	608,136
Grants		152,590	152,590
Total Restricted	<u>\$ 1,143,914</u>	<u>\$ 2,418,063</u>	<u>\$ 3,561,977</u>
Assigned For			
Subsequent Year's Budget	\$ 5,509,999	\$ -	\$ 5,509,999
Debt Service	-	295,500	295,500
Law Enforcement	-	25,107	25,107
Library	-	2,913	2,913
Total Assigned	<u>\$ 5,509,999</u>	<u>\$ 323,520</u>	<u>\$ 5,833,519</u>

Note 14 - Commitments and Contingencies

Contracts

The City has contracted with CH2MHill, Inc. (CH2M) to operate, maintain and manage the City's sewer treatment plant. Fees are payable monthly and are subject to adjustment on a regular basis. A new contract was signed for a five-year term commencing October 1, 2019. The agreement will automatically renew for another five-year term ending September 30, 2024. The latest contract established a base fee for fiscal year 2020 of \$1,045,028. It also provides for electrical cost or consumption increases over an established amount (\$192,000) to be shared equally by the City and CH2M. Total fees under the contract for the year ended September 30, 2023, were \$1,198,971. Subsequent to September 30, 2023, the City Council approved awarding a new five-year agreement to CH2M with a base cost of \$808,335.

Legal Matters

The City is involved in pending and threatened legal actions. In the opinion of City management, after consulting with legal counsel, the range of potential loss from all such claims and actions should not materially affect the financial condition of the City.

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

Sanitation Collection

In September 2013, the City contracted with Waste Pro of Florida, Inc. for the collection and disposal of residential and commercial solid waste, yard refuse and recycling. The non-exclusive franchise agreement expired September 30, 2018. The contract was renewed and is effective through September 30, 2023. The City is responsible for billings and collections related to the sanitation services and retains 6% of the collections as payment for managing the collections. The remainder of the collections are remitted to Waste Pro of Florida, Inc. Net collections remitted to Waste Pro of Florida, Inc. amounted to \$3,813,338 for the year ended September 30, 2023. Effective October 1, 2023, the City contracted with Adams Sanitation Holding Company, LLC for an initial term of five years. The contract contains one five-year renewal option.

Lease-Purchase Agreement

On May 25, 2023, the City entered into a lease-purchase agreement with PNC Bank for the purchase of two fire trucks in the amount of \$1,604,094. Terms of the agreement require the City to make seven annual payments of \$221,714 and a balloon payment of \$455,771 the following month of year seven. Interest on the loan was imputed at 5.02%. The delivery of the vehicles has been delayed and is still pending; however, the City was required to make the first payment of \$221,714 in March of 2024.

Grants

Amounts received or receivable from grant activities are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

In September 2004, Hurricane Ivan impacted Northwest Florida, including the City with considerable damage. Many of the expenses incurred for debris removal and other repairs were reimbursed to the City through grant funding from the Federal Emergency Management Agency (FEMA). In 2005, FEMA reimbursed the City for most of the expenses incurred, but then later determined that certain expenses did not qualify for reimbursement according to the grant. FEMA has notified the City that the City will be responsible for those expenses determined not to be reimbursable. The City will not know the exact amount of funds that are to be repaid to FEMA until FEMA has performed a final close-out audit. The City has estimated the liability to FEMA for non-reimbursable expenses to be \$485,655. This amount is included in due to other governments on the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2023
LAST 10 FISCAL YEARS*

Reporting Period Ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Total OPEB Liability						
Service Cost	\$ 189,781	\$ 188,921	\$ 129,806	\$ 110,071	\$ 107,956	\$ 112,421
Interest	54,869	45,777	56,991	55,819	48,482	39,333
Differences Between Expected and Actual Experience	(148,049)	-	(142,530)	-	(99,269)	-
Changes of Assumptions	(680,123)	(63,227)	478,917	88,837	(36,901)	(81,027)
Benefit Payments	<u>(55,348)</u>	<u>(51,727)</u>	<u>(18,598)</u>	<u>(17,220)</u>	<u>(20,602)</u>	<u>(18,944)</u>
Net Change in Total OPEB Liability	(638,870)	119,744	504,586	237,507	(334)	51,783
Total OPEB Liability, Beginning of Year	<u>2,095,668</u>	<u>1,975,924</u>	<u>1,471,338</u>	<u>1,233,831</u>	<u>1,234,165</u>	<u>1,182,382</u>
Total OPEB Liability, End of Year	<u>\$ 1,456,798</u>	<u>\$ 2,095,668</u>	<u>\$ 1,975,924</u>	<u>\$ 1,471,338</u>	<u>\$ 1,233,831</u>	<u>\$ 1,234,165</u>
Covered Payroll (Projected)	\$12,011,298	\$10,313,701	\$ 9,749,221	\$10,002,787	\$ 9,414,388	\$ 9,803,788
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.13%	20.32%	20.27%	14.71%	13.11%	12.59%

*Information is presented for those years in which information is available.

Notes to Schedule:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

September 30, 2023:	4.77%
September 30, 2022:	2.43%
September 30, 2021:	2.14%
September 30, 2020:	3.58%
September 30, 2019:	4.18%
September 30, 2018:	3.64%

Benefit Payments: The City did not provide actual net benefits for the fiscal year ended September 30, 2023. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS -
GENERAL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 801,972	\$ 738,764	\$ 682,347	\$ 667,898	\$ 611,990	\$ 555,982	\$ 522,311	\$ 565,716	\$ 536,574	\$ 538,171
Interest	1,822,389	1,707,653	1,622,464	1,555,250	1,518,916	1,462,086	1,336,940	1,310,682	1,240,902	1,163,671
Differences Between Expected and Actual Experience	416,261	715,508	13,985	368,023	(197,435)	(407,213)	557,747	(372,488)	(196,887)	-
Changes in Assumptions	-	-	1,055,199	32,218	-	570,521	585,568	152,935	-	-
Benefit Payments, Including Refund of Employee Contributions	(1,589,750)	(1,582,358)	(1,245,998)	(2,175,488)	(800,956)	(761,657)	(823,522)	(668,726)	(806,243)	(663,463)
Net Change	1,450,872	1,579,567	2,127,997	447,901	1,132,515	1,419,719	2,179,044	988,119	774,346	1,038,379
Total Pension Liability, Beginning	26,027,030	24,447,463	22,319,466	21,871,565	20,739,050	19,319,331	17,140,287	16,152,168	15,377,822	14,339,443
Total Pension Liability, Ending (a)	\$ 27,477,902	\$ 26,027,030	\$ 24,447,463	\$ 22,319,466	\$ 21,871,565	\$ 20,739,050	\$ 19,319,331	\$ 17,140,287	\$ 16,152,168	\$ 15,377,822
Plan Fiduciary Net Position										
Contributions - Employer	\$ 871,678	\$ 772,579	\$ 669,775	\$ 629,053	\$ 455,980	\$ 343,359	\$ 248,704	\$ 298,505	\$ 556,922	\$ 756,791
Contributions - Employee	410,202	380,383	340,203	317,003	303,409	285,401	269,713	263,011	246,579	240,968
Net Investment Income	1,920,784	(3,251,481)	4,035,610	1,721,236	909,926	1,522,216	2,050,466	1,172,257	(319,164)	1,396,846
Benefit Payments, Including Refund of Employee Contributions	(1,589,750)	(1,582,358)	(1,245,998)	(2,175,488)	(800,956)	(761,657)	(823,522)	(668,726)	(806,243)	(663,463)
Administrative Expense	(62,164)	(80,933)	(76,073)	(55,909)	(58,103)	(55,635)	(56,085)	(45,495)	(43,915)	(35,530)
Other	-	-	-	-	-	-	-	-	-	44,105
Net Change	1,550,750	(3,761,810)	3,723,517	435,895	810,256	1,333,684	1,689,276	1,019,552	(365,821)	1,739,717
Plan Fiduciary Net Position, Beginning	20,856,762	24,618,572	20,895,055	20,459,160	19,648,904	18,315,220	16,625,944	15,606,392	15,972,213	14,232,496
Plan Fiduciary Net Position, Ending (b)	22,407,512	20,856,762	24,618,572	20,895,055	20,459,160	19,648,904	18,315,220	16,625,944	15,606,392	15,972,213
Net Pension Liability, Ending (a) - (b)	\$ 5,070,390	\$ 5,170,268	\$ (171,109)	\$ 1,424,411	\$ 1,412,405	\$ 1,090,146	\$ 1,004,111	\$ 514,343	\$ 545,776	\$ 15,972,213
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.55%	80.14%	100.70%	93.62%	93.54%	94.74%	94.80%	97.00%	96.62%	103.87%
Covered Employee Payroll	\$ 6,409,400	\$ 5,942,914	\$ 5,315,672	\$ 4,953,172	\$ 4,740,758	\$ 4,459,380	\$ 4,214,265	\$ 4,109,545	\$ 3,852,802	\$ 3,765,128
Net Pension Liability as a Percentage of Covered Employee Payroll	79.11%	87.00%	-3.22%	28.76%	29.79%	24.45%	23.83%	12.52%	14.17%	424.21%

**CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS -
GENERAL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS**

Notes to Schedule:

Changes of Assumptions:

For measurement date September 30, 2021, as a result of an Experience Study dated November 30, 2021, the Board has approved the following changes:

1. The investment return assumption was lowered from 7.25% to 7.00%, net of investment related expenses.
2. The salary increase rate assumption was changed, generally resulting in lower assumed rates.
3. The retirement rate assumption was changed, generally resulting in earlier assumed retirements.
4. The termination rate assumption was changed, generally resulting in fewer terminations.
5. The disability rate assumption was changed, reducing the rates at all ages by 33%.

CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS -
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 874,088	\$ 865,242	\$ 855,640	\$ 829,996	\$ 810,126	\$ 781,326	\$ 736,601	\$ 675,767	\$ 650,319	\$ 704,926
Interest	2,093,924	1,946,306	1,760,744	1,630,907	1,557,188	1,494,147	1,401,536	1,205,985	1,207,893	1,142,097
Differences Between Expected and Actual Experience	188,867	140,783	485,335	211,677	(355,584)	(254,535)	226,022	293,542	(1,131,354)	-
Changes of Benefit Terms	1,021,745	-	-	-	(3,124)	-	-	-	-	102,466
Contributions - Buy Back	-	-	-	-	-	18,708	-	-	-	-
Changes in Assumptions	-	-	1,129,136	(72,480)	-	635,050	1,144,118	337,452	-	-
Share Plan Allocation	-	172,965	139,291	110,280	119,721	113,414	88,474	775,763	-	-
Other	-	-	-	-	-	-	-	-	-	36,400
Change in Excess State Money	-	-	-	-	-	-	(9,059)	(798,033)	102,691	110,979
Benefit Payments, Including Refund of Employee Contributions	(1,177,264)	(873,360)	(849,648)	(1,040,702)	(1,228,318)	(1,286,243)	(1,191,193)	(618,732)	(933,578)	(1,079,145)
Net Change	3,001,360	2,251,936	3,520,498	1,669,678	900,009	1,501,867	2,396,499	1,871,744	(104,029)	1,017,723
Total Pension Liability, Beginning	29,627,739	27,375,803	23,855,305	22,185,627	21,285,618	19,783,751	17,387,252	15,515,508	15,619,537	14,601,814
Total Pension Liability, Ending (a)	\$ 32,629,099	\$ 29,627,739	\$ 27,375,803	\$ 23,855,305	\$ 22,185,627	\$ 21,285,618	\$ 19,783,751	\$ 17,387,252	\$ 15,515,508	\$ 15,619,537
Plan Fiduciary Net Position										
Contributions - Employer	\$ 773,390	\$ 653,302	\$ 575,632	\$ 537,980	\$ 378,613	\$ 121,687	\$ 121,961	\$ 111,296	\$ 429,649	\$ 576,763
Contributions - State	515,326	423,143	378,243	339,563	352,151	343,741	310,487	300,086	296,275	296,686
Contributions - Employee	366,657	329,224	320,388	304,695	295,647	288,434	278,697	267,931	255,354	235,503
Contributions - Buy Back	-	-	-	-	-	18,708	-	-	-	-
Net Investment Income	2,326,885	(3,579,721)	4,307,665	1,661,513	778,906	1,519,422	2,132,311	1,072,929	(374,169)	1,512,913
Benefit Payments, Including Refund of Employee Contributions	(1,177,264)	(873,360)	(849,648)	(1,040,702)	(1,228,318)	(1,286,243)	(1,191,193)	(618,732)	(933,578)	(1,079,145)
Administrative Expense	(76,206)	(94,360)	(74,336)	(69,573)	(62,363)	(66,003)	(70,281)	(47,835)	(46,407)	(37,041)
Other	-	-	-	-	-	-	-	-	-	(44,105)
Net Change	2,728,788	(3,141,772)	4,657,944	1,733,476	514,636	939,746	1,581,982	1,085,675	(372,876)	1,461,574
Plan Fiduciary Net Position, Beginning	23,775,092	26,916,864	22,258,920	20,525,444	20,010,808	19,071,062	17,489,080	16,403,405	16,776,281	15,314,707
Plan Fiduciary Net Position, Ending (b)	26,503,880	23,775,092	26,916,864	22,258,920	20,525,444	20,010,808	19,071,062	17,489,080	16,403,405	16,776,281
Net Pension Liability, Ending (a) - (b)	\$ 6,125,219	\$ 5,852,647	\$ 458,939	\$ 1,596,385	\$ 1,660,183	\$ 1,274,810	\$ 712,689	\$ (101,828)	\$ (887,897)	\$ (1,156,744)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability										
	81.23%	80.25%	98.32%	93.31%	92.52%	94.01%	96.40%	100.59%	105.72%	107.41%
Covered Employee Payroll	\$ 5,727,857	\$ 5,144,131	\$ 5,006,067	\$ 4,760,860	\$ 4,619,494	\$ 4,506,775	\$ 4,354,635	\$ 4,186,426	\$ 3,989,908	\$ 3,701,314
Net Pension Liability as a Percentage of Covered Employee Payroll										
	106.94%	113.77%	9.17%	33.53%	35.94%	28.29%	16.37%	-2.43%	-22.25%	-31.25%

**CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS -
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
LAST 10 FISCAL YEARS**

Notes to Schedule:

Changes of Assumptions:

For measurement date September 30, 2021, as a result of an Experience Study dated November 24, 2021, the Board has approved the following changes:

1. The investment return assumption was lowered from 7.25% to 7.00%, net of investment related expenses.
2. The salary increase rate assumption was changed, generally resulting in lower assumed rates.
3. The retirement rate assumption was changed, generally resulting in earlier assumed retirements.
4. The termination rate assumption was changed, generally resulting in fewer terminations.

**CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
GENERAL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 871,678	\$ 772,579	\$ 669,775	\$ 629,053	\$ 497,780	\$ 379,047	\$ 248,242	\$ 304,106	\$ 473,895	\$ 756,791
Contributions in Relation to the Actuarially Determined Contributions	871,678	772,579	669,775	629,053	455,980	343,359	248,704	298,505	556,922	756,791
Contributions Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ 41,800	\$ 35,688	\$ (462)	\$ 5,601	\$ (83,027)	\$ -
Covered Employee Payroll	\$ 6,409,400	\$ 5,942,914	\$ 5,315,672	\$ 4,953,172	\$ 4,740,758	\$ 4,459,380	\$ 4,214,265	\$ 4,109,545	\$ 3,852,802	\$ 3,765,128
Contributions as a Percentage of Covered Employee Payroll	13.60%	13.00%	12.60%	12.70%	9.62%	7.70%	5.90%	7.26%	14.45%	20.10%

Notes to Schedule:

Valuation Date October 1, 2021

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

Methods and assumptions used to determine contribution rates:

Funding Method	Entry age normal actuarial cost method.
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Actuarial Asset Method	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a 5-year period.
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Amortization Method	New UAAL amortization bases are amortized over 15 years.
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Inflation 2.5% per year.

Salary Increases	Service	Increase
	<1	10.0%
	1-4	6.5%
	5-19	5.0%
	20+	3.5%

Payroll Growth	1.96% for purposes of amortizing the Unfunded Actuarial Accrued Liability.
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Interest Rate	7.00% per year compounded annually, net of investment related expenses.
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**CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
GENERAL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS**

Retirement Age

Age	Rate
<55	0%
55 - 57	16.7%
58 - 64	25.0%
65+	100.0%

Early Retirement

None.

Termination Rates

See table below.

Disability Rates

See table below.

Mortality

Healthy Lives:

Female: PubS.H-2010 for Employees.

Male: PubS.H-2010 for Employees.

Disabled Lives:

PubG.H-2010 for Disabled Retirees, set forward three years.

Other Information

Termination Rates Table	
Service	Rate
<1	30.0%
1-2	20.0%
3-6	10.0%
7-15	7.0%
16+	2.0%

Disability Rates Table	
Service	Rate
20	0.02%
25	0.02%
30	0.02%
35	0.02%
40	0.04%
45	0.07%
50	0.14%
55	0.30%
60	0.54%
65+	0.93%

CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,042,470	\$ 900,223	\$ 815,989	\$ 785,542	\$ 632,870	\$ 432,650	\$ 326,598	\$ 322,355	\$ 542,628	\$ 762,470
From Excess State Money Reserve	-	-	-	-	-	-	-	102,941	-	-
Contributions in Relation to the Actuarially Determined Contributions	1,288,716	903,480	814,585	767,263	611,043	352,014	353,034	330,709	623,233	762,470
Contributions Deficiency (Excess)	<u>\$ (246,246)</u>	<u>\$ (3,257)</u>	<u>\$ 1,404</u>	<u>\$ 18,279</u>	<u>\$ 21,827</u>	<u>\$ 80,636</u>	<u>\$ (26,436)</u>	<u>\$ (111,295)</u>	<u>\$ (80,605)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 5,727,857	\$ 5,144,131	\$ 5,006,067	\$ 4,760,860	\$ 4,619,494	\$ 4,506,775	\$ 4,354,635	\$ 4,186,726	\$ 3,989,908	\$ 3,701,314
Contributions as a Percentage of Covered Employee Payroll	22.50%	17.56%	16.27%	16.12%	13.23%	7.81%	8.11%	7.90%	15.62%	20.60%

Notes to Schedule:

Valuation Date October 1, 2021

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

Methods and assumptions used to determine contribution rates:

Funding Method Entry age actuarial cost method.

Actuarial Asset Method All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a 5-year period.

Amortization Method New UAAL amortization bases are amortized over 15 years.

Inflation 2.5% per year.

Salary Increases	Age	Increase
	<25	10.0%
	25-39	6.5%
	40-44	5.0%
	45+	4.5%

Payroll Growth 1.82% for purposes of amortizing the Unfunded Actuarial Accrued Liability.

Interest Rate 7.00% per year compounded annually, net of investment related expenses.

**CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
LAST 10 FISCAL YEARS**

Normal Retirement Age

% Retiring During the Year (10-24 Years of Service)		% Retiring During the Year (>25 Years of Service)	
Age	Rate	Age	Rate
45-51	7.5%	45-51	7.5%
52-54	10.0%	52-54	100.0%
55	25.0%		
56	33.3%		
57	50.0%		
58+	100.0%		

Termination Rates

See table below.

Disability Rates

See table below.

Mortality

Healthy Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

Other Information

Termination and Disability Rates Table			
Termination Rates Table		Disability Rates Table	
Service	Rate	Service	Rate
<3	20.0%	20	0.07%
3	12.0%	25	0.08%
4	11.0%	30	0.09%
5	10.0%	35	0.12%
6	9.0%	40	0.15%
7	8.0%	45	0.26%
8	7.0%	50	0.50%
9	6.0%	55	0.78%
10	5.0%	60+	1.05%
11	4.0%		
12	3.0%		
13	2.5%		
14	2.0%		
15	1.5%		
16+	1.0%		

**CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS -
GENERAL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS**

For the Year Ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return, Net of Investment Expense	9.28%	-13.31%	19.42%	8.65%	4.64%	8.35%	12.40%	7.54%	-1.99%	9.70%

**CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS -
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
LAST 10 FISCAL YEARS**

For the Year Ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return, Net of Investment Expense	9.83%	-13.30%	19.40%	8.12%	3.94%	8.12%	12.45%	6.60%	-2.25%	9.92%

COMBINING FINANCIAL STATEMENTS

**CITY OF CRESTVIEW, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

Law Enforcement Trust Fund—To account for proceeds collected under the *Florida Contraband Forfeiture Act*. The proceeds are to be used solely for law enforcement purposes, with emphasis given to crime prevention, safe neighborhoods, and drug abuse prevention programs.

Community Redevelopment Agency—To account for the operation of the agency overseeing the redevelopment of the designated redevelopment areas. The agency is funded by property taxes collected in the Agency's designated area.

Community Development Block Grant (CDBG) Fund—To account for grant revenues and expenses related to the federal grant program which provides funding for housing, community and economic development activities, and assistance for low and moderate income persons.

Building and Permitting Fund—To account for revenues derived from building permits and inspection fees that are legally restricted for enforcing the Florida Building Code.

Housing Assistance Trust Fund—To account for grant revenues and expenses related to the state grant program which provides funding for housing assistance for low and moderate income persons.

DEBT SERVICE FUND

The Debt Service Fund is used to accumulate monies for payment of the Public Improvement Refunding Bonds, Series 2015, with remaining principal and interest due annually on March 1 until maturity in September 2041.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Library Fund—To account for a donation to the City to purchase library books. The interest is used to purchase books for the City's public library.

**CITY OF CRESTVIEW, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Special Revenue Funds							
	Law Enforcement Trust	Community Redevelopment Agency	CDBG	Building and Permitting	Housing Assistance Trust (SHIP)	Debt Service	Permanent Fund	Total
Assets								
Cash and Cash								
Equivalents	\$ 25,107	\$ 608,238	\$ 18,072	\$ 1,692,700	\$ 134,518	\$ 295,500	\$ 2,913	\$ 2,777,048
Cash and Cash								
Equivalents,								
Restricted	-	-	-	-	-	11,828	-	11,828
Investments	-	-	-	-	-	-	53,391	53,391
Prepays	-	-	-	2,907	-	-	-	2,907
Total Assets	<u>25,107</u>	<u>608,238</u>	<u>18,072</u>	<u>1,695,607</u>	<u>134,518</u>	<u>307,328</u>	<u>56,304</u>	<u>2,845,174</u>
Liabilities								
Accounts Payable	-	102	-	41,662	-	-	-	41,764
Accrued Expenses	-	-	-	5,529	-	-	-	5,529
Total Liabilities	<u>-</u>	<u>102</u>	<u>-</u>	<u>47,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,293</u>
Fund Balances								
Non-Spendable	-	-	-	2,907	-	-	53,391	56,298
Restricted	-	608,136	18,072	1,645,509	134,518	11,828	-	2,418,063
Assigned	25,107	-	-	-	-	295,500	2,913	323,520
Total Fund Balances	<u>25,107</u>	<u>608,136</u>	<u>18,072</u>	<u>1,648,416</u>	<u>134,518</u>	<u>307,328</u>	<u>56,304</u>	<u>2,797,881</u>
Total Liabilities								
and Fund Balances	<u>\$ 25,107</u>	<u>\$ 608,238</u>	<u>\$ 18,072</u>	<u>\$ 1,695,607</u>	<u>\$ 134,518</u>	<u>\$ 307,328</u>	<u>\$ 56,304</u>	<u>\$ 2,845,174</u>

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds							Total
	Law	Community			Housing			
	Enforcement	Redevelopment		Building and	Assistance	Debt	Permanent	
	Trust	Agency	CDBG	Permitting	Trust (SHIP)	Service	Fund	
Revenues								
Taxes	\$ -	\$ 104,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,631
Licenses and Permits	-	-	-	994,423	-	-	-	994,423
Intergovernmental	-	-	170,545	-	134,518	-	-	305,063
Fines and Forfeitures	20,614	-	-	-	-	-	-	20,614
Miscellaneous	-	1,280	-	1	-	-	106	1,387
Total Revenues	20,614	105,911	170,545	994,424	134,518	-	106	1,426,118
Expenditures								
Current:								
General Government	-	150,008	-	-	-	-	-	150,008
Public Safety	-	-	-	576,159	-	-	-	576,159
Economic Environment	-	-	153,635	-	-	-	-	153,635
Debt Service:								
Principal	-	-	-	13,939	-	215,000	-	228,939
Interest	-	-	-	-	-	70,541	-	70,541
Total Expenditures	-	150,008	153,635	590,098	-	285,541	-	1,179,282
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	20,614	(44,097)	16,910	404,326	134,518	(285,541)	106	246,836
Other Financing Sources (Uses)								
Transfers in	-	196,702	-	2,603	-	285,541	-	484,846
Transfers out	-	(19,000)	-	(85,000)	-	(48,020)	-	(152,020)
Total Other Financing								
Sources (Uses)	-	177,702	-	(82,397)	-	237,521	-	332,826
Net Change in Fund Balances	20,614	133,605	16,910	321,929	134,518	(48,020)	106	579,662
Fund Balances,								
Beginning of Year	4,493	474,531	1,162	1,326,487	-	355,348	56,198	2,218,219
Fund Balances,								
End of Year	\$ 25,107	\$ 608,136	\$ 18,072	\$ 1,648,416	\$ 134,518	\$ 307,328	\$ 56,304	\$ 2,797,881

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2023

	Stormwater Fund	Crestview Unlimited	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 246,530	\$ 31,642	\$ 278,172
Accounts Receivable, Net	25,818	7,828	33,646
Prepaid Expenses	3,755	916	4,671
Inventories	-	93,965	93,965
Total Current Assets	<u>276,103</u>	<u>134,351</u>	<u>410,454</u>
Non-Current Assets:			
Capital Assets:			
Assets Being Depreciated, Net	174,672	-	174,672
Total Non-Current Assets	<u>174,672</u>	<u>-</u>	<u>174,672</u>
Total Assets	<u>450,775</u>	<u>134,351</u>	<u>585,126</u>
Deferred Outflows of Resources			
Other Postemployment Benefits	17,988	-	17,988
Pensions	58,041	-	58,041
Total Deferred Outflows of Resources	<u>76,029</u>	<u>-</u>	<u>76,029</u>
Liabilities			
Current Liabilities:			
Accounts Payable	2,065	64,947	67,012
Accrued Expenses	946	14,805	15,751
Due to Other Funds	-	116,794	116,794
Unearned Revenue	-	6,665	6,665
Current Portion of Long-Term Debt:			
Compensated Absences	1,639	-	1,639
Revenue Bonds, Notes, and Capital Leases Payable	7,159	-	7,159
Total Current Liabilities	<u>11,809</u>	<u>203,211</u>	<u>215,020</u>
Non-Current Liabilities:			
Revenue Bonds, Notes, and Leases Payable	11,932	-	11,932
Other Postemployment Benefits Obligation	65,812	-	65,812
Compensated Absences	4,916	11,978	16,894
Net Pension Liability	105,275	-	105,275
Total Non-Current Liabilities	<u>187,935</u>	<u>11,978</u>	<u>199,913</u>
Total Liabilities	<u>199,744</u>	<u>215,189</u>	<u>414,933</u>
Deferred Inflows of Resources			
Other Postemployment Benefits	42,125	-	42,125
Pensions	-	-	-
Total Deferred Inflows of Resources	<u>42,125</u>	<u>-</u>	<u>42,125</u>
Net Position			
Net Investment in Capital Assets	155,581	-	155,581
Unrestricted	129,354	(80,838)	48,516
Total Net Position	<u>\$ 284,935</u>	<u>\$ (80,838)</u>	<u>\$ 204,097</u>

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	<u>Stormwater Fund</u>	<u>Crestview Unlimited</u>	<u>Total</u>
Operating Revenue			
Charges for Service	\$ 406,070	\$ 989,542	\$ 1,395,612
Total Operating Revenue	<u>406,070</u>	<u>989,542</u>	<u>1,395,612</u>
Operating Expenses			
Personnel Expenses	322,944	555,852	878,796
Purchased Services	-	78,410	78,410
Repairs and Maintenance	28,714	47,163	75,877
Depreciation and Amortization	21,141	-	21,141
Materials and Supplies	71,537	211,958	283,495
Other Expenses	15,320	177,585	192,905
Total Operating Expenses	<u>459,656</u>	<u>1,070,968</u>	<u>1,530,624</u>
Operating Income (Loss)	<u>(53,586)</u>	<u>(81,426)</u>	<u>(135,012)</u>
Non-Operating Revenue and Expense			
Interest Expense	(1,718)	(6,663)	(8,381)
Total Non-Operating Revenues and Expenses	<u>(1,718)</u>	<u>(6,663)</u>	<u>(8,381)</u>
Change in Net Position	(55,304)	(88,089)	(143,393)
Net Position, Beginning of Year	<u>340,239</u>	<u>7,251</u>	<u>347,490</u>
Net Position, End of Year	<u>\$ 284,935</u>	<u>\$ (80,838)</u>	<u>\$ 204,097</u>

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Stormwater Fund	Crestview Unlimited	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 401,635	\$ 994,968	\$ 1,396,603
Cash Paid to Suppliers for Goods and Services	(122,378)	(539,827)	(662,205)
Cash Paid to Employees for Services	(240,641)	(548,040)	(788,681)
Net Cash Provided by Operating Activities	<u>38,616</u>	<u>(92,899)</u>	<u>(54,283)</u>
Cash Flows from Non-Capital Financing Activities			
Due to/from Other Funds	-	44,468	44,468
Net Cash Flows from Non-Capital Financing Activities	<u>-</u>	<u>44,468</u>	<u>44,468</u>
Cash Flows from Capital and Related Financing Activities			
Interest Paid	(1,718)	(6,663)	(8,381)
Principal Payment of Bonds, Notes and Capital Leases	(6,367)	-	(6,367)
Net Cash Used in Capital and Related Financing Activities	<u>(8,085)</u>	<u>(6,663)</u>	<u>(14,748)</u>
Net Change in Cash and Cash Equivalents	30,531	(55,094)	(24,563)
Cash and Cash Equivalents, Beginning of Year	215,999	86,736	302,735
Cash and Cash Equivalents, End of Year	<u>\$ 246,530</u>	<u>\$ 31,642</u>	<u>\$ 278,172</u>
<u>Reconciliation of Operating Income to Net Cash</u>			
Operating Income	\$ (53,586)	\$ (81,426)	\$ (135,012)
Operating Activities:			
Depreciation and Amortization Expense	21,141	-	21,141
Changes in Operating Assets and Liabilities:			
Accounts Receivable	(4,435)	534	(3,901)
Prepaid Expenses	(812)	(916)	(1,728)
Inventories	-	(23,070)	(23,070)
Accounts Payable and Accrued Expenses	(5,995)	(725)	(6,720)
Unearned Revenue	-	4,892	4,892
Compensated Absences	(538)	7,812	7,274
Other Postemployment Benefits and Related Deferred Inflows and Outflows	68,595	-	68,595
Net Pension Liability and Related Deferred Inflows and Outflows	14,246	-	14,246
Total Adjustments	92,202	(11,473)	80,729
Net Cash Provided by Operating Activities	<u>\$ 38,616</u>	<u>\$ (92,899)</u>	<u>\$ (54,283)</u>

COMPLIANCE SECTION

CITY OF CRESTVIEW, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Grantor/Pass-Through Agency	Assistance Listing Number/CFSA	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Grant Expenditures
Federal Awards				
U.S. Department of Housing and Urban Development				
Community Development Block Grant Program	14.218	2021-2022	\$ -	\$ 153,695
Total U.S. Department of Housing and Urban Development			-	153,695
U.S. Department of Justice				
Passed Through the State of Florida Office of the Attorney General Victims of Crime Act	16.575	VE700	-	41,864
Total U.S. Department of Justice			-	41,864
Total Expenditures of Federal Awards			\$ -	\$ 195,559
State Financial Assistance				
State of Florida, Department of Financial Services				
Direct Program:				
Local Government Fire Service Grants	43.009	FM682	\$ -	\$ 215,017
Total State of Florida, Department of Financial Services			-	215,017
State of Florida, Department of Environmental Protection				
Direct Program:				
Wastewater Treatment Facility Construction	37.077	WW 460710	-	3,147,212
Wastewater Treatment Facility Construction	37.077	WW 460730	-	275,753
Total Florida Department of Environmental Protection			-	3,422,965
Total Expenditures of State Financial Assistance			\$ -	\$ 3,637,982

CITY OF CRESTVIEW, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 1 - General

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of the City of Crestview, Florida (the City) have been designed to conform with generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of Chapter 10.550, *Rules of the Auditor General* of the State of Florida.

The City reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2023. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 D to the City's financial statements.

**INDEPENDENT AUDITOR'S 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**

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Crestview, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2024.

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Crestview, Florida

**INDEPENDENT AUDITOR'S 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***

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



June 27, 2024
Tallahassee, Florida

**INDEPENDENT AUDITOR'S 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**

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited the City of Crestview, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the *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, 2023. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of 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, 2023.

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 the audit requirements of Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and Chapter 10.550 are further described in the Auditor's 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.

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Crestview, Florida

**INDEPENDENT AUDITOR'S 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**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance 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 generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, *Rules of the Auditor General* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 generally accepted auditing standards, *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 non-compliance, 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, non-compliance 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 non-compliance 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*

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

**INDEPENDENT AUDITOR'S 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**

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 Auditor's 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.



June 27, 2024
Tallahassee, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
CITY OF CRESTVIEW, FLORIDA**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued on Whether the Financial Statements Audited Were Prepared in Accordance with GAAP:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

State Projects

Internal Control Over Major State Projects:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None Reported
Type of Auditor's 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, <i>Rules of the Auditor General</i>	No
Identification of Major State Projects:	
Wastewater Treatment Facility Construction	<u>CFSA #</u> 37.077
Dollar threshold used to distinguish between type A and type B programs:	\$750,000

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III - STATE PROJECT FINDINGS AND QUESTIONED COSTS

No matters are reported.

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Crestview, Florida (the City) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 27, 2024.

Auditor's 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; the audit requirements of Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's 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*; Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *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 June 27, 2024, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Sections 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 official title and legal authority for the City and the component unit of the City has been disclosed in Note 1 to the financial statements.

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City of Crestview
Crestview, Florida

MANAGEMENT LETTER

Financial Condition and Management

Section 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.b. 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 the 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 did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

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 other granting agencies, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 27, 2024
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

We have examined the City of Crestview, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material misstatement, 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 and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 27, 2024
Tallahassee, Florida

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