

CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**



MAULDIN & JENKINS

CPAs & ADVISORS

CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT
SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Council,
City of Crystal River, Florida

Report on the Audit of 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 Crystal River, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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 General Fund and Community Redevelopment Agency budget comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17, schedules of contributions – FRS and HIS, schedules of the City's proportionate share of the net pension liability – FRS and HIS, and schedule of the City's total OPEB liability and related ratios on pages 50 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 nonmajor fund financial statements and schedule of expenditures of federal awards 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 26, 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2024

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

As management of the City of Crystal River, Florida, (the "City") we offer readers of the City of Crystal River, Florida's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

Overview of the Financial Statements

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City 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 include general government, public safety, highways and streets, developmental services, and culture and recreation. The business-type activities of the City include water, sewer, sanitation and a City wildlife refuge operations.

The government-wide financial statements can be found on pages 18 through 20 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, 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 can be divided into two categories: (1) governmental funds, and (2) proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

The City maintains ten individual governmental funds. 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, Capital Improvement Fund, and Community Redevelopment, which are considered to be major funds. Data from the other 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.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and Capital Improvements Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21 through 24 of this report.

Proprietary funds. The City of Crystal River, Florida maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, sanitation, and Three Sisters operations.

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

The basic proprietary fund financial statements can be found on pages 27 through 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 49 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements can be found on pages 55 and 56 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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60,666,588 at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 71%, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

City of Crystal River, Florida's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 14,885,599	\$ 13,350,593	\$ 9,654,024	\$ 8,509,175	\$ 24,539,623	\$ 21,859,768
Capital assets	17,554,574	17,499,047	31,169,893	31,142,272	48,724,467	48,641,319
Total assets	<u>32,440,173</u>	<u>30,849,640</u>	<u>40,823,917</u>	<u>39,651,447</u>	<u>73,264,090</u>	<u>70,501,087</u>
Total deferred outflows of resources	<u>792,267</u>	<u>810,071</u>	<u>193,829</u>	<u>238,882</u>	<u>986,096</u>	<u>1,048,953</u>
Other liabilities	2,773,730	1,903,406	773,924	1,041,867	3,547,654	2,945,273
Long-term liabilities	5,832,827	5,600,537	3,976,067	4,232,401	9,808,894	9,832,938
Total liabilities	<u>8,606,557</u>	<u>7,503,943</u>	<u>4,749,991</u>	<u>5,274,268</u>	<u>13,356,548</u>	<u>12,778,211</u>
Total deferred inflows of resources	<u>212,866</u>	<u>151,615</u>	<u>14,184</u>	<u>18,548</u>	<u>227,050</u>	<u>170,163</u>
Net position:						
Net investment in capital assets	14,834,341	14,596,526	27,877,303	27,574,831	42,711,644	42,171,357
Restricted	3,684,065	4,166,341	1,843,624	1,772,090	5,527,689	5,938,431
Unrestricted	5,894,611	5,241,286	6,532,644	5,250,592	12,427,255	10,491,878
Total net position	<u>\$ 24,413,017</u>	<u>\$ 24,004,153</u>	<u>\$ 36,253,571</u>	<u>\$ 34,597,513</u>	<u>\$ 60,666,588</u>	<u>\$ 58,601,666</u>

An additional portion of the City's net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining \$12,427,255 balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

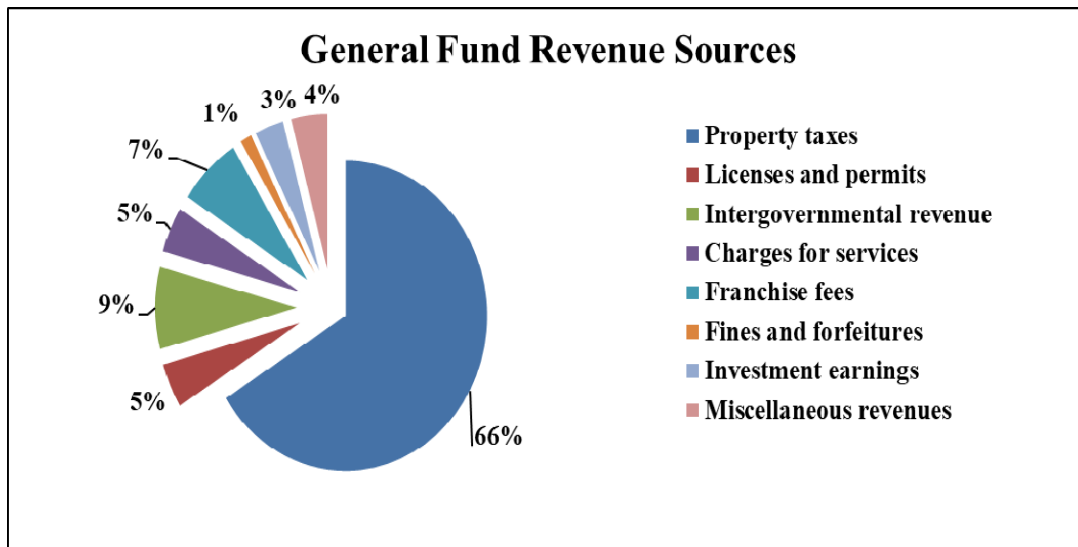
Governmental activities. Governmental activities increased the City's net position by \$408,864.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

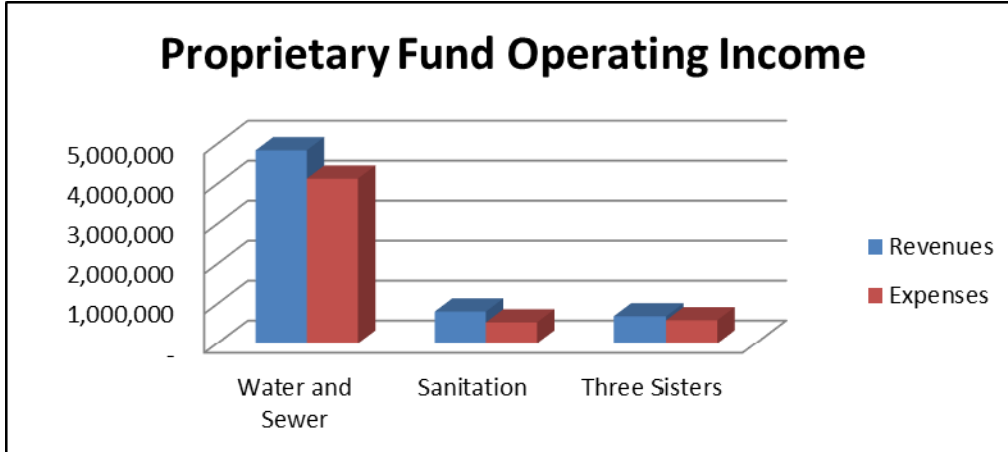
City of Crystal River, Florida’s Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 856,735	\$ 822,271	\$ 6,335,111	\$ 5,387,904	\$ 7,191,846	\$ 6,210,175
Operating grants and contributions	440,381	310,310	-	-	440,381	310,310
Capital grants and contributions	115,478	84,805	792,447	2,996,151	907,925	3,080,956
General revenues:						
Property taxes	6,044,423	5,489,571	-	-	6,044,423	5,489,571
Other taxes	849,187	812,740	-	-	849,187	812,740
Other	1,666,504	510,406	289,787	53,638	1,956,291	564,044
Total revenues	9,972,708	8,030,103	7,417,345	8,437,693	17,390,053	16,467,796
Operating expenses:						
General government	3,643,799	2,397,727	-	-	3,643,799	2,397,727
Public safety	1,958,141	1,426,354	-	-	1,958,141	1,426,354
Highways and streets	2,221,226	937,439	-	-	2,221,226	937,439
Physical environment	1,241,503	891,424	-	-	1,241,503	891,424
Culture and recreation	569,412	417,239	-	-	569,412	417,239
Economic development	305,694	202,275	-	-	305,694	202,275
Interest	71,999	76,620	-	-	71,999	76,620
Water and sewer	-	-	4,190,343	4,084,574	4,190,343	4,084,574
Sanitation	-	-	534,592	601,918	534,592	601,918
Three Sisters	-	-	588,422	642,485	588,422	642,485
Total operating expenses	10,011,774	6,349,078	5,313,357	5,328,977	15,325,131	11,678,055
Increase in net position before transfers	(39,066)	1,681,025	2,103,988	3,108,716	2,064,922	4,789,741
Transfers	447,930	167,930	(447,930)	(167,930)	-	-
Change in net position	408,864	1,848,955	1,656,058	2,940,786	2,064,922	4,789,741
Net position, beginning	24,004,153	22,155,198	34,597,513	31,656,727	58,601,666	53,811,925
Net position, ending	\$ 24,413,017	\$ 24,004,153	\$ 36,253,571	\$ 34,597,513	\$ 60,666,588	\$ 58,601,666



CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Business-type activities. Business-type activities increased the City’s net position by \$1,656,058.



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City’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’s governmental funds reported combined ending fund balances of \$12,079,066 an increase of \$976,635 in comparison with the prior year. Of the total, \$5,866,346 or 49% constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is *non-spendable, restricted or committed* to indicate that it is not available for new spending because it has already been restricted or committed for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,866,346 while total fund balance increased to \$8,506,087. 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 fund expenditures. Unassigned fund balance represents 83% of total General Fund expenditures, while total fund balance represents 120% of that same amount.

The fund balance of the City’s General Fund increased \$1,467,911 during the current fiscal year as shown on page 25 compared to a \$1,082,828 increase for fiscal year 2022. This increase was attributable to both revenue and expenditure variances. Fiscal year 2023 continued to be a different year for all businesses – both private and public due to continued economic uncertainties. Both revenues and expenditures were impacted by all types of businesses – some positive and some negative. Fiscal year 2023 reflects revenue receipts 1.5% more than budgeted and expenditures 1.11% more than budgeted.

On the revenue side, approximately half of our revenues come from our Ad Valorem Tax. Unfortunately, for the public sector some of our revenue sources come from the state where they continue to reflect economic uncertainties; many municipalities remain conservative as the economic condition remains unclear. The City of Crystal River also continues to remain conservative. Fortunately, our state revenue collections were approximately \$14,980 more or 3% more than budgeted. The City continues to see an increase with regards to electric service tax and electric franchise fees; we collected over \$87,951 more or 8% more than budgeted.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

Also, building permits and zoning fees were over \$94,869 or 41% more than projected; this was considerably higher than fiscal year 2022 that saw an increase of \$56,992. The economy was so uncertain, the City was very conservative in this area. The Kings Bay Paddlecraft Program completed its second full year as the program was new for the City in February 2021. This program encompasses the parking meters and the Kayak Corral Lease program. Management remained conservative with this revenue source as it still was fairly new; we collected over \$54,557 more or 21% more than projected.

Investments for the City prospered this year. Management took advantage of the increased interest rates and invested over \$8 million in Certificates of Deposit citywide - \$5.7 million was deposited into General Fund. As reflected within our financials, our investment earnings exceeded budget by almost \$252,000. Management's conservative revenue budgeting strategy along with other revenue sources continues to complement a positive cash flow for the City.

On the expenditure side, the City also chose to remain conservative with their spending due to the economic uncertainties; however, some of the excess expenditure budget was due to some projects not occurring during the year and or not being completed. There were a few position vacancies throughout the year which accounted for approximately \$150,000 less expenditures. ARPA funds were received of \$1,595,000 in fiscal year 2022 and rolled forward; however, \$1,286,000 has not been allocated as of the close of fiscal year 2023. A few operating expenditures came in less than budget accounting. Overall, expenditures came in approximately \$2.5 less than budgeted – a 39% overall savings for the City.

The City continues to enhance and strengthen the oversight of the Crystal River parks, waterways and the residential and business community. Management and staff along with the assistance of the contracted services of the County Sherriff's office have made great strides with enforcement of City ordinances and regulating businesses through code enforcement and business licensing. Management and the community have observed a reduction of illegal and dangerous situations within our parks and on our waterways.

Overall, the net result of these revenue and expenditure variances did increase the City's General Fund balance at the close of the year by \$1,467,911. The General Fund revenues collected and operating expenditures both were slightly more than projected; however, the increased revenues were more than the increased expenditures to still maintain a positive net position.

The Crystal River Community Redevelopment Agency (CRA) of the City continues to develop and grow. Management and staff continue to promote our downtown area through Main Street, festivals and the Town Square along with our Linear Park/Splash pad. Business owners see the growth of our City and continue to bring new businesses to our CRA district. Management promotes the utilization of mini grants for the local businesses to encourage the growth and improvements to their façade. Existing businesses see the potential of the City and continue to make renovations to their buildings to promote their business to the many tourists that visit our community.

Proprietary Funds. Crystal River is comprised of three proprietary funds – Water and Sewer, Sanitation and Three Sister Springs. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water and Sewer Fund shows revenues less than expenditures for the year. Revenues for this fund primarily are derived from water and sewer utility billings. However, in fiscal year 2023, the utility billings were 64% of total revenues as grant revenues comprised 13% of total revenues. The City also received reimbursement of over \$793,000 through another governmental agency for leasing our generators to another City who was without power for months following a prior year hurricane. This reimbursement will be utilized to construct a building that will reduce exposure of the equipment to the elements of the Florida heat and rains. The City also receives funds monthly from Duke Energy for reclaimed water; the City pumps reclaimed water to the Duke Energy Crystal River Power Plant for electricity. The effluent water is used in lieu of operation of two coal plants CR4 and CR5. The City received a total of \$44,199 from Duke Energy

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

for the fiscal year 2023. The overall fund balance for the water and sewer operating and construction funds is almost \$35 million. In fiscal year 2023 staff continued with the U.S. Highway 19 utility relocations in connection with the Florida Department of Transportation road-widening project along with the construction of the sewer line system within Indian Shores at an estimated cost of \$7 million. The Indian Shores project has been partially funded through a grant. The full water meter replacement project kicked off in March 2023 and wrapped up in October 2023. The total cost of this project was \$3.1 million and funded by a State Revolving Fund loan forgiveness program.

Council approved a five-year contract with U.S. Water Services Corporation in August 2016 (fiscal year 2016); they took over the City's Utility Operations Management effective December 1, 2016, after the City had employed the same company in this position for approximately 26 years. U.S. Water continues to make important operational improvements related to the City water and sewer systems. The City has experienced a water loss for several years and U.S. Water continues to perform leak tests on our lines to determine areas of concern as well as replace customer aging meters for more accurate comparisons of water pumped to water billed. Management expects to see a decrease in water loss due to the new water meters. These meters alert when a possible leak occurs as well as provide accurate readings.

Sanitation continues to hold its own as an enterprise fund. Garbage pickup has been contracted to an outside carrier for years to retain lower rates for the City customers. In December 2021, the vendor took over the commercial accounts, including pickup, customer service and billing. Management continues to monitor the activity.

Crystal River has become a worldwide tourist destination, with about 340,000 visitors annually. Forty-five thousand people alone visit the Three Sisters Springs units of the Crystal River National Wildlife Refuge yearly. The Three Sister Springs entered its seventh year of operations in 2023 to continue to provide the community and tourists the opportunity to share an experience with the manatees and enjoy one of the most beautiful and memorable sites of the City of Crystal River. The City serves as the official concessionaire for land access to the Three Sisters Springs Unit of the Crystal River National Wildlife Refuge. The Three Sisters Springs Center provides valuable information to visitors to Crystal River about Three Sisters Springs, manatee eco-tourism, shopping, dining, entertainment, and other points of interest that the City and Citrus County has to offer. Manatee season runs from November 15 through March 31; however, the Center and Refuge are still open seven days a week and closed for a few select holidays. City personnel staff the Refuge and the Welcome Center, and a trolley service is provided to transport visitors to and from the Center and Refuge as well as make various stops throughout the City to assist in promoting the local businesses. The City purchased a trolley in 2017 and 14 passenger van in 2018. In fiscal year 2019, management and staff worked to develop a capital improvement plan to complete various infrastructure projects. In fiscal year 2023 the refuge was closed for refurbishment of the banks; most of the employees were furloughed during this time. Management was concerned of the impact of this closure but was very happy to see the year once again closed with a position net position of over \$130,000. This enterprise fund has prospered as a business and been a self-sufficient fund. The City continues to work with U.S. Fish and Wildlife to maintain a desirable management plan for all parties involved.

Capital Improvements Fund Budgetary Highlights

During the year there was an increase between the original budget and the final amended budget due to a few projects that began in prior years and were not completed; as a result, the remaining budget was rolled forward to 2023. Such projects included the Civic Master Plan, Linear Park/Splash Pad, implementation of the Bayside Master Plan, the continuous U.S. 19 Road Widening/Utility Relocation, and the utility meter replacement program, along with the construction of the new sewer expansion project within the Indian Waters area of the City. The City also had contracts for several new trucks and equipment which were delayed for over a year due to the ongoing nationwide shipping dilemma.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2023, amounts to \$48,724,467 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities and roads. The total increase in the City's investment in capital assets for the current fiscal year was 3.08% (a .3% increase for governmental activities and a .08% increase for business-type activities). Major capital asset events during the current fiscal year included the following:

We added \$1,702,398 of Construction in Progress for the governmental and business type funds, primarily due to the Riverwalk Project, Indian Waters Sewer Expansion Project, the Utility Meter Replacement Program along with the Pelican Bay Wastewater Treatment Plant Abandonment and Wastewater Treatment Plant Rehab projects and more work on the on-going U.S. 19 Road Widening/Utility Relocation project. The City also finalized and began capitalization of \$3,175,007 for the Utility Meter Replacement Program and Mausoleum Marble to Granite Replacement projects.

Citywide Form Based Land Development Code

The City has contracted with Stringfellow Planning and Design for the creation of a new Crystal River Unified Development Ordinance or Land Development Code. This new ordinance is intended to codify many of the concepts found in the City's Civic Master Plan, a twenty-five-year visioning document adopted by Council in April 2022. This plan will establish the framework for a new land development code that is adaptable to the Comprehensive Plan.

Stringfellow Planning and Design is a planning and design firm with expertise in writing both form-based and conventional land development codes. Following a Request for Qualifications process that emphasized new urbanist development principles, a five-person selection committee met and selected the best team for assisting staff with the development of the new code.

The City currently has a form-based zoning code in its CRA District. A form-based code ensures that the buildings in a neighborhood are compatible with their surroundings, including the uses that are permitted within each building. Such a code promotes more flexible design, community revitalization, helps small business, and promotes housing variety and affordability. In contrast, a conventional or Euclidean zoning code lacks such context. Instead, emphasis is placed on the permitted land uses and density of each zoning district. The latter is the type of code that is currently found throughout most of the City of Crystal River.

The development of the new code will cover three phases. Phase 1 will include a detailed review of the future land use maps, zoning maps, GIS data, zoning overlays and all regulations affecting land development; review of the existing Zoning Code and Planning studies which will be the basis for the forthcoming draft of the code; and, review of the Comprehensive Plan to evaluate their impact on the future code. Phase 2 following the findings within Phase 1 will include the preparation of a Draft Code that will include provisions for Process, Administration, Place Types, Zoning, Block Standards, Streets/Thoroughfare, Open/Civic Space, Site and Building requirements, Vernacular Architecture, Uses, Parking & Loading, Landscaping and Definitions. Phase 3 will be the compilation of the Final Code Document.

The development of the City's new Land Development Code is anticipated to be completed and adopted within the next year and half. This is an important step for the expected growth and expansion of the City of Crystal River.

Downtown Parking Projects

Parking continues to be a problem for the City of Crystal River as the City continues to experience growth as a tourist destination. The downtown area sees a lot of traffic, but not ample parking. The City has contracted to design and permit upgrades to an existing lime rock parking lot on Northwest First Avenue. The goal is to

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

refresh the parking lot, develop a more efficient parking pattern while incorporating the acquired properties that are contiguous to U.S. 19, develop a utility service corridor behind many of the Citrus Avenue businesses and formally connect the Riverwalk with downtown or Citrus Avenue. Management continues to pursue design options for on-street parking as well. Along with off-street parking lots, the City will benefit from the establishment of on-street parking.

Indian Waters and Southern Sewer Expansion Projects

This year the City completed the construction of the Indian Waters Phase 1 Septic to Sewer Project to enable 92 residents on septic to connect to the City sewer system. The residents have been provided one-year to connect of which several have already taken advantage of the environmental improvement and the opportunity of a significant if not 100% reimbursement by the City.

September 2016, City staff identified the possibility of expanding the existing Indian Waters Sewer Project slightly over 100 canal front residents, all outside the City's limits, served by septic systems and Crystal River State Park for an approximate cost of \$1,850,000. The second phase of the project would add almost 300 additional residents for approximately \$4 million bringing the total investment to \$5,850,000. The City was originally awarded a \$997,000 Florida Department of Environmental Protection Springs Initiative grant for Phase 1 and the City committed \$100,000 from the Water & Sewer Enterprise Fund. Unfortunately, construction costs have significantly increased since development of the original 2015 cost estimate that formed the basis of the grant award. Costs have increased to \$2.15 million for Phase 1 and almost \$5 million for Phase 2. The project will not cost City taxpayers as the benefitting property owners will absorb the cost differential between actual total project costs less the grant funding and less the City commitment through the levy of a special assessment to their property taxes.

Several assessment workshops were held to explain the full process and financial impact to those property owners. At the start of the workshops, property owners were tentatively facing either an upfront charge of \$10,304 or an annual payment of \$861 on their tax bill for the next 20 years. Before a final assessment was set in September 2021, City staff obtained an additional \$500,000 state grant funding to help offset the increased project costs. The final assessment options were reduced to either a \$5,976 prepay charge or an annual assessment of \$832 over ten years. Council approved a construction contract in September 2021 for Phase 1 and construction was completed in December 2022. This project expands the City's sewer system outside of City limits and takes seventy-seven septic tanks offline reducing the amount of nitrogen entering the groundwater feeding the springs in and around Kings Bay. The affected property owners have 365 days to pump out their septic tanks and hook their homes up to the City's sewer pipeline. The City was awarded a Federal Clean Water Act 2022 319(h) Grant administered through the State of Florida Department of Environmental Protection in the amount of \$774,000, to assist each property owner with the connection to the sewer and demolition of the septic tanks costs of approximately \$3,500. The City multiple contractors through the homeowners to complete the connection process for all property owners. There are strict guidelines that must be adhered to for the City to be assured funding reimbursement by FDEP.

The Indian Water Phase 2 and Southern Sewer projects are still on pause mode. The staff continues to explore additional funding due to the increased construction costs which would result in an unreasonable assessment cost to the residents. The City previously cancelled the grant agreement with SWFWMD and will be applying for a new grant with FDEP that has a well-established septic-to-sewer grant program, a likely source of future project funding.

Kings Bay Master Plan and Kings Bay Park Paddlecraft Franchise Program

Kings Bay Park is an existing resource-based City park within Crystal River. The park currently offers river access via kayak launch, fishing/observation piers, a playground, picnic facilities, a restroom, and trails with supporting parking and an entry drive. Management saw the need to monitor and manage the increased activity to better utilize this coastal park.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

In February 2021, Crystal River promoted a new concept - a Regional Kings Bay Park Paddlecraft Launch Center to navigate the King's Bay congestion and ease the impact of watercraft overcrowding in King's Bay. Many kayak/paddlecraft businesses had been utilizing the City parks to conduct their business at the expense of the City assets for years. Five paddlecraft businesses pay a \$750 per month Kayak Corral Lease fee in exchange for Franchisee's exclusive possession and use of a "kayak corral" within Kings Bay Park during the Park's hours of operation for the orderly storage of paddlecraft. The Franchisee pays \$5 per launch for each paddlecraft launched at Kings Bay Park using wristbands that are purchased in bulk with the City. What the City takes in from launches and leases cycles back into maintaining its park system, paying a full-time park supervisor, and five part-time park rangers. With the program came the need to improve the safety of the existing launch facilities and the understanding that future, permanent upgrades were necessary. Revenue from the franchise program will be used for these improvements – the Kings Bay Masterplan.

The Kings Bay Masterplan involves widening the kayak launch, updating the kayak corals near the launch for vendors, a new Ranger Station, additional/expanded parking and a future boardwalk connection to the existing Riverwalk along with reevaluating the layout for the park. This plan will bring the park up to its potential and be able to captivate more visitors. Management continues to work the long-term redevelopment plan for Kings Bay so the City can better handle and move the increased traffic Crystal River continues to experience as it grows.

Kings Bay Riverwalk

The Riverwalk project has been under way for some time. It is a two-phase project – land and water. The land phase was completed in 2018. Management received compliments on this phase of the project, but the community continues to await the waterfront phase. The construction of the water phase has been on hold for several years due to permitting for four individual property owner's docks directly affected by the Riverwalk and easements for a few properties due to finalization of some easement agreements. Council and management were able to obtain easement agreements in August 2020 from every affected property owner. Permit applications were submitted and have been reviewed by various State and Federal agencies with jurisdiction over the project; however, the City continues to await the final approval. The permit for the Riverwalk has been complicated. A significant amount of time has been involved due to the complexities involved with sovereign submerged land leases for both the Riverwalk and multiple private docks.

In addition, over the years of design of the Riverwalk, construction costs have unfortunately increased. The original planned project cost of \$5.2 million has now grown to \$8.6 million. The land phase cost when added to other completed phases is approximately \$4 million and water phase is nearing \$4.6 million. Citrus County dedicated \$1.7 million toward the project from its federal allotment of money awarded from the BP Deepwater Horizon oil spill lawsuit, known as RESTORE Act. This year, the City was awarded a \$3 million grant through Florida Department of Economic Opportunity in December 2022 for the water phase. This grant is the result of the City's request for a Florida Legislature line item to help fund the second phase project. The City, as part of the 2022 legislative agenda, requested \$2 million; through the generosity and support of our Legislative Delegation and Governor the final award was \$3 million. Construction-related activities are necessary as the Riverwalk is essentially a bridge built over Kings Bay. The additional funds will be used for Riverwalk related infrastructure and other construction-related expenses, such as construction inspection.

The Riverwalk will provide the reason to extend a day trip into that elusive overnight stay needed to benefit the economy of Crystal River and Citrus County as a whole. The ability to visit downtown and shop, dine, eat and stroll the Riverwalk will be the boost to our local economy the City has been searching for.

Mausoleum Museum Granite Replacement

The Memorial Gardens Cemetery was deeded to the City of Crystal River in 1961, and is a perpetual care cemetery, with its grounds, graves and mausoleum indefinitely mowed and maintained by a trust fund. The marble facades installed on the Mausoleum crypts at cemetery were in major disrepair and needed to be replaced. The mausoleum was built in the 1967–1968-time frame. The marble that was used when the building was constructed was very soft and does not hold up well in the direct sunlight and high thermal

CITY OF CRYSTAL RIVER, FLORIDA

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expansion from the sun. The white, deteriorating marble slabs covering 96 aboveground graves were refurbished with black-reflective granite. In addition to upgrading the tomb faces, workers also pressure washed the 1,100 square foot mausoleum, and stained the surrounding concrete flooring. The total project cost the City \$74,393.

Paradise Point Forcemain Project

Paradise Point Road is a City maintained local collector roadway subject to flooding from an abnormal high tide. The City had budgeted funds for several years to elevate a portion of the road to help alleviate the flooding and drastically increase efficiency by rerouting sewage flow from three lift stations. Previously the sewage in this area was re-pumped up to three times which is extremely inefficient. This project would correct this by creating a manifold-type system.

The original scope of work developed approximately five years ago has now been expanded to include upgrades to the electrical components. Due to the enhancements of the project design coupled with economic conditions, the cost increased from the original estimate of \$300,000 to over \$480,000. This project will convert the City's gravity sewer and lift station system from a conventional repump system using lift pumps to a manifold pump station including major upgrades to three existing submersible type pump stations.

Pelican Bay Package Plant Abandonment

One of Florida Department of Environmental Protection's top priorities in the state is the reduction of total nitrates in its waterways. Non-natural occurring nutrients pose a serious threat to the health of the state's waterways and ecosystems. The main sources of total nitrates are the fertilizers used on farmlands, lawns, golf courses, inadequate or field private septic systems and underperforming wastewater treatment plants. To facilitate that objective the State of Florida has invested a substantial amount of money into its FDEP Springs Funding Program.

Pelican Bay Apartments has been served by a packaged wastewater plant using an inefficient and antiquated treatment process. The treated effluent, which is relatively high in nutrient pollutant load, is disposed of through onsite percolation ponds which discharge to groundwater. The FDEP Springs Funding was awarded for this project based on an estimated reduction of 47 pounds of total nitrogen per year through the decommissioning of the package plant and connection to the City's more efficient wastewater treatment plant and disposal regime.

Crystal River's natural springs and abundance of private septic systems within the spring shed, including the Pelican Bay Complex made it an area of high priority, with the City of Crystal River receiving project funding in the amount of \$377,590. The scope of the work includes demolition of the treatment plant, construction of 185 feet of 4" force main, 20 feet of 8" gravity line, the installation of a prefabricated lift station and modification of an existing transfer station. The specific deliverable for this grant is the elimination of the total nitrates produced from the Pelican Bay Apartment Complex treatment plant. This project was completed this year.

U.S. 19 Road Widening

The Florida Department of Transportation \$53 million road widening project on a 4.7 mile stretch through Citrus County began in November 2018 and remains incomplete. U.S.19, a major road through Crystal River is part of this road-widening project.

The FDOT had been contemplating widening a section of U.S. 19. The City was contacted by FDOT in 2011/2012 to begin preparing to design the relocation of sewer and water lines within the proposed widened area. Then, the scheduling of the work had been moved as it was not anticipated until approximately 2030. The City halted all work on the project. In 2015 FDOT had advised the City the project was now going forward and being expedited. Construction was then anticipated to begin in 2018 which resulted in the City being required to move quickly with the design plans for the relocation of the water and sewer lines. The utility relocation plans were to be incorporated into the FDOT widening plans for construction. The actual

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

construction work will be completed by FDOT; however, the City has to bear the cost, including cost increases experienced worldwide.

The City was required to enter into a third-party escrow agreement with FDOT and State of Florida Department of Financial Services, Division of Treasury requiring the City to deposit funds into an interest-bearing escrow account established for the purpose of the project. This escrow agreement is a procedural mechanism which allows for the UWHCA arrangements. As costs increase, the City is required to deposit additional funds. In early 2020, it was discovered that an area of the force main was requiring an unexpected relocation resulting in an additional cost; the City deposited an additional \$263,731.59 to the escrow in November 2020. As of the close fiscal year 2021, the City had deposited \$993,360.90 into the escrow since February 2018. The City continues to earn interest in these funds. Costs to date incurred for the construction part of the project per FDOT reports total \$968,657. The City has spent over \$150,000 on the design portion of the project and expected to incur an additional \$15,000 - \$25,000 as of this date. In fiscal year 2021, the contractor pulled off the job and left the project incomplete. The State restarted the project, but it still continues to remain incomplete as well as the City continues to remain liable for any additional costs.

The City continues to await an updated report upon the State’s review of all invoices to know if the City may have to contribute additional funding to complete the job. Unfortunately, the City must adhere to the State guidelines, scheduling of this project as well as additional funding requests by the State due to unexpected relocation work.

Utility Meter Replacement Program

The City successfully completed a full ultrasonic water meter replacement program in fiscal year 2023. The City Sensus water meters had aged – many were over 20 years old. Mechanical water meters slow down over time, resulting in inaccurate readings. Management had been exploring options for replacing the aged meters for almost five years. In May 2018, Council authorized Florida Rural Water Association to provide engineering assistance with the development of a Drinking Water State Revolving Fund loan application package for a complete water meter replacement program based on Advanced Metering Infrastructure “AMI” technology, lead gooseneck mitigation and additional water main isolation valves. In August 2018, Florida Department of Environmental Protection approved the first loan in the amount of \$70,000 for preconstruction activities which included FRWA’s planning and design services as well as a leak detection study intended to help correct chronic unaccounted water loss. In March 2019, Council approved the purchase of leak detection equipment and authorized the leak study. These tasks were completed, and all planning and design phase deliverables were submitted to FDEP. The project then moved into the construction phase including preparation of RFP documents; the project was advertised in March 2021 and awarded to Pedal Valves, Inc. with a contract price of \$3,209,192. The SRF construction loan agreement forgives 62% of the cost. Pedal Valve began installation of Badger E-Series ultrasonic water meters with cellular-based endpoints at the end of March 2022; installation was finalized the close of October 2022. The new meters now read accurately and provide readings every quarter of an hour. Staff can monitor the customer usage daily and determine possible leaks and high usage to better assist the customers. Throughout the year, City staff in coordination with the water management staff of U.S. Water were able to help City customers locate numerous leaks throughout the City. This project has been a great success for the Crystal River Utility Department.

Waste Water Treatment Plant Permit Renewal and Rehab

The City owns and operates, through a contract with U.S. Water, a 1.5 million gallon per day activated sludge wastewater treatment plant. The plant is located on NE 11th Street. The Florida Department of Environmental Protection highly regulates wastewater treatment plants. The permit from FDEP is a five-year permit and was issued on June 12, 2018, and was set to expire on August 20, 2023. The permit renewal process identified upgrade improvements for the plant to remain in compliance with updated state standards. The plant currently treats wastewater effluent to secondary standards. Recent changes in state law require the plant be upgraded to tertiary standards designed to remove additional nutrients, more so than the current plan can achieve.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The services proposed to be provided through the Florida Government Utility Authority (FGUA) include several significant components. The first is evaluating the plants’ long-term flow potential by assessing future growth potential within and out of the City limits. This will be a more detailed evaluation provided in the wastewater master plan. Second is developing facilities plan to evaluate several plant upgrade options and select the best one for future construction. FGUA will then prepare, submit, and obtain the plants’ next operating permit. The funding source is the City’s allotment of the American Rescue Plan Act (ARPA). Eligible uses of ARPA funds include investments in water, sewer, and broadband. ARPA funds are Federal funds and very restrictive. Because the money is federalized, and highly regulated, management recommended using a portion of the ARPA funds to manage the program for the City.

The City is currently exploring grant options to assist with funding this anticipated \$23.5 million project.

Water Tower Rehab

The City of Crystal River elevated water storage asset is a riveted tank that has been in service for over seventy years. The laboratory analysis of the existing coating system indicated lead-based paint to be present over 9,800 parts per million. Due to the overall age and design structure of this era, manufacturing required the use of riveting metal which created numerous areas for surface rust and corrosion to form. The water tower had between 16 to 22 mills of coating which was causing alligator cracking on the surface coating and cause for concern that another over coat would not provide any significant service life. The recommendation was to require containment and abrasive blasting to remove between 90 to 100 years’ worth of paint layers down to the tower’s steel frame before priming and repainting. The Council approved a \$175,000 contract with Suez, Utility Service Company, Inc.; the City will make five annual installments for the project. This is the second year of the project.

This water tower has served the City since the early 19th century without any prior blasting and large scale major renovations. This is a testament to the overall structure of the asset and what has allowed it to serve the community for almost a century. Maintenance is an integral part of all City assets. The historic water tower may not be an in-service water tower, but it is an iconic part of our downtown.

**City of Crystal River, Florida’s Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,952,789	\$ 2,952,789	\$ 616,898	\$ 616,898	\$ 3,569,687	\$ 3,569,687
Construction in progress	2,658,317	2,459,155	4,159,594	5,831,366	6,817,911	8,290,521
Buildings and improvements	6,449,331	6,734,246	9,881,135	7,556,411	16,330,466	14,290,657
Equipment and vehicles	1,085,667	765,280	2,854,962	2,948,071	3,940,629	3,713,351
Infrastructure	4,408,470	4,587,577	13,657,304	14,189,526	18,065,774	18,777,103
Total capital assets	<u>\$ 17,554,574</u>	<u>\$ 17,499,047</u>	<u>\$ 31,169,893</u>	<u>\$ 31,142,272</u>	<u>\$ 48,724,467</u>	<u>\$ 48,641,319</u>

Additional information on the City of Crystal River, Florida’s capital assets can be found in Note 5 on pages 39 and 40 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,146,000 and notes payable of \$4,882,288. The bonds payable represent bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also had state revolving loan debt outstanding of \$2,162,055 for the sewer expansion project and a CRA note payable of \$2,720,233 for the Riverwalk Project. The General Fund make an interfund loan agreement in the amount of \$1,250,000 to Water and Sewer Operating in January 2023 to assist with cash flow for the two large water projects – meter replacement program and the Indian Water Sewer Expansion project. The City had to fund the projects up front then were reimbursed through a partial grant and a state forgiveness loan. Additional information can be found in Note 6 on pages 41 and 42.

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

City of Crystal River, Florida’s Long-Term Liabilities Outstanding

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Total OPEB liability	\$ 181,559	\$ 269,062	\$ -	\$ -	\$ 181,559	\$ 269,062
Compensated absences	123,707	139,420	-	-	123,707	139,420
Net pension liability	2,807,328	2,289,534	668,012	641,763	3,475,340	2,931,297
Bonds payable	-	-	1,146,000	1,585,000	1,146,000	1,585,000
Notes payable	2,720,233	2,902,521	2,162,055	2,005,638	4,882,288	4,908,159
Total debt	<u>\$ 5,832,827</u>	<u>\$ 5,600,537</u>	<u>\$ 3,976,067</u>	<u>\$ 4,232,401</u>	<u>\$ 9,808,894</u>	<u>\$ 9,832,938</u>

Economic Factors

- The City of Crystal River continued to thrive primarily due to tourism. Businesses benefited from the City’s location; Crystal River provides access to the water and outdoors. This outdoor environment continues to bring many visitors to our City which means many people are visiting our businesses.
- Utility rate increases for water and sewer usage were implemented in 2013 and increased 3% each year through the year 2016 based on a rate study completed in 2012. October 2021, Management elected to access a 2% increase as rates had not been adjusted for five years and management recognized expenditures would continue to exceed revenues and ultimately would impact fund balance. The City’s Utility Operations Management contract is indexed, and staff had recommended the rates be indexed going forward. Management has proceeded with a full rate study with anticipation to roll out adjustments as recommended by October 2024.
- Ad Valorem tax variances impact our General Fund revenues every year – they comprise almost 50% of the General Fund revenue sources. The County indicated taxable values had increased approximately 8.09%; however, City staff only saw approximately a 5.5% increase. Over the last few years, the final certified taxable value has reflected a decrease of half to almost 2% less than originally reported.
- Health care insurance premiums increased approximately 3% compared to the 8.4% increase in fiscal year 2022; this increase resulted in almost \$965 per employee per month accounting for approximately \$11,600 additional employee cost for the year. The FRS pension requirements for the City increased slightly as well for fiscal year 2023 equating to over a \$27,727 impact to General Fund.
- Interest rates continued on an upward swing this on money placed on deposit with SBA and local bank accounts. While the City cannot control the economy, management can consider options to receive the best rate of return for our funds and continuously monitor the market. In January 2023, Management chose to look at investment options available. The City invested a total of \$8.5 million in Certificates of Deposit to receive a better return on our cash holdings as permissible per our investment policy.

Requests for Information

This financial report is designed to provide a general overview of the City of Crystal River, Florida’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Troy Slattery, Interim, City Manager, 123 NW Highway 19, Crystal River, Florida 34428.

BASIC FINANCIAL STATEMENTS

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CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,442,355	\$ 4,332,333	\$ 8,774,688
Investments	5,999,539	2,176,086	8,175,625
Accounts receivables, net	1,371,366	1,665,711	3,037,077
Notes receivable	-	128,332	128,332
Due from other governments	354,548	395,911	750,459
Internal balances	1,468,621	(1,468,621)	-
Prepaid items	126,076	96,667	222,743
Inventory	-	248,134	248,134
Restricted assets, cash and cash equivalents	1,123,094	2,079,471	3,202,565
Capital assets			
Non-depreciable	5,611,106	4,776,493	10,387,599
Depreciable, net	11,943,468	26,393,400	38,336,868
Total assets	32,440,173	40,823,917	73,264,090
Deferred outflows of resources			
Deferred outflows - pension	749,578	178,364	927,942
Deferred outflows - OPEB	42,689	-	42,689
Deferred charge on refunding	-	15,465	15,465
Total deferred outflows	792,267	193,829	986,096
Liabilities			
Accounts payable	1,336,562	488,502	1,825,064
Accrued liabilities	42,522	6,849	49,371
Due to other governments	37,946	-	37,946
Accrued interest payable	12,728	27,217	39,945
Customer deposits payable	-	251,356	251,356
Unearned revenue	1,343,972	-	1,343,972
Noncurrent liabilities			
Due within one year	267,427	535,452	802,879
Due in more than one year	5,565,400	3,440,615	9,006,015
Total liabilities	8,606,557	4,749,991	13,356,548
Deferred inflows of resources			
Deferred inflows - pension	59,606	14,184	73,790
Deferred inflows - OPEB	153,260	-	153,260
Total deferred inflows	212,866	14,184	227,050
Net position			
Net investment in capital assets	14,834,341	27,877,303	42,711,644
Restricted for			
Capital improvements	1,418,331	-	1,418,331
Community development	2,130,675	-	2,130,675
Public safety	87,710	-	87,710
Cemetery	47,349	-	47,349
Debt service	-	1,843,624	1,843,624
Unrestricted	5,894,611	6,532,644	12,427,255
Total net position	\$ 24,413,017	\$ 36,253,571	\$ 60,666,588

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

CITY OF CRYSTAL RIVER, FLORIDA

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

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,643,799	\$ 745,659	\$ -	\$ -
Public safety	1,958,141	103,665	-	-
Highways and streets	2,221,226	7,411	440,381	115,478
Physical environment	1,241,503	-	-	-
Culture/recreation	569,412	-	-	-
Economic development	305,694	-	-	-
Interest on long-term debt	71,999	-	-	-
Total governmental activities	<u>10,011,774</u>	<u>856,735</u>	<u>440,381</u>	<u>115,478</u>
Business-type activities:				
Water and sewer	4,190,343	4,839,859	-	792,447
Sanitation	534,592	806,913	-	-
Three Sisters	588,422	688,339	-	-
Total business-type activities	<u>5,313,357</u>	<u>6,335,111</u>	<u>-</u>	<u>792,447</u>
Total primary government	<u>\$ 15,325,131</u>	<u>\$ 7,191,846</u>	<u>\$ 440,381</u>	<u>\$ 907,925</u>

General revenues
 Property taxes
 Gas taxes
 Sales taxes
 Franchise fees
 Investment earnings
 Miscellaneous
 Gain on sale of capital asset
 Insurance recoveries
 Transfers
 Total general revenues and transfers
 Change in net position

 Net position, beginning of year
 Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,898,140)	\$ -	\$ (2,898,140)
(1,854,476)	-	(1,854,476)
(1,657,956)	-	(1,657,956)
(1,241,503)	-	(1,241,503)
(569,412)	-	(569,412)
(305,694)	-	(305,694)
(71,999)	-	(71,999)
<u>(8,599,180)</u>	<u>-</u>	<u>(8,599,180)</u>
-	1,441,963	1,441,963
-	272,321	272,321
-	99,917	99,917
-	1,814,201	1,814,201
<u>(8,599,180)</u>	<u>1,814,201</u>	<u>(6,784,979)</u>
6,044,423	-	6,044,423
232,124	-	232,124
38,877	-	38,877
578,186	-	578,186
424,770	258,896	683,666
331,697	-	331,697
-	30,891	30,891
910,037	-	910,037
447,930	(447,930)	-
<u>9,008,044</u>	<u>(158,143)</u>	<u>8,849,901</u>
408,864	1,656,058	2,064,922
24,004,153	34,597,513	58,601,666
<u>\$ 24,413,017</u>	<u>\$ 36,253,571</u>	<u>\$ 60,666,588</u>

CITY OF CRYSTAL RIVER, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Capital Improvements Fund	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,562,148	\$ 1,046,782	\$ 1,793,436	\$ 39,989	\$ 4,442,355
Investments	5,588,406	140,370	270,763	-	5,999,539
Accounts receivable, net	1,333,445	23,187	-	14,734	1,371,366
Due from other funds	1,162,173	306,448	-	-	1,468,621
Due from other governments	278,854	-	75,694	-	354,548
Prepaid items	126,002	-	74	-	126,076
Restricted cash and cash equivalents	1,123,094	-	-	-	1,123,094
Total assets	<u>\$ 11,174,122</u>	<u>\$ 1,516,787</u>	<u>\$ 2,139,967</u>	<u>\$ 54,723</u>	<u>\$ 14,885,599</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 1,224,588	\$ 98,456	\$ 13,518	\$ -	\$ 1,336,562
Accrued liabilities	41,196	-	1,326	-	42,522
Unearned revenue	1,343,972	-	-	-	1,343,972
Due to other governments	12,748	-	-	25,198	37,946
Total liabilities	<u>2,622,504</u>	<u>98,456</u>	<u>14,844</u>	<u>25,198</u>	<u>2,761,002</u>
Deferred inflows of resources					
Unavailable revenue	45,531	-	-	-	45,531
Fund balances					
Nonspendable	126,002	-	74	-	126,076
Restricted					
Capital improvements	-	1,418,331	-	-	1,418,331
Community development	-	-	2,125,049	5,626	2,130,675
Public safety	63,811	-	-	23,899	87,710
Cemetery	47,349	-	-	-	47,349
Committed					
Capital improvements	902,579	-	-	-	902,579
Emergency reserves	1,500,000	-	-	-	1,500,000
Unassigned	5,866,346	-	-	-	5,866,346
Total fund balances	<u>8,506,087</u>	<u>1,418,331</u>	<u>2,125,123</u>	<u>29,525</u>	<u>12,079,066</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,174,122</u>	<u>\$ 1,516,787</u>	<u>\$ 2,139,967</u>	<u>\$ 54,723</u>	<u>\$ 14,885,599</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

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

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 12,079,066
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 29,113,608	
Accumulated depreciation	<u>(11,559,034)</u>	17,554,574
Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds.		
		45,531
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pension	749,578	
Deferred inflows - pension	(59,606)	
Deferred outflows - OPEB	42,689	
Deferred inflows - OPEB	(153,260)	
Total OPEB liability	(181,559)	
Net pension liability	<u>(2,807,328)</u>	(2,409,486)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Compensated absences	(123,707)	
Accrued interest	(12,728)	
Note payable	<u>(2,720,233)</u>	(2,856,668)
Net position of governmental activities		<u>\$ 24,413,017</u>

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

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

	General Fund	Capital Improvements Fund	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 5,253,401	\$ -	\$ 791,022	\$ -	\$ 6,044,423
Other taxes	-	232,124	-	-	232,124
Licenses and permits	368,041	-	-	-	368,041
Intergovernmental revenues	677,487	154,355	75,694	-	907,536
Charges for services	377,618	-	-	-	377,618
Franchise fees	578,186	-	-	-	578,186
Fines and forfeitures	103,665	-	-	-	103,665
Impact fees	-	-	-	7,411	7,411
Investment earnings	262,955	87,854	72,836	1,125	424,770
Miscellaneous revenues	330,118	-	1,579	-	331,697
Total revenues	<u>7,951,471</u>	<u>474,333</u>	<u>941,131</u>	<u>8,536</u>	<u>9,375,471</u>
Expenditures					
Current					
General government	3,309,224	35,818	-	-	3,345,042
Public safety	1,846,514	-	-	-	1,846,514
Highways and streets	268,477	1,347,784	-	-	1,616,261
Physical environment	1,114,247	-	-	-	1,114,247
Economic development	7,227	65,386	191,323	-	263,936
Culture/recreation	434,622	58,134	-	-	492,756
Debt service					
Principal retirement	-	-	182,288	-	182,288
Interest	-	-	72,846	-	72,846
Capital outlay	123,525	592,680	106,708	-	822,913
Total expenditures	<u>7,103,836</u>	<u>2,099,802</u>	<u>553,165</u>	<u>-</u>	<u>9,756,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>847,635</u>	<u>(1,625,469)</u>	<u>387,966</u>	<u>8,536</u>	<u>(381,332)</u>
Other financing sources (uses)					
Insurance recoveries	910,037	-	-	-	910,037
Transfers in	486,239	776,000	-	-	1,262,239
Transfers out	(776,000)	-	(16,884)	(21,425)	(814,309)
Total other financing sources (uses)	<u>620,276</u>	<u>776,000</u>	<u>(16,884)</u>	<u>(21,425)</u>	<u>1,357,967</u>
Change in fund balances	1,467,911	(849,469)	371,082	(12,889)	976,635
Fund balances, beginning of year	<u>7,038,176</u>	<u>2,267,800</u>	<u>1,754,041</u>	<u>42,414</u>	<u>11,102,431</u>
Fund balances, end of year	<u>\$ 8,506,087</u>	<u>\$ 1,418,331</u>	<u>\$ 2,125,123</u>	<u>\$ 29,525</u>	<u>\$ 12,079,066</u>

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

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

Net change in fund balances – total governmental funds		\$ 976,635
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 835,667	
Less current year depreciation	<u>(780,140)</u>	55,527
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal repayment of long-term debt	<u>182,288</u>	182,288
<p>Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:</p>		
Intergovernmental revenue		(312,800)
<p>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 governmental funds.</p>		
Change in compensated absences	15,713	
Change in accrued interest	847	
OPEB expense	21,778	
Pension expense	<u>(531,124)</u>	<u>(492,786)</u>
Change in net position of governmental activities		<u>\$ 408,864</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 5,172,077	\$ 5,172,077	\$ 5,253,401	\$ 81,324
Licenses and permits	279,080	279,080	368,041	88,961
Intergovernmental revenues	-	201,000	677,487	476,487
Charges for services	311,064	316,064	377,618	61,554
Franchise fees	552,483	552,483	578,186	25,703
Fines and forfeitures	36,057	36,057	103,665	67,608
Investment earnings	11,361	11,361	262,955	251,594
Miscellaneous revenues	199,558	4,267,762	330,118	(3,937,644)
Total revenues	<u>6,561,680</u>	<u>10,835,884</u>	<u>7,951,471</u>	<u>(2,884,413)</u>
Expenditures				
Current				
General government	2,812,363	5,466,771	3,309,224	2,157,547
Public safety	1,704,912	1,728,956	1,846,514	(117,558)
Highways and streets	283,427	317,927	268,477	49,450
Physical environment	1,027,045	1,394,647	1,114,247	280,400
Economic development	17,000	17,000	7,227	9,773
Culture/recreation	466,338	648,302	434,622	213,680
Capital outlay	69,042	128,029	123,525	4,504
Total expenditures	<u>6,380,127</u>	<u>9,701,632</u>	<u>7,103,836</u>	<u>2,597,796</u>
Excess of revenues over expenditures	<u>181,553</u>	<u>1,134,252</u>	<u>847,635</u>	<u>(286,617)</u>
Other financing sources (uses)				
Insurance recoveries	-	-	910,037	910,037
Transfers in	531,447	516,097	486,239	(29,858)
Transfers out	(713,000)	(1,665,018)	(776,000)	889,018
Total other financing sources (uses)	<u>(181,553)</u>	<u>(1,148,921)</u>	<u>620,276</u>	<u>1,769,197</u>
Change in fund balance	-	(14,669)	1,467,911	1,482,580
Fund balance, beginning of year	<u>7,038,176</u>	<u>7,038,176</u>	<u>7,038,176</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,038,176</u>	<u>\$ 7,023,507</u>	<u>\$ 8,506,087</u>	<u>\$ 1,482,580</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 763,637	\$ 763,637	\$ 791,022	\$ 27,385
Intergovernmental revenues	5,200,000	5,200,000	75,694	(5,124,306)
Investment earnings	1,150	1,150	72,836	71,686
Miscellaneous revenues	-	-	1,579	1,579
Total revenues	<u>5,964,787</u>	<u>5,964,787</u>	<u>941,131</u>	<u>(5,023,656)</u>
Expenditures				
Current				
Economic development	1,132,588	2,803,461	191,323	2,612,138
Debt service				
Principal retirement	182,288	182,288	182,288	-
Interest	72,846	72,846	72,846	-
Capital outlay	4,560,181	4,583,530	106,708	4,476,822
Total expenditures	<u>5,947,903</u>	<u>7,642,125</u>	<u>553,165</u>	<u>7,088,960</u>
Excess (deficiency) of revenues over(under) expenditures	<u>16,884</u>	<u>(1,677,338)</u>	<u>387,966</u>	<u>2,065,304</u>
Other financing sources (uses)				
Transfers in	-	60,000	-	(60,000)
Transfers out	(16,884)	(16,884)	(16,884)	-
Total other financing sources (uses)	<u>(16,884)</u>	<u>43,116</u>	<u>(16,884)</u>	<u>(60,000)</u>
Change in fund balance	-	(1,634,222)	371,082	2,005,304
Fund balance, beginning of year	<u>1,754,041</u>	<u>1,754,041</u>	<u>1,754,041</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,754,041</u>	<u>\$ 119,819</u>	<u>\$ 2,125,123</u>	<u>\$ 2,005,304</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Assets				
Current assets				
Cash and cash equivalents	\$ 3,442,888	\$ 263,880	\$ 625,565	\$ 4,332,333
Investments	1,866,272	52,176	257,638	2,176,086
Restricted cash and cash equivalents	2,079,471	-	-	2,079,471
Accounts receivable, net	1,559,125	106,586	-	1,665,711
Notes receivable, current	38,700	-	-	38,700
Due from other governments	395,911	-	-	395,911
Prepays	94,953	1,214	500	96,667
Inventory	248,134	-	-	248,134
Total current assets	<u>9,725,454</u>	<u>423,856</u>	<u>883,703</u>	<u>11,033,013</u>
Noncurrent assets				
Notes receivable, long-term	89,632	-	-	89,632
Capital assets, non-depreciable	4,776,493	-	-	4,776,493
Capital assets, net	25,973,427	-	419,973	26,393,400
Total noncurrent assets	<u>30,839,552</u>	<u>-</u>	<u>419,973</u>	<u>31,259,525</u>
Total assets	<u>40,565,006</u>	<u>423,856</u>	<u>1,303,676</u>	<u>42,292,538</u>
Deferred outflows of resources				
Deferred outflows - pension	78,034	-	100,330	178,364
Deferred charge on refunding	15,465	-	-	15,465
Total deferred outflows of resources	<u>93,499</u>	<u>-</u>	<u>100,330</u>	<u>193,829</u>
Liabilities				
Current liabilities				
Accounts payable	442,074	43,390	3,038	488,502
Notes payable	84,452	-	-	84,452
Bonds payable	451,000	-	-	451,000
Accrued liabilities	3,934	500	2,415	6,849
Due to other funds	1,457,964	532	10,125	1,468,621
Liabilities payable from restricted assets				
Accrued interest	27,217	-	-	27,217
Customer deposits payable	208,630	-	42,726	251,356
Total current liabilities	<u>2,675,271</u>	<u>44,422</u>	<u>58,304</u>	<u>2,777,997</u>
Noncurrent liabilities				
Notes payable, net of current portion	2,077,603	-	-	2,077,603
Bonds payable, net of current portion	695,000	-	-	695,000
Net pension liability	292,255	-	375,757	668,012
Total non-current liabilities	<u>3,064,858</u>	<u>-</u>	<u>375,757</u>	<u>3,440,615</u>
Total liabilities	<u>5,740,129</u>	<u>44,422</u>	<u>434,061</u>	<u>6,218,612</u>
Deferred inflows of resources				
Deferred inflows - pension	6,205	-	7,979	14,184
Net position				
Net investment in capital assets	27,457,330	-	419,973	27,877,303
Restricted for debt service	1,843,624	-	-	1,843,624
Unrestricted	5,611,217	379,434	541,993	6,532,644
Total net position	<u>\$ 34,912,171</u>	<u>\$ 379,434</u>	<u>\$ 961,966</u>	<u>\$ 36,253,571</u>

The notes to the financial statements are an integral part of these statements.

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Operating revenues				
Charges for services	\$ 3,775,207	\$ 780,870	\$ 686,843	\$ 5,242,920
Miscellaneous	1,064,652	26,043	1,496	1,092,191
Total operating revenues	<u>4,839,859</u>	<u>806,913</u>	<u>688,339</u>	<u>6,335,111</u>
Operating expenses				
Personnel services and benefits	263,389	13,903	344,739	622,031
General and administrative	2,165,677	520,689	208,765	2,895,131
Depreciation	1,699,560	-	34,918	1,734,478
Total operating expenses	<u>4,128,626</u>	<u>534,592</u>	<u>588,422</u>	<u>5,251,640</u>
Operating income	<u>711,233</u>	<u>272,321</u>	<u>99,917</u>	<u>1,083,471</u>
Nonoperating revenues (expenses)				
Investment earnings	213,040	14,056	31,800	258,896
Gain on disposal of capital assets	30,891	-	-	30,891
Interest expense	(61,717)	-	-	(61,717)
Total nonoperating revenues, net	<u>182,214</u>	<u>14,056</u>	<u>31,800</u>	<u>228,070</u>
Income before capital contributions and transfers	893,447	286,377	131,717	1,311,541
Capital contributions	792,447	-	-	792,447
Transfers out	<u>(160,430)</u>	<u>(287,500)</u>	<u>-</u>	<u>(447,930)</u>
Changes in net position	1,525,464	(1,123)	131,717	1,656,058
Total net position, beginning of year	33,386,707	380,557	830,249	34,597,513
Total net position, end of year	<u>\$ 34,912,171</u>	<u>\$ 379,434</u>	<u>\$ 961,966</u>	<u>\$ 36,253,571</u>

The notes to the financial statements are an integral part of these statements.

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Cash flows from operating activities				
Cash received from customers	\$ 4,066,603	\$ 780,125	\$ 688,505	\$ 5,535,233
Cash paid to suppliers for goods and services	(2,345,474)	(519,021)	(222,961)	(3,087,456)
Cash paid to employees for services and benefits	(263,389)	(13,585)	(330,391)	(607,365)
Net cash provided by operating activities	<u>1,457,740</u>	<u>247,519</u>	<u>135,153</u>	<u>1,840,412</u>
Cash flows from noncapital financing activities				
Transfer to other funds	(160,430)	(287,538)	-	(447,968)
Net cash used in noncapital financing activities	<u>(160,430)</u>	<u>(287,538)</u>	<u>-</u>	<u>(447,968)</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(1,762,098)	-	-	(1,762,098)
Cash received from sale of capital assets	30,890	-	-	30,890
Proceeds from notes payable	938,335	-	-	938,335
Principal paid on notes payable	(781,918)	-	-	(781,918)
Principal paid on bonds payable	(439,000)	-	-	(439,000)
Capital grants received	1,451,776	-	-	1,451,776
Interest paid	(59,827)	-	-	(59,827)
Net cash used in capital and related financing activities	<u>(621,842)</u>	<u>-</u>	<u>-</u>	<u>(621,842)</u>
Cash flows from investing activities				
Purchase of investments	(301,965)	(1,458)	(57,238)	(360,661)
Interest received	213,040	14,056	31,800	258,896
Net cash provided by (used in) investing activities	<u>(88,925)</u>	<u>12,598</u>	<u>(25,438)</u>	<u>(101,765)</u>
Net change in cash and cash equivalents	586,543	(27,421)	109,715	668,837
Cash and cash equivalents, beginning of year	<u>4,935,816</u>	<u>291,301</u>	<u>515,850</u>	<u>5,742,967</u>
Cash and cash equivalents, end of year	<u>\$ 5,522,359</u>	<u>\$ 263,880</u>	<u>\$ 625,565</u>	<u>\$ 6,411,804</u>
Cash and cash equivalents classified as				
Cash and cash equivalents	\$ 3,442,888	\$ 263,880	\$ 625,565	\$ 4,332,333
Restricted cash and cash equivalents	2,079,471	-	-	2,079,471
Total cash and cash equivalents	<u>\$ 5,522,359</u>	<u>\$ 263,880</u>	<u>\$ 625,565</u>	<u>\$ 6,411,804</u>

(Continued)

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 711,233	\$ 272,321	\$ 99,917	\$ 1,083,471
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,699,560	-	34,918	1,734,478
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(808,935)	(26,788)	-	(835,723)
Notes receivable	36,689	-	-	36,689
Due from other funds	38	-	-	38
Prepays	19,960	-	166	20,126
Deferred outflows - pension	8,333	-	28,988	37,321
Inventory	4,228	-	-	4,228
Increase (decrease) in liabilities:				
Accounts payable	(247,439)	1,668	(14,196)	(259,967)
Accrued liabilities	1,033	318	(2,475)	(1,124)
Net pension liability	35,272	-	(9,023)	26,249
Deferred inflows - pension	(1,222)	-	(3,142)	(4,364)
Customer deposits	(1,010)	-	-	(1,010)
Net cash provided by operating activities	<u>\$ 1,457,740</u>	<u>\$ 247,519</u>	<u>\$ 135,153</u>	<u>\$ 1,840,412</u>

The notes to the financial statements are an integral part of these statements.

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CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the City of Crystal River, Florida (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

The City was incorporated on July 1, 1903, by Senate Bill No. 603 under Article VIII, Section 2 of the Constitution of the State of Florida. The City operates under a Commission-Manager form of government under which a Mayor and a five member Commission is elected to serve as the executive and legislative body for the City. The Commissioners appoint a City Manager whose duties include the administration of directives and policies of the Commissioners and who has the responsibility for the operation of all City provided services as authorized by its charter.

The accompanying financial statements present the City’s primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Blended component units, although legally separate entities, are in substance part of the City’s operations and as a result considered to be financially accountable. The financial transactions of these component units are merged in with similar transactions of the City as part of the primary government.

Blended Component Unit

The financial statements of the City of Crystal River, Florida Community Redevelopment Agency (the “CRA”) are included in the financial reporting entity as a blended component unit. The CRA was created by City Ordinance No. 88-0-19 as authorized by Part III of Chapter 163 of the Florida State Statutes. The members of the CRA’s Board are appointed by the City Council. The CRA is fiscally dependent on the City, and the City Council approves the CRA’s annual budget.

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the City.

Each statement distinguishes between activities that are supported primarily by taxes and intergovernmental revenues (*governmental activities*) and activities that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, economic development and culture and recreation. The business-type activities of the City include the water and sewer system and sanitation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The effect of administrative and support services’ indirect expense allocations has been eliminated in the government-wide financial statements. Depreciation expense for capital assets that serve all functions is reported as a direct expense of the general government function on the government-wide statement of activities. All interest on long-term debt is considered indirect and is reported separately in the government-wide statement of activities.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, and other items not properly included among program revenues are reported instead as *general revenues*. For identifying the function to which program revenue pertains, the determining factor for *charges for services* is the function that generates the revenue. For *grants and contributions*, the determining factor is the function to which the revenues are restricted.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Fund structures have been designed to comply with all the requirements of bond resolutions and regulatory provisions or administrative action. The fund financial statements report additional and detailed information about the City's operations for major funds individually and non-major funds in the aggregate for governmental and proprietary funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, as well as the fund financial statements for proprietary funds and fiduciary funds, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred regardless of the timing of related cash flows. Agency funds, however, have no measurement focus.

Proprietary Funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from producing or providing goods and services such as water, sewer and garbage services. Operating expenses for these operations include all costs related to providing the service or product. These costs include salaries, supplies, travel, contract services, depreciation, administrative expenses or other expense directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as non-operating revenues and expenses.

All governmental fund financial statements are reported using a *current financial resources measurement focus* on a *modified accrual basis of accounting*. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be 60 days. However, grant revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures; (2) prepaid insurance and similar items, which are reported only on the balance sheet and do not affect expenditures; and (3) principal and interest on long-term debt, which are recognized when due.

Licenses and permits, charges for services, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings and most fines and forfeitures are recorded as earned since they are measurable and available.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the General Fund.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The *Capital Improvements Fund* is used to account for a portion of state revenue sharing and local option gas tax revenue, which is restricted for street and drainage expenditures.

The *Community Redevelopment Fund* is used to account for the tax increment development receipts and expenditures thereof.

The following are reported as major proprietary funds:

The *Water and Sewer Fund* is used to account for the operation of the City's potable water, wastewater services to residents and businesses.

The *Sanitation Fund* is used to account for the operations of the City's sanitation collection services.

The *Three Sisters Fund* is used to account for the operations of the City's wildlife park.

The City also reports the following fund type:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain City's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items, Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned and then unassigned.

D. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

State Statutes authorize the City to invest in direct obligations of the U.S. Treasury, Local Government Surplus Trust Fund, SEC registered money market funds with the highest credit quality rating and savings, the State Treasurer's Investment Pool, and certificate of deposit accounts in state-certified public depositories.

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Deposits and Investments – Continued

Cash in excess of current requirements is invested in the State of Florida's Local Government Investment Pool (Florida Fund B). Florida Fund B, created by Section 218.409(6)(a) of the Florida Statutes, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAAm rated money market funds and is regulated by the Florida State Board of Administration. However, Florida Fund B operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings net of management fees on a monthly basis and determines participants' shares sold and redeemed based on \$1.00 per share.

Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Receivables

All trade receivables are reported net of an allowance for uncollectibles, which is generally equivalent to the receivables that are over 90 days past due.

F. Inventory and Prepaid Items

Inventories are determined by physical count and valued at cost using first-in first-out (FIFO) method. Inventories, consisting of expendable supplies are recorded as expenditures as they are used (consumption method). Governmental Fund inventories are classified as nonspendable fund balance which indicates that the fund balance is not in spendable form. A prepaid expense/expenditure is recognized when a cash expense/expenditure is made for goods or services that were purchased for consumption, but not consumed as of September 30.

G. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables." Long-term interfund loans are classified as advances.

H. 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. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 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, donated works of art and similar items are recorded at acquisition value.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended September 30, 2023, no interest was capitalized.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Capital Assets – Continued

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Infrastructure	10-25 years
Equipment and vehicles	5-10 years

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

I. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows of resources and a separate section for deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The *deferred charge on refunding* reported in the proprietary statement of net position as well as the government-wide statement of net position results from the difference in the carrying value of refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City has deferred inflows and deferred outflows related to the recording of changes in its net pension liability and total OPEB liability. Certain changes in the net pension liability and total OPEB liability are recognized as pension and OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. The changes in proportion and differences between City contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the City to the pension and OPEB plans before year-end but subsequent to the measurement date of the City's net pension liability or total OPEB liability are reported as deferred outflows of resources.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the City. Therefore, all sick pay is expensed when incurred. The City does allow for employees to accumulate earned but unused vacation time with such time being fully vested when earned. For the City's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Net Position/Fund Balance Classification

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure into one component of net position. Accumulated depreciation and the outstanding balance of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions in enabling legislation.

At year-end, governmental activities net position restricted for other purposes was composed of amounts related to purposes as noted in the statement of net position.

Unrestricted Net Position – This category represents net position that does not meet the definition of "net investment in capital assets" or "restricted."

In accordance with GASB Statement No. 54, the City classifies governmental fund balance as follows:

Nonspendable Fund Balance – This represents amounts that cannot be spent due to form (e.g. inventories, prepaid amounts) or legally or contractually required to be maintained intact (such as corpus of an endowment fund).

Restricted Fund Balance – This represents amounts constrained for a specific purpose by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This represents amounts that can only be used for specific purposes determined by a formal action (ordinance) of the City Council, the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Net Position/Fund Balance Classification – Continued

Assigned Fund Balance – Assigned fund balances includes spendable fund balance amounts established by management of the City that are intended to be used for a specific purposes that are neither considered restricted or committed. Intent is expressed by the City Council or a body or official to which the City Council have delegated authority, which is the City Manager, to assign amounts to be used for specific purposes. Appropriations of existing fund balances to eliminate deficits in a future budget and encumbrances are considered assignments of fund balance.

Unassigned Fund Balance – This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

The desired unassigned General Fund balance shall be not less than two months or 16% of General Fund operating expenditures. The desired combined unrestricted available fund balances should not be less than three months or 25%. The three-month minimum is based on the caveat that there is sufficient cash available for borrowing in other funds in case of a natural disaster. Minimum target levels of unassigned fund balance are reviewed annually. If fund balance falls below minimum target levels, the City Manager will so advise the City Council in order for the necessary action to be taken to restore the unassigned fund balance to acceptable levels within two budget cycles.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it such as in grant agreements requiring dollar for dollar spending.

When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

M. Property Taxes

Property tax revenue is recognized in the year for which taxes are levied provided the availability test is met.

The value of all taxable property is assessed as of January 1. The City Council levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the City, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2023. No accrual for the property tax levy becoming due in November of 2023, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

N. Use of 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 the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Pension

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's FRS plan and additions to/deductions from this plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Data

The annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopts a project-length budget.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Council prepares a proposed operating budget for the year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the City offices to obtain taxpayer comments.
3. After the public hearing, the City Council formally adopts the budget.
4. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
5. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budget amounts are as originally adopted or as amended by the City Council. The General Fund Public Safety Department had expenditures in excess of final appropriations in the amount of \$117,558.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the City.

NOTE 3 – DEPOSITS AND INVESTMENTS

At September 30, 2023, the City had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Florida Fund B	37 days weighted average	AAAm	\$ 171,511
Certificates of deposit	3 to 12 months	N/A	8,004,114
			<u>\$ 8,175,625</u>

Interest rate risk. The City does not have a formal investment policy limiting investment maturities as part of managing its exposure to fair value losses arising from increasing interest rates. However, the City has minimal interest rate risk as cash and cash equivalents have maturity dates of less than one year.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 3 – DEPOSITS AND INVESTMENTS – CONTINUED

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the City's deposits may not be returned. The City does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of September 30, 2023, the City had no uncollateralized deposits as defined by GASB pronouncements.

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2023 including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Improvements Fund	Community Redevelopment	Nonmajor Governmental Funds	Water and Sewer Fund	Sanitation Fund	Total
Receivables							
Accounts	\$ 2,523,699	\$ 23,187	\$ -	\$ 14,734	\$ 2,393,094	\$177,445	\$ 5,132,159
Notes	-	-	-	-	128,332	-	128,332
Due from other governments	278,854	-	75,694	-	395,911	-	750,459
Less allowance for uncollectible receivables	<u>(1,190,254)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(833,969)</u>	<u>(70,859)</u>	<u>(2,095,082)</u>
	<u>\$ 1,612,299</u>	<u>\$ 23,187</u>	<u>\$ 75,694</u>	<u>\$ 14,734</u>	<u>\$ 2,083,368</u>	<u>\$106,586</u>	<u>\$ 3,915,868</u>

Notes receivable represent amounts due from new water and sewer customers for expansion fees. Principal and interest are due in monthly installments of \$38 on various maturities.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 2,952,789	\$ -	\$ -	\$ -	\$ 2,952,789
Construction in progress	2,459,155	273,555	-	(74,393)	2,658,317
Total assets not being depreciated	<u>5,411,944</u>	<u>273,555</u>	<u>-</u>	<u>(74,393)</u>	<u>5,611,106</u>
Capital assets being depreciated					
Buildings and improvements	10,587,554	80,893	-	-	10,668,447
Equipment and vehicles	3,892,822	475,969	-	74,393	4,443,184
Infrastructure	8,385,621	5,250	-	-	8,390,871
Total assets being depreciated	<u>22,865,997</u>	<u>562,112</u>	<u>-</u>	<u>74,393</u>	<u>23,502,502</u>
Less accumulated depreciation					
Buildings and improvements	(3,853,308)	(365,808)	-	-	(4,219,116)
Equipment and vehicles	(3,127,542)	(229,975)	-	-	(3,357,517)
Infrastructure	(3,798,044)	(184,357)	-	-	(3,982,401)
Total accumulated depreciation	<u>(10,778,894)</u>	<u>(780,140)</u>	<u>-</u>	<u>-</u>	<u>(11,559,034)</u>
Total assets depreciated, net	<u>12,087,103</u>	<u>(218,028)</u>	<u>-</u>	<u>74,393</u>	<u>11,943,468</u>
Governmental activities, net	<u>\$ 17,499,047</u>	<u>\$ 55,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,554,574</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5 – CAPITAL ASSETS – CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 616,898	\$ -	\$ -	\$ -	\$ 616,898
Construction in progress	5,831,366	1,428,843	-	(3,100,614)	4,159,595
Total assets not being depreciated	<u>6,448,264</u>	<u>1,428,843</u>	<u>-</u>	<u>(3,100,614)</u>	<u>4,776,493</u>
Capital assets being depreciated					
Buildings and improvements	22,177,733	-	-	3,100,614	25,278,347
Equipment and vehicles	10,511,583	333,256	-	-	10,844,839
Infrastructure	18,403,449	-	-	-	18,403,449
Total assets being depreciated	<u>51,092,765</u>	<u>333,256</u>	<u>-</u>	<u>3,100,614</u>	<u>54,526,635</u>
Less accumulated depreciation					
Buildings and improvements	(14,621,322)	(775,890)	-	-	(15,397,212)
Equipment and vehicles	(7,563,512)	(426,366)	-	-	(7,989,878)
Infrastructure	(4,213,923)	(532,222)	-	-	(4,746,145)
Total accumulated depreciation	<u>(26,398,757)</u>	<u>(1,734,478)</u>	<u>-</u>	<u>-</u>	<u>(28,133,235)</u>
Total assets depreciated, net	<u>24,694,008</u>	<u>(1,401,222)</u>	<u>-</u>	<u>3,100,614</u>	<u>26,393,400</u>
Business-type activities, net	<u>\$ 31,142,272</u>	<u>\$ 27,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,169,893</u>

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

Governmental Activities

General government	\$ 41,884
Public safety	57,207
Culture and recreation	608,894
Highways and streets	30,397
Economic development	41,758
Total depreciation expense, governmental activities	<u>\$ 780,140</u>

Business-Type Activities

Water and sewer	\$ 1,699,560
Three Sisters	34,918
Total depreciation expense, business-type activities	<u>\$ 1,734,478</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Note payable from direct borrowings	\$ 2,902,521	\$ -	\$ (182,288)	\$ 2,720,233	\$ 187,017
Total OPEB liability	269,062	33,804	(121,307)	181,559	-
Net pension liability	2,289,534	1,268,079	(750,285)	2,807,328	-
Compensated absences	139,420	139,605	(155,318)	123,707	80,410
Total governmental activities	<u>\$ 5,600,537</u>	<u>\$ 1,441,488</u>	<u>\$ (1,209,198)</u>	<u>\$ 5,832,827</u>	<u>\$ 267,427</u>
Business-type activities					
Bonds payable	\$ 1,585,000	\$ -	\$ (439,000)	\$ 1,146,000	\$ 451,000
Notes payable from direct borrowings	2,005,638	240,212	(83,795)	2,162,055	84,452
Net pension liability	641,763	297,451	(271,202)	668,012	-
Total business-type activities	<u>\$ 4,232,401</u>	<u>\$ 537,663</u>	<u>\$ (793,997)</u>	<u>\$ 3,976,067</u>	<u>\$ 535,452</u>

Long-term debt payable as of September 30, 2023 is composed of the following issues:

Revenue Bonds

Utility System Revenue Refunding Bond, Series 2012, due in annual installments through October 1, 2026, in amounts ranging from \$233,000 to \$476,000, plus interest at a rate of 2.39%; collateralized by revenue from the water and sewer system. The purpose of the issuance was: (1) refunding the City's Water and Sewer Revenue Refunding Bonds, Series 1992, (2) financing improvements to the City's water and sewer system, and (3) funding the cost of issuance of the bonds.

\$ 1,146,000

\$ 1,146,000

Total bonds payable

Notes Payable from Direct Borrowings

Community Redevelopment Agency Note, due in quarterly installments of \$63,784 including interest at the rate of 2.57% through January 2036.

\$ 2,720,233

Water and Sewer State Revolving Fund Loan, due in annual installments of \$37,977 including interest at the rate of 2.06% on various maturities; collateralized by revenues of the Water and Sewer Fund.

\$ 305,495

Water and Sewer State Revolving Fund Loan, due in annual installments of \$37,518 including interest at the rate of 1.46% on various maturities; collateralized by revenues of the Water and Sewer Fund.

351,430

Water and Sewer State Revolving Fund Loan, due in annual installments of \$34,050 including interest at the rate of 1.23% on various maturities; collateralized by revenues of the Water and Sewer Fund.

326,583

Water and Sewer State Revolving Fund Loan, due in annual installments including interest at the rate of 0.68% on various maturities; collateralized by revenues of the Water and Sewer Fund. This loan is still in the draw down

1,157,081

Water and Sewer State Revolving Fund Loan, due in annual installments including interest at the rate of 1.75% on various maturities; collateralized by revenues of the Water and Sewer Fund. This loan is still in the draw down

21,466

Total business-type notes payable \$ 2,162,055

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 – LONG-TERM DEBT – CONTINUED

The annual debt service payments required on outstanding debt at September 30, 2023 are as follows:

Fiscal Year	Revenue Bonds, Series 2012			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 451,000	\$ 24,725	\$ 475,725	\$ 84,452	\$ 25,113	\$ 109,565
2025	462,000	13,896	475,896	86,659	22,906	109,565
2026	233,000	2,784	235,784	88,924	20,642	109,566
2027	-	-	-	91,247	18,318	109,565
2028	-	-	-	93,632	15,933	109,565
2029-2033	-	-	-	467,938	41,887	509,825
2034-2036	-	-	-	70,656	1,850	72,506
	<u>\$ 1,146,000</u>	<u>\$ 41,405</u>	<u>\$ 1,187,405</u>	<u>\$ 983,508</u>	<u>\$ 146,649</u>	<u>\$ 1,130,157</u>

Fiscal Year	Community Redevelopment Agency Note		
	Principal	Interest	Total
2024	\$ 187,017	\$ 68,117	\$ 255,134
2025	191,870	63,264	255,134
2026	196,849	58,286	255,135
2027	201,957	53,178	255,135
2028	207,197	47,937	255,134
2029-2033	1,119,480	156,193	1,275,673
2034-2036	615,863	21,972	637,835
	<u>\$ 2,720,233</u>	<u>\$ 468,947</u>	<u>\$ 3,189,180</u>

Total State Revolving Funds have a loan that is still in draw down phase in the amount of \$1,178,547.

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 1,151,516
General Fund	Three Sisters Fund	10,125
General Fund	Sanitation Fund	532
Capital Improvements Fund	Water and Sewer Fund	306,448
		<u>\$ 1,468,621</u>

These balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 – INTERFUND BALANCES AND TRANSFERS – CONTINUED

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Water and Sewer Fund	\$ 160,430
General Fund	Sanitation Fund	287,500
General Fund	Community Redevelopment Fund	16,884
General Fund	Nonmajor Governmental Funds	21,425
Capital Improvements Fund	General Fund	776,000
		\$ 1,262,239

NOTE 8 – 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; natural disasters and pollution related activities. The City’s participation in the risk pool described below requires annual premium payments in return for transferring risks among pool participants. Settled claims from these risks have not exceeded the risk pool insurance limits nor have additional premiums been assessed relative to the past three years.

The City is a member of a purchasing cooperative of government agencies for the purpose of providing employee health benefits through Public Risk Management of Florida Group Health Trust. The City offers to its employees and covered dependents a choice of two medical plans, two dental plans, vision, life and long and short-term disability insurance. Medical plans do not have a lifetime maximum per insured.

NOTE 9 – PENSION PLANS

Defined Benefit Plans

The City participates in two defined benefit pension plans (Plans) that are administered by the State of Florida, Department of Management Services, Division of Retirement. The Plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the Plans. That report is available from the Florida Department of Management Services’ website at www.dms.myflorida.com.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retirees’ Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 – PENSION PLANS – CONTINUED

Benefits Provided

Benefits under FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2022 through June 30, 2023, and July 1, 2023 through September 30, 2023, were as follows: Regular Class 11.91% and 13.57%, Senior Management 31.57% and 34.52%, Elected Officials 57.00% and 58.68%, and DROP Participants 18.60% and 21.13%.

The City's contributions for the year ended September 30, 2023 were \$335,305 to FRS and \$36,646 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2023. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS	Total
Net pension liability	\$ 2,654,893	\$ 820,447	\$ 3,475,340
Proportion at:			
Current measurement date	0.00666274%	0.00516611%	
Prior measurement date	0.00647084%	0.00494376%	
Pension expense (benefit)	\$ 630,423	\$ 331,858	\$ 962,281

As of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS		Totals	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 249,272	\$ -	\$ 12,011	\$ 1,926	\$ 261,283	\$ 1,926
Change of assumptions	173,068	-	21,569	71,095	194,637	71,095
Net difference between projected and actual earnings on Pension Plan investments	110,876	-	424	-	111,300	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	183,144	-	74,582	769	257,726	769
City Pension Plan contributions subsequent to the measurement date	92,129	-	10,867	-	102,996	-
Total	\$ 808,489	\$ -	\$ 119,453	\$ 73,790	\$ 927,942	\$ 73,790

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 – PENSION PLANS – CONTINUED

Pension Liabilities and Pension Expense – Continued

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	FRS	HIS
2024	\$ 97,631	\$ 6,080
2025	(38,681)	3,686
2026	585,829	6,133
2027	55,649	12,030
2028	15,932	6,372
Thereafter	-	495

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2023, was determined by an actuarial valuation dated July 1, 2023, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2023, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.54% to 3.65%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class:

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 – PENSION PLANS – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
City's proportionate share of the net pension liability	\$ 4,535,098	\$ 2,654,893	\$ 1,081,877	\$ 936,002	\$ 820,447	\$ 724,660

Pension Plan Fiduciary Net Position

Detailed information regarding the pension plans' fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan

At September 30, 2023, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The City maintains a single employer defined benefit Other Post-Employment Benefit Plan in accordance with Florida Statutes. The City of Crystal River Other Post-Employment Benefits Plan (the "OPEB Plan"), includes retirees from the City. The City offers post-employment benefits other than pension benefits for healthcare insurance for eligible retirees and spouse through the City's group health insurance plan, which covers both active and retired members. The OPEB Plan does not issue a publicly available financial report.

B. Plan Membership

Membership of the OPEB Plan consisted of the following at September 30, 2021, the date of the latest actuarial valuation:

Inactive employees and beneficiaries, receiving benefits	14
Active employees	38
	<u>52</u>

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

C. Contributions

The City has elected to fund the OPEB Plan on a “pay as you go” basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The City is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. For the year ended September 30, 2023, the City contributed \$15,151 for the pay as you go benefits of the OPEB Plan.

D. Total OPEB Liability of the City

The City’s total OPEB liability was measured as of September 30, 2022, and was determined by an actuarial valuation as of October 1, 2021 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	4.77%
Salary increases:	3.00%
Cost of living adjustments:	In accordance with healthcare cost trend rates
Healthcare cost trend rate:	8.00% - 5.00%, ultimate trend in 2028
Participation rate:	75% single coverage and 25% single and spouse coverage

Mortality rates were based on the PUB-2010 Combined Mortality Table, with full generational improvements in mortality using Scale MP-2020.

The actuarial assumptions used in the October 1, 2021 valuation were based on the results of an actuarial experience study for the period 2008-2012.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 4.77%. This rate was determined using the 20 year municipal bond index as provided by the Asset Consulting Group.

F. Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2023 were as follows:

	Total OPEB Liability
Balances at September 30, 2022	\$ 269,062
Changes for the year:	
Service cost	14,085
Interest	13,149
Experience differences	6,570
Assumption changes	(106,156)
Benefit payments	(15,151)
Net changes	(87,503)
Balance at September 30, 2023	\$ 181,559

The required schedule of changes in the City’s total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

F. Changes in the Total OPEB Liability of the City – Continued

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-percentage point lower (3.77%) or 1-percentage point higher (5.77%) than the current discount rate:

	1% Decrease 3.77%	Discount Rate 4.77%	1% Increase 5.77%
Total OPEB liability	\$ 203,989	\$ 181,559	\$ 163,294

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial accrued liability.

G. 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-percentage point lower (7% decreasing to 4%) or 1-percentage point higher (9% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 4%)	Discount Rate (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Total OPEB liability	\$ 175,985	\$ 181,559	\$ 188,095

H. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of (\$19,785). In addition, the City reported deferred outflows of resources and deferred in flows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 31,196	\$ 123,076
Changes in expected and actual experience	-	30,184
Contributions subsequent to the measurement date	11,493	-
Totals	\$ 42,689	\$ 153,260

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

H. OPEB Expense and Deferred Outflows of Resources Related to OPEB – Continued

The deferred outflows of resources related to the OPEB Plan, totaling \$11,493 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in OPEB expense as follows:

Year ending September 30:		
2024	\$	(31,866)
2025		(24,998)
2026		(24,998)
2027		(24,998)
2028		(15,204)
Total	\$	<u>(122,064)</u>

NOTE 11 – UTILITY OPERATING CONTRACT

The City contracts with a private company to operate the City's water and sewer facilities. The company is responsible for operating and maintenance expenses of the facilities, including operation personnel. The City is responsible for the: (1) capital expenses, (2) debt service, (3) maintenance and repairs in excess of approximately \$100,000 annually, and (4) maintaining property damage insurance on the facilities and equipment.

The contract is cancelable by either party. During the year ended September 30, 2023, the monthly fee was \$126,650. Annual fees are negotiable annually on or before December 1. Failure to agree upon an annual fee will be resolved by application of a formula based upon the most current annual fee adjusted for the Consumer Price Index.

NOTE 12 – POLICE CONTRACT WITH CITRUS COUNTY SHERIFF'S OFFICE

In 2008, The City Council dissolved the police department and entered into a contract with the Citrus County Sheriff's Office to provide public safety services. Substantially all police assets were transferred to the Sheriff's Office. The contract with the Sheriff's Office expires on September 30 of each year, subject to automatic renewal on an annual basis, provided no action is taken to terminate the contract. The City paid \$1,233,966 during the year ended September 30, 2023.

NOTE 13 – CONSTRUCTION COMMITMENTS

The City has active construction commitments on various projects in the approximate amount of \$1.364 million as of September 30, 2023.

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through June 26, 2024 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CRYSTAL RIVER, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
City's proportion of the FRS net pension liability	0.00666274%	0.00647084%	0.00630082%	0.00614891%	0.00525489%
City's proportionate share of the FRS net pension liability	\$ 2,654,893	\$ 2,407,674	\$ 475,955	\$ 2,665,028	\$ 1,809,710
City's covered payroll	\$ 2,058,347	\$ 1,804,624	\$ 1,655,364	\$ 1,612,907	\$ 1,354,012
City's proportionate share of the pension liability as a percentage of its covered payroll	128.98%	133.42%	28.75%	165.23%	133.66%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%
Reporting period ending Measurement date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
City's proportion of the FRS net pension liability	0.004972746%	0.004886759%	0.004517327%	0.004048011%	0.003132361%
City's proportionate share of the FRS net pension liability	\$ 1,497,817	\$ 1,445,967	\$ 1,140,629	\$ 522,855	\$ 191,120
City's covered payroll	\$ 1,308,467	\$ 1,233,491	\$ 1,146,105	\$ 966,759	\$ 919,962
City's proportionate share of the pension liability as a percentage of its covered payroll	114.47%	117.23%	99.52%	54.08%	20.77%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

CITY OF CRYSTAL RIVER, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Reporting period ending					
Contractually required					
FRS contribution	\$ 335,305	\$ 281,833	\$ 256,892	\$ 161,076	\$ 170,238
FRS contributions in relation to the contractually required FRS contribution	<u>335,305</u>	<u>281,833</u>	<u>256,892</u>	<u>161,076</u>	<u>170,238</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,142,628	\$ 1,844,605	\$ 1,741,622	\$ 1,634,663	\$ 1,412,818
FRS contributions as a percentage of covered payroll	15.65%	15.28%	14.75%	9.85%	12.05%
Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Contractually required					
FRS contribution	\$ 144,979	\$ 127,214	\$ 110,162	\$ 98,694	\$ 68,612
FRS contributions in relation to the contractually required FRS contribution	<u>144,979</u>	<u>127,214</u>	<u>110,162</u>	<u>98,694</u>	<u>68,612</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,305,426	\$ 1,308,467	\$ 1,233,491	\$ 1,146,105	\$ 966,759
FRS contributions as a percentage of covered payroll	11.11%	9.72%	8.93%	8.61%	7.10%

CITY OF CRYSTAL RIVER, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
City's proportion of the HIS net pension liability	0.00516611%	0.00494376%	0.00466576%	0.00464722%	0.00404857%
City's proportionate share of the HIS net pension liability	\$ 820,447	\$ 523,623	\$ 572,326	\$ 567,418	\$ 452,993
City's covered payroll	\$ 2,058,347	\$ 1,804,624	\$ 1,655,364	\$ 1,612,907	\$ 1,354,012
City's proportionate share of the pension liability as a percentage of its covered payroll	39.86%	29.02%	34.57%	35.18%	33.46%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%
Reporting period ending Measurement date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
City's proportion of the HIS net pension liability	0.004006128%	0.004051647%	0.003772839%	0.003027934%	0.002559239%
City's proportionate share of the HIS net pension liability	\$ 424,013	\$ 433,221	\$ 439,710	\$ 308,802	\$ 239,295
City's covered payroll	\$ 1,308,467	\$ 1,308,467	\$ 1,233,491	\$ 966,759	\$ 919,962
City's proportionate share of the pension liability as a percentage of its covered payroll	32.41%	33.11%	35.65%	31.94%	26.01%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.15%	1.64%	0.97%	1.22%	1.06%

CITY OF CRYSTAL RIVER, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Contractually required					
HIS contribution	\$ 36,646	\$ 30,598	\$ 28,774	\$ 20,969	\$ 23,327
HIS contributions in relation to the contractually required HIS contribution	<u>36,646</u>	<u>30,598</u>	<u>28,774</u>	<u>20,969</u>	<u>23,327</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,142,628	\$ 1,844,605	\$ 1,741,622	\$ 1,634,663	\$ 1,412,818
HIS contributions as a percentage of covered payroll	1.71%	1.66%	1.65%	1.28%	1.65%
Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Contractually required					
HIS contribution	\$ 21,675	\$ 21,442	\$ 19,338	\$ 11,575	\$ 8,767
HIS contributions in relation to the contractually required HIS contribution	<u>21,675</u>	<u>21,442</u>	<u>19,338</u>	<u>11,575</u>	<u>8,767</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,305,426	\$ 1,308,467	\$ 1,233,491	\$ 966,759	\$ 919,962
HIS contributions as a percentage of covered payroll	1.66%	1.64%	1.57%	1.20%	0.95%

CITY OF CRYSTAL RIVER, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 14,085	\$ 29,313	\$ 30,926	\$ 21,345	\$ 18,269	\$ 18,904
Interest	13,149	6,722	4,949	10,247	10,990	8,072
Experience differences	6,570	-	(21,021)	(21,019)	-	-
Assumption changes	(106,156)	(9,116)	41,918	(64,817)	(34,332)	-
Benefit payments	(15,151)	(10,283)	(9,320)	(11,248)	(16,102)	(9,400)
Net change in total OPEB liability	<u>(87,503)</u>	<u>16,636</u>	<u>47,452</u>	<u>(65,492)</u>	<u>(21,175)</u>	<u>17,576</u>
Total OPEB liability - beginning	<u>269,062</u>	<u>252,426</u>	<u>204,974</u>	<u>270,466</u>	<u>291,641</u>	<u>274,065</u>
Total OPEB liability - ending	<u>\$ 181,559</u>	<u>\$ 269,062</u>	<u>\$ 252,426</u>	<u>\$ 204,974</u>	<u>\$ 270,466</u>	<u>\$ 291,641</u>
Covered-employee payroll	\$ 1,569,433	\$ 1,422,406	\$ 1,422,406	\$ 1,199,673	\$ 951,649	\$ 951,649
Total OPEB liability as a percentage of covered employee payroll	11.6%	18.9%	17.7%	17.1%	28.4%	30.6%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

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SUPPLEMENTARY INFORMATION

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CITY OF CRYSTAL RIVER, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Public Safety Expansion is used to account for resources received from impact funds for the support of public safety expenditures.

Buy a Brick is used to account for resources restricted to improve the downtown streets.

Impact Fees is used to account for general impact fees and the associated capital projects.

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CITY OF CRYSTAL RIVER, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Public Safety Expansion	Buy A Brick	Impact Fees	
Assets				
Cash and cash equivalents	\$ 5,293	\$ 5,626	\$ 29,070	\$ 39,989
Accounts receivable, net	700	-	14,034	14,734
Total assets	\$ 5,993	\$ 5,626	\$ 43,104	\$ 54,723
Liabilities and fund balances				
Liabilities				
Due to other governments	\$ -	\$ -	\$ 25,198	\$ 25,198
Total liabilities	-	-	25,198	25,198
Fund balances				
Restricted				
Community development	-	5,626	-	5,626
Public safety	5,993	-	17,906	23,899
Total fund balances	5,993	5,626	17,906	29,525
Total liabilities and fund balances	\$ 5,993	\$ 5,626	\$ 43,104	\$ 54,723

**CITY OF CRYSTAL RIVER, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Public Safety Expansion	Buy A Brick	Impact Fees	
Revenues				
Impact fees	\$ 2,899	\$ -	\$ 4,512	\$ 7,411
Investment earnings	-	-	1,125	1,125
Total revenues	<u>2,899</u>	<u>-</u>	<u>5,637</u>	<u>8,536</u>
Other Financing Uses				
Transfers to other funds	(21,425)	-	-	(21,425)
Total other financing uses	<u>(21,425)</u>	<u>-</u>	<u>-</u>	<u>(21,425)</u>
Net change in fund balance	(18,526)	-	5,637	(12,889)
Fund balances, beginning	<u>24,519</u>	<u>5,626</u>	<u>12,269</u>	<u>42,414</u>
Fund balances, ending	<u>\$ 5,993</u>	<u>\$ 5,626</u>	<u>\$ 17,906</u>	<u>\$ 29,525</u>

OTHER REPORTS

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

Honorable Mayor and Members of
the City Commission,
City of Crystal River, 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 the City of Crystal River, 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 26, 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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bradenton, Florida
June 26, 2024

Mauldin & Jenkins, LLC

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members of
the City Commission,
City of Crystal River, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Crystal River, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs 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 federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 federal program. Our audit does not provide a legal determination of 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 federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2024

CITY OF CRYSTAL RIVER, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Assistance Listing Number</u>	<u>Grant ID Number</u>	<u>Actual Expenditures</u>
Federal Awards			
U.S. Department of Environmental Protection			
Passed through the Florida Department of Environmental Protection			
State Revolving Funds	66.468	DW090241	\$ 638,079
Total Department of Environmental Protection			<u>638,079</u>
U.S. Department of Homeland Security			
Passed through the Florida Department of Emergency Management			
Disaster Grants - Public Assistance	97.036	017-15775-00	278,854
Total U.S. Department of Homeland Security			<u>278,854</u>
U.S. Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5063	251,748
Total U.S. Department of Interior			<u>251,748</u>
Total Expenditures of Federal awards			<u><u>\$ 1,168,681</u></u>

Notes to the Schedule:

This schedule includes the federal grant activity of the City of Crystal River, Florida for the fiscal year ended September 30, 2023, and is presented using modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Crystal River, Florida (the “City”), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The City did not pass through any of the above to subrecipients.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

The City chose not to use the ten percent de minimis cost rate for the year ended September 30, 2023.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2023.

CITY OF CRYSTAL RIVER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Programs

Internal control over major federal programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to Be reported in accordance with 2CFR 200.516(a)? yes no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	U.S. Department of Environmental Protection – State Revolving Funds
21.027	U.S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000

Auditee qualified as low-risk auditee? yes no

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2023 due to the total amount expended being less than \$750,000.

CITY OF CRYSTAL RIVER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-001. Accounts Payables – Material Weakness (Repeat)

Criteria – Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, accounts payable were not properly recorded.

Condition – Invoices relating to fiscal year 2023 were not recorded in accounts payable as of year-end.

Context – Our testing of subsequent disbursements identified invoices that were not properly included within accounts payable in the amount of \$1,018,545.

Effect – A correcting adjustment to increase accounts payable by \$1,018,545 was required to be made to the City's general ledger to properly record actual activity.

Recommendation – We recommend the City review the invoices at year-end to ensure that funds register the proper cut-off for transactions. This would provide a more efficient approach to reporting the accounts payable balances within each fund at year-end.

View of Responsible Officials and Planned Corrective Action – We concur with the finding and will implement controls to the year-end close process in future periods to prevent this from occurring again.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2023-001 – Coronavirus State and Local Fiscal Recovery Program Reporting (CFDA#21.027)

Criteria – The City did not meet the timely filing requirements for the Annual Report Filing related to the Coronavirus State and Local Fiscal Recovery Program.

Condition – The Uniform Guidance requires reporting for this grant program to be submitted by April 30, 2023 to maintain compliance.

Context – Due to staffing issues, the annual report was submitted outside of the required timeframe.

Effect – There was no known negative implication for the grants.

Questioned Cost – \$0

Recommendation – We recommend the City implement proper controls which includes cross-training of employees to ensure compliance with all grant requirements including timeliness of reporting.

View of Responsible Officials and Planned Corrective Action – The City concurs with the finding and has put new personnel and controls in place to ensure timely reporting for all grant programs.

CITY OF CRYSTAL RIVER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS

2022-001. Accounts Payables – Material Weakness

Criteria – Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, accounts payable were not properly recorded.

Condition – Invoices relating to fiscal year 2022 were not recorded in accounts payable as of year-end.

Context – Our testing of subsequent disbursements identified invoices that were not properly included within accounts payable in the amount of \$520,929.

Effect – A correcting adjustment to increase accounts payable by \$520,929 was required to be made to the City's general ledger to properly record actual activity.

Status – Unresolved. Repeated in current year.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the City Council,
City of Crystal River, Florida

Report on the Financial Statements

We have audited the financial statements of Islamorada, City of Islands, Florida's (the "City"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 15, 2024.

Auditor's Responsibility

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, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 26, 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 annual financial audit report. Corrective actions were not taken on finding 2022-001 in the preceding annual financial audit report and has been repeated in the current year report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Crystal River, Florida was incorporated in 1903. Additional information on the City's creation and the City's component units is disclosed within the City's footnotes.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

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, the Mayor and Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2024



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of
the City Council,
City of Crystal River, Florida

We have examined the City of Crystal River, 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 of the City 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, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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 examination engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements during 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2024

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