

**TOWN OF CROSS CITY, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

**TOWN OF CROSS CITY, FLORIDA
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SEPTEMBER 30, 2024**

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Powell and Jones CPA

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council,
Town of Cross City, Florida:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Cross City, Florida, (the Town) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town'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, and each major fund of the Town, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 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 Town'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 aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

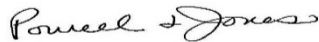
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town's internal control over financial reporting and compliance.



Powell and Jones CPA
Lake City, Florida
November 28, 2025

**TOWN OF CROSS CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

This discussion and analysis of the Town of Cross City's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2024:

- The Town follows GASB No. 68 and reported a net pension liability of \$1,486,277 at September 30, 2024.
- The Town's overall net position increased \$207,556. Net position of business-type activities decreased by \$383,863 while the net position of governmental activities increased by \$591,419.
- Total ending unrestricted net position was \$3,006,030.

Overview of the basic Financial Statements

This annual report contains government-wide financial statements that present on the Town's activities as a whole and fund financial statements that report on the Town's two individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Town's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position, the difference between assets and liabilities, can be used to measure the Town's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Town's financial health is improving or deteriorating. However, other non-financial factors, such as the condition of infrastructure or changes in the tax base, must also be considered when assessing the overall health of the Town.

In these statements, the Town's activities are divided as follows:

- **Governmental activities** - Most of the Town's basic services are reported here, including administration, fire services, road and bridge, and maintenance. Taxes and charges for services finance most of these activities.
- **Business-type activities** - These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water system and garbage collections are reported as business-type activities

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Town's funds.

- **Governmental funds** - The General Fund is the Town's only governmental fund. This fund is accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.
- **Proprietary funds** - The Water & Sewer Fund is the Town's only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a direct correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

Condensed Financial Information

The following tables present condensed, government-wide comparative data about the net position and changes in net position.

NET POSITION

	2024		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,920,679	\$ 4,480,297	\$ 6,400,976
Capital assets	1,714,808	13,741,393	15,456,201
Total assets	<u>3,635,487</u>	<u>18,221,690</u>	<u>21,857,177</u>
Deferred outflows	246,292	131,572	377,864
Noncurrent liabilities	1,020,020	3,102,304	4,122,324
Current liabilities	163,443	413,807	577,250
Total liabilities	<u>1,183,463</u>	<u>3,516,111</u>	<u>4,699,574</u>
Deferred inflows	100,869	53,886	154,755
Net position:			
Net investment in capital assets	1,669,952	11,018,153	12,688,105
Restricted	131,809	1,554,768	1,686,577
Unrestricted	795,686	2,210,344	3,006,030
Total net position	<u>\$ 2,597,447</u>	<u>\$ 14,783,265</u>	<u>\$ 17,380,712</u>

	2023		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,976,939	\$ 4,343,421	\$ 6,320,360
Capital assets	1,191,421	14,289,650	15,481,071
Total assets	<u>3,168,360</u>	<u>18,633,071</u>	<u>21,801,431</u>
Deferred outflows	287,242	92,005	379,247
Noncurrent liabilities	1,202,101	3,107,178	4,309,279
Current liabilities	199,872	435,523	635,395
Total liabilities	<u>1,401,973</u>	<u>3,542,701</u>	<u>4,944,674</u>
Deferred inflows	47,601	15,247	62,848
Net position:			
Net investment in capital assets	1,177,899	11,389,819	12,567,718
Restricted	-	1,505,810	1,505,810
Unrestricted	828,129	2,271,499	3,099,628
Total net position	<u>\$ 2,006,028</u>	<u>\$ 15,167,128</u>	<u>\$ 17,173,156</u>

CHANGE IN NET POSITION

	2024		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 403,995	\$ 1,662,654	\$ 2,066,649
Operating grants and contributions	25,000	-	25,000
Capital Grants and contributions	655,961	1,400	657,361
General revenues:			
Property taxes	249,563	-	249,563
Intergovernmental and other	845,502	34,480	879,982
Total revenues	<u>2,180,021</u>	<u>1,698,534</u>	<u>3,878,555</u>
Expenses:			
General government	577,812	-	577,812
Public safety	479,322	-	479,322
Physical environment	100,705	-	100,705
Transportation	386,943	-	386,943
Culture and recreation	43,820	-	43,820
Utility	-	2,082,397	2,082,397
Total expenses	<u>1,588,602</u>	<u>2,082,397</u>	<u>3,670,999</u>
Change in net position	591,419	(383,863)	207,556
Net position, beginning of year	2,006,028	15,167,128	17,173,156
Net position, end of year	<u>\$ 2,597,447</u>	<u>\$ 14,783,265</u>	<u>\$ 17,380,712</u>

	2023		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 345,152	\$ 1,295,426	\$ 1,640,578
Operating grants and contributions	204,111	-	204,111
Capital Grants and contributions	-	80,731	80,731
General revenues:			
Property taxes	197,024	-	197,024
Intergovernmental and other	820,148	-	820,148
Investment earnings	518	3,165	3,683
Miscellaneous	4,167	-	4,167
Total revenues	<u>1,571,120</u>	<u>1,379,322</u>	<u>2,950,442</u>
Expenses:			
General government	521,062	-	521,062
Public safety	590,646	-	590,646
Transportation	109,120	-	109,120
Physical environment	341,644	-	341,644
Human services	4,000	-	4,000
Culture and recreation	50,790	-	50,790
Utility	-	1,931,702	1,931,702
Total expenses	<u>1,617,262</u>	<u>1,931,702</u>	<u>3,548,964</u>
Change in net position	(46,142)	(552,380)	(598,522)
Net position, beginning of year	<u>2,052,170</u>	<u>15,719,508</u>	<u>17,771,678</u>
Net position, end of year	<u>\$ 2,006,028</u>	<u>\$ 15,167,128</u>	<u>\$ 17,173,156</u>

Overall Financial Position and Results of Operations

Governmental Activities

Governmental activities generated \$1,084,956 in program revenues and \$1,095,065 in general revenues and incurred \$1,588,602 of expenses. This resulted in a \$594,419 increase in net position.

Business-type Activities

Revenues of the Water and Sewer Fund were \$1,698,534 compared to expenses of \$2,082,397. This resulted in a decrease in net position of \$383,863.

The Town's Individual Funds

General Fund

The General Fund's fund balance decreased by \$106,977 from \$1,844,442 to \$1,737,465.

Water and Sewer Fund

The Water and Sewer Fund's net position decreased by \$383,863, from \$15,167,128 to \$14,783,265.

Budgetary Highlights

There were no changes between original and final budgets for the General Fund.

Revenues of the General Fund were less than budgeted by \$5,535,095. This was due to fewer expenditures being charged to reimbursable grants than originally anticipated.

General Fund expenditures were less than budgeted amounts by \$5,541,768. This was also due to fewer expenditures being charged to reimbursable grants than originally anticipated. Additionally, there was a \$46,000 surplus from debt issuance resulting in an overall favorable variance with the budget of \$52,673 in the General Fund.

Capital Asset and Debt Administration

Capital Assets

As part of governmental activities, the Town purchased a fire truck for \$495,000, a pickup truck for \$46,000, and spent \$51,000 toward its water drainage project, which was not completed at year-end.

In its business-type activities, the Town placed its water meter project, which spanned the past two fiscal years, into service. For further information on smaller purchases, please refer to the note to the accompanying financial statements entitled *Capital Assets*.

Debt Administration

The Town added \$46,000 in long-term debt by taking out a loan for the purchase of a pickup truck in its governmental activities.

Additionally, \$191,257 in government-wide long-term debt was reduced through scheduled payments. Overall, the Town's long-term debt saw a net reduction of \$145,257. Please refer to the note to the accompanying financial statement entitled *Noncurrent Liabilities* for more detailed information about the Town's debt activity.

Economic Factors

We are not currently aware of any conditions that are expected to have a significant effect on the Town's financial position or results of operations.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Town Hall at PO Box 417, Cross City, Florida.

**TOWN OF CROSS CITY, FLORIDA
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

**TOWN OF CROSS CITY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,605,578	\$ 2,341,847	\$ 3,947,425
Investments	155,179	327,681	482,860
Receivables, net	42,131	208,223	250,354
Internal balances	(15,521)	15,521	-
Due from other governments	133,312	-	133,312
Inventory	-	23,870	23,870
Restricted assets:			
Cash and cash equivalents	-	1,310,992	1,310,992
Investments	-	252,163	252,163
Capital assets:			
Depreciable, net	1,392,496	12,373,322	13,765,818
Non-depreciable	322,312	1,368,071	1,690,383
Total assets	<u><u>3,635,487</u></u>	<u><u>18,221,690</u></u>	<u><u>21,857,177</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u><u>\$ 246,292</u></u>	<u><u>\$ 131,572</u></u>	<u><u>\$ 377,864</u></u>
LIABILITIES			
Accounts payable	\$ 52,534	\$ 61,269	\$ 113,803
Accrued expenses	19,563	18,498	38,061
Customer deposits	-	124,647	124,647
Unearned revenue	-	8,217	8,217
Accrued interest payable	-	8,387	8,387
Noncurrent liabilities:			
Due within one year:			
Bonds payable and notes payable	13,142	149,324	162,466
Compensated absences	78,204	43,465	121,669
Due in more than one year:			
Bonds payable and notes payable	31,714	2,573,916	2,605,630
Compensated absences	19,551	10,866	30,417
Net pension liability	968,755	517,522	1,486,277
Total liabilities	<u><u>1,183,463</u></u>	<u><u>3,516,111</u></u>	<u><u>4,699,574</u></u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>100,869</u>	<u>53,886</u>	<u>154,755</u>
Total deferred inflows of resources	<u><u>100,869</u></u>	<u><u>53,886</u></u>	<u><u>154,755</u></u>
NET POSITION			
Net investment in capital assets	1,669,952	11,018,153	12,688,105
Restricted for:			
Debt service	-	466,340	466,340
Construction	-	1,088,428	1,088,428
Transportation	21,831	-	21,831
Capital projects	109,978	-	109,978
Unrestricted	795,686	2,210,344	3,006,030
Total net position	<u><u>\$ 2,597,447</u></u>	<u><u>\$ 14,783,265</u></u>	<u><u>\$ 17,380,712</u></u>

See accompanying notes to the financial statements.

**TOWN OF CROSS CITY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 577,812	\$ 1,510	\$ 25,000	\$ 19,116	\$ (532,186)	\$ -	\$ (532,186)
Public safety	479,322	70,682	-	495,597	86,957	-	86,957
Physical environment	100,705	327,803	-	51,000	278,098	-	278,098
Transportation	386,943	-	-	82,748	(304,195)	-	(304,195)
Culture and recreation	43,820	4,000	-	7,500	(32,320)	-	(32,320)
Total governmental activities	<u>1,588,602</u>	<u>403,995</u>	<u>25,000</u>	<u>655,961</u>	<u>(503,646)</u>	<u>-</u>	<u>(503,646)</u>
Business-type activities:							
Utility Fund	<u>2,082,397</u>	<u>1,662,654</u>	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>(418,343)</u>	<u>(418,343)</u>
Total business-type activities	<u>2,082,397</u>	<u>1,662,654</u>	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>(418,343)</u>	<u>(418,343)</u>
Total primary government	<u>\$ 3,670,999</u>	<u>\$ 2,066,649</u>	<u>\$ 25,000</u>	<u>\$ 657,361</u>	<u>(503,646)</u>	<u>(418,343)</u>	<u>(921,989)</u>
General revenues:							
Property taxes					249,563	-	249,563
Sales and use taxes					190,343	-	190,343
Franchise and utility taxes					98,255	-	98,255
Public service taxes					199,442	-	199,442
Other taxes					75	-	75
State shared revenues					188,904	-	188,904
Other intergovernmental revenues					31,896		
Licenses and permits					18,553		
Investment earnings					2,435	33,239	35,674
Miscellaneous revenues					115,599	1,241	116,840
Total general revenues					<u>1,095,065</u>	<u>34,480</u>	<u>1,129,545</u>
Change in net position					591,419	(383,863)	207,556
Net position - beginning of year					2,006,028	15,167,128	17,173,156
Net position - ending of year					<u>\$ 2,597,447</u>	<u>\$ 14,783,265</u>	<u>\$ 17,380,712</u>

See accompanying notes to the financial statements.

**TOWN OF CROSS CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,605,578
Investments	155,179
Receivables, net	42,131
Due from other governments	133,312
Total assets	\$ 1,936,200
LIABILITIES	
Accounts payable	52,534
Accrued expenses	19,563
Due to other funds	15,521
Total liabilities	87,618
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	111,117
FUND BALANCES	
Assigned to:	
Future expenditures	341,000
Restricted for:	
Transportation	21,831
Capital projects	109,978
Unassigned	1,264,656
Total fund balances	1,737,465
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,936,200

See accompanying notes to the financial statements.

**TOWN OF CROSS CITY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Fund balances - total governmental funds **\$ 1,737,465**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets	4,260,447	
Less: accumulated depreciation	(2,545,639)	1,714,808

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable. On the statement of net position, the Town's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(968,755)	
Deferred outflows related to pensions	246,292	
Deferred inflows related to pensions	(100,869)	(823,332)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, and other long-term liabilities consist of:

Bonds and notes payable	(44,856)	
Compensated absences	(97,755)	(142,611)

Revenues not received within the period of "availability" are considered deferred inflows of resources at the fund level but are recognized in the statement of activities. 111,117

Net position of governmental activities **\$ 2,597,447**

See accompanying notes to the financial statements.

TOWN OF CROSS CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund
Revenues	
Taxes	\$ 722,171
Licenses, permits, and special assessments	118,174
Intergovernmental	776,530
Charges for services	333,995
Interest earnings	2,435
Miscellaneous	115,599
Total revenues	2,068,904
Expenditures	
Current:	
General government	585,239
Public safety	490,233
Physical environment	357,136
Transportation	116,113
Culture and recreation	17,744
Capital outlay	639,323
Debt service:	
Principal	14,666
Interest	1,427
Total expenditures	2,221,881
Excess of expenditures over revenues	(152,977)
Other financing sources	
Proceeds from issuance of debt	46,000
Net change in fund balances	(106,977)
Fund balances, beginning of year	1,844,442
Fund balances, end of year	\$ 1,737,465

See accompanying notes to the financial statements.

**TOWN OF CROSS CITY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balances - total governmental funds **\$ (106,977)**

Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	639,323
Depreciation expense	(115,936)

Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.

These amounts are as follows:

Principal repayment of general long-term debt	14,666
Issuance of governmental long-term debt	(46,000)

Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized in accordance with GASB Statement No. 68.

Change in net pension liability and deferred inflows/outflows related to pensions	122,406
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Change in compensated absences liability	(27,180)
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Revenues not received within the period of "availability" are deferred at the fund level and recognized in the statement of activities

Change caused by the "availability" criterion	111,117
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Change in net position of governmental activities	\$ 591,419
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See accompanying notes to the financial statements.

**TOWN OF CROSS CITY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024**

	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,341,847
Accounts receivable, net	208,223
Inventory	23,870
Due from other funds	15,521
Total current assets	2,589,461
Noncurrent assets:	
Restricted cash and cash equivalents	1,310,992
Unrestricted investments	327,681
Restricted investments	252,163
Capital assets:	
Land	1,368,071
Building and improvements	546,161
Infrastructure (other than buildings)	24,475,191
Equipment	692,787
Accumulated depreciation	(13,340,817)
Total noncurrent assets	15,632,229
Total assets	\$ 18,221,690
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	\$ 131,572

(continued)

**TOWN OF CROSS CITY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Concluded)
SEPTEMBER 30, 2024**

LIABILITIES

Current liabilities:

Accounts payable	\$	61,269
Accrued expenses		18,498
Customer deposits		124,647
Unearned revenue		8,217
Compensated absences		43,465
Payable from restricted assets:		
Bonds and notes payable, current portion		149,324
Accrued interest payable		8,387
Total current liabilities		413,807

Noncurrent liabilities:

Bonds and notes payable		2,573,916
Compensated absences		10,866
Net pension liability		517,522
Total noncurrent liabilities		3,102,304

Total liabilities	\$	3,516,111
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	\$	53,886
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NET POSITION

Net investment in capital assets	\$	11,018,153
Restricted for:		
Debt service		466,340
Construction		1,088,428
Unrestricted		2,210,344
Total net position	\$	14,783,265

See accompanying notes to the financial statements.

TOWN OF CROSS CITY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Utility Fund
Operating revenues	
Charges for services	\$ 1,662,654
Miscellaneous income	1,241
Total operating revenues	1,663,895
Operating expenses	
Personnel	555,934
Contractual services	849,859
Depreciation	600,527
Total operating expenses	2,006,320
Operating loss	(342,425)
Nonoperating revenues (expenses)	
Interest earnings	33,239
Interest expense	(76,077)
Total nonoperating revenues (expenses)	(42,838)
Income (loss) before capital contributions and transfers	(385,263)
Capital contributions and impact fees	1,400
Change in net position	(383,863)
Net position, beginning of year	15,167,128
Net position, end of year	\$ 14,783,265

See accompanying notes to the financial statements.

**TOWN OF CROSS CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Utility Fund
Cash flows from operating activities	
Cash received from customers	\$ 1,622,078
Cash paid to employees	(397,894)
Cash paid to suppliers	(837,413)
Net cash provided by operating activities	386,771
Cash flows from noncapital financing activities	
Repayments of internal fund balances	73,891
Net cash provided by noncapital financing activities	73,891
Cash flows from capital and related financing activities	
Impact fees	1,400
Acquisition and construction of capital assets	(52,270)
Principal payments of long-term debt	(176,591)
Interest paid	(74,092)
Net cash used in capital and related financing activities	(301,553)
Net change in cash and cash equivalents	189,935
Cash and cash equivalents, beginning of year	3,462,904
Cash and cash equivalents, end of year	\$ 3,652,839
Cash and cash equivalents classified as:	
Unrestricted	\$ 2,341,847
Restricted	1,310,992
Total cash and cash equivalents	\$ 3,652,839
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (342,425)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	600,527
Changes in assets and liabilities:	
Accounts receivable	(24,089)
Inventories	1,812
Prepaid items	3,858
Accounts payable and accrued liabilities	6,776
Deposits	(17,995)
Unearned revenue	267
Compensated absences	21,127
Deferred inflows and outflows	(928)
Net pension liability	137,841
Net cash provided by operating activities	\$ 386,771

See accompanying notes to the financial statements.

TOWN OF CROSS CITY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies:

The financial statements of the Town of Cross City, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the Town has adopted the GASB Codification. The following is a summary of the Town's significant accounting policies:

- (a) **Reporting entity** — Town of Cross City, Florida (the Town) was established under Section 10426, Laws of Florida, in 1925.

As required by generally accepted accounting principles, the accompanying financial statements present the Town as a primary government. Component units are entities for which the Town is considered to be financially accountable or entities that would be misleading to exclude. There are no blended or discretely presented component units included in the Town's financial reporting.

- (b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Generally, internal interfund activity has been eliminated from the government-wide financial statements. However, charges between the Town's water and sewer fund and other governmental functions are not eliminated because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Net Position reports the Town's financial position as of the end of the fiscal year. In this statement, the Town's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. The Statement of Activities is displayed using a net cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and other revenues not properly included among program revenues.

- (c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Town reports the following major governmental fund:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary fund:

The **Utility Fund** accounts for the financial activities of the Town's potable water utility system, including the pumping, treatment, and distribution systems.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(g) **Deposits and investments**—The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the Town at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Capital assets**—Capital assets include property, plant, equipment, and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and improvements	30 years
Furniture and equipment	3 - 10 years
Water and sewer system	40 - 50 years

(j) **Compensated absences**— The Town's personnel policies allow for limited vesting of employee vacation pay and accumulated sick leave. The liability for compensated absences is accrued when incurred in the government-wide financial statements. In the fund financial statements, for the General Fund, a liability for compensated absences is reported to the extent that the liability will be liquidated with expendable available financial resources.

(k) **Property taxes**—The Dixie County Tax Collector bills and collects property taxes for the Town. In governmental funds, property tax revenues are recognized with levied, to the extent that they result in current receivables.

Levy date	October 1
Due date	March 31, of the following year
Delinquency date	April 1, of the following year
Lien date	before June 1, of the following year

(l) **Long-term obligations**—In the government-wide financial statements, and for 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. Debt issuance costs are expensed when paid.

(m) **Deferred outflows/inflows of resources** — In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only items in this category consisted of deferred amounts related to pension, as discussed further in Note 8.

In addition to liabilities, the statement of financial position and General Fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the two items in this category are deferred inflows related to revenues that have been earned but are not received in the period of “availability,” and deferred inflows of resources related to pensions, as discussed further in Note 8.

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as the fund balance of the permanent fund which was restricted in perpetuity by referendum.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Council are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the Town Council the Town Council or (b) a body or official to which the Town Council has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the Town's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(o) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 2 – Reconciliation of Government-Wide and Fund Financial Statement:

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

Note 3 – Deposits and Investments:

The Town's cash and cash equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2024, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

The Town held no assets or investments carried at fair value at September 30, 2024, and subject to the required disclosures of GASB 72. All of the Town's investments were comprised of certificates of deposits, recorded at cost plus accrued interest, which approximates fair value.

Note 4 – Accounts Receivable:

The Town's accounts receivable consists of the following at September 30, 2024:

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
General Fund			
Accounts receivable	\$ 49,480	\$ (7,349)	\$ 42,131
Total - Governmental Activities	<u>49,480</u>	<u>(7,349)</u>	<u>42,131</u>
Business-type Activities:			
Water and Sewer Fund			
Accounts receivable	243,894	(35,671)	208,223
Total - Business-type Activities	<u>243,894</u>	<u>(35,671)</u>	<u>208,223</u>
Totals	<u>\$ 293,374</u>	<u>\$ (43,020)</u>	<u>\$ 250,354</u>

Note 5 – Capital Assets:

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets:				
Non-depreciable capital assets:				
Land	\$ 262,051	\$ -	\$ -	\$ 262,051
Construction in Progress	9,261	51,000		60,261
Total non-depreciable capital assets	<u>271,312</u>	<u>51,000</u>	<u>-</u>	<u>322,312</u>
Depreciable capital assets:				
Building and improvements	444,691	33,271	-	477,962
Land improvements	1,242,145	-	-	1,242,145
Furniture and equipment	1,662,976	555,052	-	2,218,028
Total depreciable capital assets	<u>3,349,812</u>	<u>588,323</u>	<u>-</u>	<u>3,938,135</u>
Less: accumulated depreciation	<u>(2,429,703)</u>	<u>(115,936)</u>	<u>-</u>	<u>(2,545,639)</u>
Total depreciable capital assets, net	<u>920,109</u>	<u>472,387</u>	<u>-</u>	<u>1,392,496</u>
Governmental activities capital assets, net	<u>\$ 1,191,421</u>	<u>\$ 523,387</u>	<u>\$ -</u>	<u>\$ 1,714,808</u>
Business-type activities:				
Capital assets:				
Non-depreciable capital assets:				
Land	\$ 1,368,071	\$ -	\$ -	\$ 1,368,071
Construction in progress	248,678	15,058	263,736	-
Total non-depreciable capital assets	<u>1,616,749</u>	<u>15,058</u>	<u>263,736</u>	<u>1,368,071</u>
Depreciable capital assets:				
Building improvements	538,161	8,000	-	546,161
Furniture and equipment	399,839	292,948	-	692,787
Water plant	14,324,664	-	-	14,324,664
Sewer plant	10,150,527	-	-	10,150,527
Total depreciable capital assets	<u>25,413,191</u>	<u>300,948</u>	<u>-</u>	<u>25,714,139</u>
Less: accumulated depreciation	<u>(12,740,290)</u>	<u>(600,527)</u>	<u>-</u>	<u>(13,340,817)</u>
Total depreciable capital assets, net	<u>12,672,901</u>	<u>(299,579)</u>	<u>-</u>	<u>12,373,322</u>
Business-type activities capital assets, net	<u>\$ 14,289,650</u>	<u>\$ (284,521)</u>	<u>\$ 263,736</u>	<u>\$ 13,741,393</u>

Depreciation expense was charged to functions/programs to the Town as follows:

Governmental activities:	
General government	\$ 13,960
Public safety	45,558
Physical environment	535
Transportation	29,807
Culture and recreation	26,076
Total depreciation expense - governmental activities	<u>\$ 115,936</u>
Business -type activities:	
Water and sewer	\$ 600,527
Total depreciation and amortization expense - business-type activities	<u>\$ 600,527</u>

Note 6 – Noncurrent Liabilities:

For the fiscal year ended September 30, 2024, a summary of the noncurrent liability transactions for the Town is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due within one year
Governmental activities:					
Long-term Debt					
Notes payable	\$ 13,522	\$ 46,000	\$ (14,666)	\$ 44,856	\$ 13,142
Compensated absences	70,575	27,180	-	97,755	78,204
Net pension liability	1,185,379	-	(216,624)	968,755	-
Governmental activity long-term liabilities	<u>\$ 1,269,476</u>	<u>\$ 73,180</u>	<u>\$ (231,290)</u>	<u>\$ 1,111,366</u>	<u>\$ 91,346</u>

	Beginning Balance	Increase	Decrease	Ending Balance	Due within one year
Business -type activities					
Long-term Debt					
Bonds payable	\$ 2,486,000	\$ -	\$ (133,000)	\$ 2,353,000	\$ 139,000
Notes payable	413,831	-	(43,591)	370,240	10,324
Compensated absences	33,204	21,127	-	54,331	43,465
Net pension liability	379,681	137,841	-	517,522	-
Business-type activity long-term liabilities	<u>\$ 3,312,716</u>	<u>\$ 158,968</u>	<u>\$ (176,591)</u>	<u>\$ 3,295,093</u>	<u>\$ 192,789</u>

Annual debt service requirements to maturity for the Town's long-term debt is as follows:

Governmental Activities			
Year Ending September 30,	Principal	Interest	Total
2025	\$ 13,142	\$ 2,017	\$ 15,159
2026	11,400	1,415	12,815
2027	12,023	792	12,815
2028	8,291	165	8,456
Total	<u>\$ 44,856</u>	<u>\$ 4,389</u>	<u>\$ 49,245</u>

Business-type Activities			
Year Ending September 30,	Principal	Interest	Total
2025	\$ 183,879	\$ 65,500	\$ 249,379
2026	124,190	58,074	182,264
2027	127,539	54,464	182,003
2028	131,928	50,742	182,670
2029	112,003	46,212	158,215
2030-2034	451,701	200,180	651,881
2035-2039	359,000	154,254	513,254
2040-2044	401,000	114,389	515,389
2045-2049	443,000	70,019	513,019
2050-2053	389,000	20,846	409,846
Total	<u>\$ 2,723,240</u>	<u>\$ 834,680</u>	<u>\$ 3,557,920</u>

Long-term debt in the Town's governmental activities at September 30, 2024, are comprised of the following obligations:

Note payable, dated January 13, 2021, due in monthly payments of \$957, including interest at 3.35% through January 13, 2025	\$ 2,333
Note payable, dated April 24, 2024, due in monthly payments of \$1,068, including interest at 5.33% through April 24, 2028	45,523
Total notes payable	<u>\$ 47,856</u>

Long-term debt in the Town's business-type activities at September 30, 2024, are comprised of the following obligations:

State Revolving Fund note payable, dated March 24, 1999, due in semi-annual payments of \$27,645, including interest at 2.58% to 2.99% through May 14, 2033. Repayment of loan balance is secured by a pledge of water and sewer revenues.	\$ 370,240
Water and Sewer Bonds (1986 Series); Due in instalments of \$7,000 to \$62,000, from September 1, 1988 through September 1, 2025; interest at 6.250%; Repayment of loan balance is secured by a pledge of water and sewer revenues.	62,000
Water and Sewer Bonds (1988 Series); Due in instalments of \$4,000 to \$24,000, from September 1, 1990 through September 1, 2028; interest at 5.000%; Repayment of loan balance is secured by a pledge of water and sewer revenues.	88,000
Water and Sewer Bonds (2013 Series); Due in instalments of \$44,000 to \$65,000, from September 1, 2014 through September 1, 2053; interest at 2.125%; Repayment of loan balance is secured by a pledge of water and sewer revenues.	2,203,000
Total notes payable	<u>\$ 2,723,240</u>

Note 7 – Interfund Balances and Transfers:

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2024, are comprised of the following:

	<u>Due from other Funds</u>	<u>Due to other Funds</u>
Governmental Activities		
General Fund	\$ -	\$ 15,521
Business-type Activities		
Water and Sewer Fund	15,521	-
Total - all funds	<u>\$ 15,521</u>	<u>\$ 15,521</u>

Note 8 – Employee’s Retirement Plans

General Information about the Pension Plan

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Town’s full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Town are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS 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. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45, and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan 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.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed

96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State’s Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department’s Web site (www.myfloridacfo.com).

An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
 Division of Retirement, Research and Education Services
 P.O. Box 9000
 Tallahassee, FL 32315-9000
 850-488-5706 or toll free at 877-377-1737

Contributions

The Town participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2024, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2024	After June 30, 2024
Regular Class	13.57%	13.63%
Special Risk Class	39.82%	39.82%
Senior Management	34.52%	34.52%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll through June 30, 2024 and remained 2.00% thereafter, which are included in the rates above.

For the plan year ended June 30, 2024, actual contributions made for employees participating in FRS and HIS were as follows:

Contributions – FRS	\$ 205,975
Contributions – HIS	17,550
Employee Contributions – FRS	22,393

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

At September 30, 2024, the entity reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 1,217,267
HIS	269,010
Total	<u>\$ 1,486,277</u>

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2024 and June 30, 2023, the Town's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2024	2023
FRS	0.003146636%	0.003194276%
HIS	0.001793282%	0.001840160%

For the plan year ended June 30, 2024, pension expense was recognized related to the FRS and HIS plans as follows:

Plan	Expenses Recognized
FRS	\$ 223,808
HIS	14,224
Total	<u>\$ 238,032</u>

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,977	\$ -	\$ 2,597	\$ 517
Changes of assumptions	166,838	-	4,761	31,847
Net different between projected and actual investment earnings	-	80,906	-	97
Change in proportionate share	30,937	34,116	8,852	7,272
Contributions subsequent to measurement date	37,564	-	3,338	-
	<u>\$ 358,316</u>	<u>\$ 115,022</u>	<u>\$ 19,548</u>	<u>\$ 39,733</u>

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

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2025	\$ 32,046	\$ (4,110)	\$ 27,936
2026	(42,078)	(2,492)	(44,570)
2027	192,290	(4,146)	188,144
2028	18,266	(8,132)	10,134
2029	5,229	(4,308)	921
Thereafter	(23)	(335)	(358)
	<u>\$ 205,730</u>	<u>\$ (23,523)</u>	<u>\$ 182,207</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. The plan's 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 Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for

the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for FRS and HIS were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2022, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward- looking capital market economic model.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equities	45.0%	8.6%	7.0%	18.2%
Real estate	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed inflation			2.4%	1.5%

(1) As outlined in Pension Plan's investment policy

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

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	\$ 2,079,340	\$ 1,217,267	\$ 496,040
HIS	3.93%	306,898	269,010	237,603
		\$ 2,386,238	\$ 1,486,277	\$ 733,643

Note 9 – Risk Management:

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

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

Note 10 – Other Post-Employment Benefits (OPEB):

Florida law provides for the opportunity to continue healthcare coverage for retirees of the Town through the Florida Health Insurance Coverage Continuation Act (Florida Continuation). Due to the fact that there were no retirees participating in Florida Continuation during the year, and it is anticipated that this situation will continue in the future because most employees work until they are eligible for Medicare benefit, management has determined that the Town's OPEB obligation at year-end is a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with other post-employment benefit-related GASB reporting and disclosure requirements.

Note 11 – Contingencies and Uncertainties:

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town is involved in various legal proceedings incidental to the conduct of its affairs. It is the Town's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2024, no amounts have been accrued.

Note 12 - Future Accounting Pronouncements:

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. This Statement requires that governments disclose essential information about risks related to certain vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial

statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

Note 13 - Recent Accounting Pronouncements:

In June 2022, the Government Accounting Standards Board (GASB) implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The purpose of this statement is to improve the consistency and transparency of financial reporting by providing clearer guidance on the classification, reporting, and disclosure of accounting changes and errors. The District has adopted this standard in the fiscal period ending September 30, 2024. The implementation of GASB 100 has not had a material impact on the government's financial position or the results of operations.

**TOWN OF CROSS CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024**

TOWN OF CROSS CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 681,900	\$ 681,900	\$ 722,171	\$ 40,271
Licenses, permits, and special assessments	100,000	100,000	118,174	18,174
Intergovernmental	195,900	195,900	776,530	580,630
Charges for services	270,100	270,100	333,995	63,895
Fines and forfeitures	3,450	3,450	-	(3,450)
Investment income	-	-	2,435	2,435
Miscellaneous	6,352,649	6,352,649	115,599	(6,237,050)
Total revenues	<u>7,603,999</u>	<u>7,603,999</u>	<u>2,068,904</u>	<u>(5,535,095)</u>
Expenditures				
General government	504,500	504,500	585,239	(80,739)
Public safety	636,500	636,500	490,233	146,267
Transportation	103,000	103,000	357,136	(254,136)
Physical environment	297,000	297,000	116,113	180,887
Culture and recreation	9,500	9,500	17,744	(8,244)
Capital outlay	6,199,149	6,199,149	639,323	5,559,826
Debt service:		-		
Principal	12,000	12,000	14,666	(2,666)
Interest	2,000	2,000	1,427	573
Total expenditures	<u>7,763,649</u>	<u>7,763,649</u>	<u>2,221,881</u>	<u>5,541,768</u>
Excess of revenues over expenditures	<u>(159,650)</u>	<u>(159,650)</u>	<u>(152,977)</u>	<u>6,673</u>
Other financing sources				
Proceeds from issuance of debt	-	-	46,000	46,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>46,000</u>	<u>46,000</u>
Net change in fund balances	<u>(159,650)</u>	<u>(159,650)</u>	<u>(106,977)</u>	<u>52,673</u>
Fund balances, beginning of year	1,844,442	1,844,442	1,844,442	-
Fund balances, end of year	<u>\$ 1,684,792</u>	<u>\$ 1,684,792</u>	<u>\$ 1,737,465</u>	<u>\$ 52,673</u>

See accompanying notes.

**TOWN OF CROSS CITY, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

A. Budgetary Information:

The annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Clerk submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Revisions that alter the total expenditures of any fund must be approved by the Town Council. The fund is the legal level of control.

The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

TOWN OF CROSS CITY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the net pension liability	0.003146636%	0.003194276%	0.003058434%	0.003072252%	0.003283812%	0.003010588%	0.003134676%	0.002630915%	0.002723169%	0.002677384%
Town's Proportionate share of the net pension liability	\$ 1,217,267	\$ 1,272,818	\$ 1,137,983	\$ 232,074	\$ 1,423,253	\$ 1,069,622	\$ 944,181	\$ 778,474	\$ 687,602	\$ 345,820
Town's Covered employee payroll	748,845	729,211	647,867	624,545	587,564	564,067	562,184	568,877	551,251	549,337
Town's Proportionate share of the net pension liability as a percentage of covered employee payroll	162.55%	174.55%	175.65%	37.16%	242.23%	189.63%	167.95%	136.84%	124.73%	62.95%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Town's Proportion of the net pension liability	0.001793282%	0.001840160%	0.001777372%	0.001763767%	0.001692582%	0.001686239%	0.001708560%	0.001760723%	0.001783402%	0.001810712%
Town's Proportionate share of the net pension liability	\$ 269,010	\$ 292,242	\$ 188,252	\$ 216,353	\$ 206,661	\$ 188,673	\$ 182,137	\$ 188,265	\$ 207,848	\$ 184,664
Town's Covered employee payroll	748,845	729,211	647,867	624,545	587,564	564,067	562,184	568,877	551,251	549,337
Town's Proportionate share of the net pension liability as a percentage of covered employee payroll	35.92%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.09%	37.70%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note 1: The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System.

Note 2: For changes in actuarial assumptions see notes to financial statements.

**TOWN OF CROSS CITY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

<u>Florida Retirement System (FRS)</u>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 226,610	\$ 163,266	\$ 130,509	\$ 119,652	\$ 109,107	\$ 96,305	\$ 89,336	\$ 70,814	\$ 68,753	\$ 64,753
Contributions in relation to the contractually required contribution	(226,610)	(163,266)	(130,509)	(119,652)	(109,107)	(96,305)	(89,336)	(70,814)	(68,753)	(64,753)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 749,385	\$ 759,239	\$ 647,867	\$ 629,692	\$ 587,564	\$ 564,067	\$ 562,184	\$ 568,877	\$ 551,251	\$ 549,337
Contributions as a percentage of covered-employee payroll	30.24%	21.50%	20.14%	19.00%	18.57%	17.07%	15.89%	12.45%	12.47%	11.79%
<u>Health Insurance Subsidy Program (HIS)</u>										
Contractually required contribution	\$ 19,308	\$ 13,266	\$ 10,755	\$ 10,453	\$ 9,754	\$ 9,364	\$ 9,332	\$ 9,094	\$ 9,484	\$ 7,341
Contributions in relation to the contractually required contribution	(19,308)	(13,266)	(10,755)	(10,453)	(9,754)	(9,364)	(9,332)	(9,094)	(9,484)	(7,341)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 749,385	\$ 759,239	\$ 647,867	\$ 629,692	\$ 587,564	\$ 564,067	\$ 562,184	\$ 568,877	\$ 551,251	\$ 549,337
Contributions as a percentage of covered-employee payroll	2.58%	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

Note 1: The amounts presented for each year were determined as of the September 30 year end of the Town.

TOWN OF CROSS CITY, FLORIDA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND REQUIRED CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year End September 30, 2024

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2024, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$237,370,289,000	\$ 15,757,751,902
Plan fiduciary net position	(198,685,586,034)	(756,775,056)
	\$ 38,684,702,966	\$ 15,000,976,846
 Plan fiduciary net position as a percentage of the total pension liability	 83.70%	 4.80%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2015 through 2024, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2024, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported, and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018 through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The Plan's 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 the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Pub-2010 base table.

The following changes in actuarial assumptions occurred in 2024:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect the recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

**TOWN OF CROSS CITY, FLORIDA
SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024**



Powell and Jones CPA

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Lake City, FL 32025
Phone 386.755.4200

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

To the Honorable Mayor and Town Council,
Town of Cross City, Florida:

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Cross City, Florida (the Town) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 certain deficiencies in internal controls, described in the accompanying schedule of findings described as 2024-001 and 2024-002 that we consider to be a material weaknesses and items 2024-003, 2024-004, and 2024-005 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

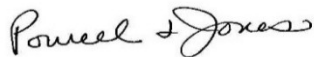
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Cross City, Florida's Response to Findings

The Town's response to the findings identified in our audit are described in the accompanying Management's Response to Current Year's Findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Powell & Jones CPA
Lake City, Florida
November 28, 2025



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL

To the Honorable Mayor and Town Council,
Town of Cross City, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Cross City, Florida (the Town), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated November 28, 2025.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated November 28, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Uncorrected Audit Findings.

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2022-2023 FY Finding No.	2021-2022 FY Finding #
2024-003	2023-003	2022-003
2024-004	2023-004	2022-004

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Town 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 Town. It is management's responsibility to monitor the Town'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 the 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 have no additional recommendations beyond what is described in the accompanying schedule of findings.

Property Assessed Clean Energy (PACE) Programs

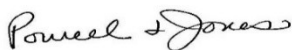
As required by Section 10.554(1)(i)6a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Town's geographical boundaries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

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 have 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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Board of Commissioners, management, others within the Town, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Powell and Jones CPA
Lake City, Florida
November 28, 2025



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
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INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and Town Council,
Town of Cross City, Florida:

We have examined the Town of Cross City, Florida's (the Town)'s compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (The Statute), for the year ended September 30, 2024. Management is responsible for the Town's compliance with the Statute. Our responsibility is to obtain reasonable assurance by evaluating the Town's compliance with the Statute and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

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

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

Powell and Jones CPA
Lake City, Florida
November 28, 2025

TOWN OF CROSS CITY, FLORIDA
SCHEDULE OF FINDINGS
For the Fiscal Year Ended September 30, 2024

Current Year Findings:

Material Weaknesses

Finding 2024-001 – Material Misclassification of Investment Balances

Condition: During the audit, we identified a material misstatement in the General Fund’s investment account balance. The full balance of one of the Town’s certificates of deposit (CD), totaling \$155,179, had been recorded as a transaction in the statement of activities rather than as an investment asset on the balance sheet. This error was corrected through an audit adjustment.

Criteria: Under GASB standards, deposits and investments—including certificates of deposit—are required to be reported as assets in the governmental fund balance sheet (GASB Codification Sections 1500 and 3100). Impacting the income statement is appropriate only for interest earnings or changes in fair value, not for the principal amount of an investment. Additionally, Section 218.33, Florida Statutes, requires municipalities to follow uniform accounting principles and maintain reliable financial records, reinforcing the need for proper classification of assets.

Cause: The Town’s financial closeout procedures were not sufficiently designed to detect the misclassification during the year-end review process.

Effect: Absent audit intervention, the Town’s financial statements would have reported a materially misstated investment balance, resulting in inaccurate financial reporting and noncompliance with applicable accounting standards.

Recommendation: We recommend that the Town strengthen its year-end financial closeout procedures by reconciling the bank balance of each certificate of deposit to the corresponding book balance and recording any necessary adjustments. Implementing this control will help ensure accurate classification of investment assets and compliance with GASB and statutory requirements.

Finding 2024-002 – Failure to Accrue Reimbursable Grant Expenditures

Condition: During our audit, we identified multiple instances in which reimbursable grant expenditures totaling \$111,117 were not recorded as receivables (Due From Other Governments) at year-end. Although the related grant expenditures had been incurred and eligibility requirements were met, the reimbursements were not received within the period of availability required for revenue recognition under modified accrual accounting. As a result, these amounts should have been recorded as a receivable and a Deferred Inflow of Resources in the General Fund. Failure to do so required an audit adjustment to properly state Due From Other Governments and Deferred Inflows of Resources.

Criteria: Under GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, grant revenues in the government-wide financial statements must be recognized when all eligibility requirements have been met, regardless of when the cash is received. When grant expenditures have been incurred and meet eligibility criteria, a government must record a receivable for the related reimbursement.

Additionally, GASB requires that governmental funds record earned but unavailable revenue as a Deferred Inflow of Resources. GASB Codification Sections 1600 and 1800 require that financial statements present all measurable and earned amounts at year-end to ensure accurate reporting of intergovernmental revenues.

Cause: The Town does not have adequate internal controls or tracking processes in place to ensure that reimbursable grant expenditures are identified, communicated, and recorded in the period in which they are earned. Responsibilities for monitoring grant activity are not clearly assigned and communication between departments is insufficient.

Effect: As a result of these control deficiencies, the Town's financial statements would have been materially misstated in its Due From Other Governments and Deferred Inflows of Resources balances without audit intervention. The failure to identify and accrue reimbursable amounts indicates that the Town's internal controls over financial reporting are not operating effectively and do not prevent or detect material misstatements.

Recommendation: We recommend that the Town establish and implement formal internal controls over grant tracking and reporting. A specific employee should be assigned responsibility for monitoring grant expenditures and promptly communicating incurred amounts to the Town Clerk and the contracted accountant. This process should ensure that all reimbursable amounts are properly identified and recorded in the period in which they are earned, in accordance with GASB revenue-recognition requirements.

Significant Deficiencies

Finding 2024-003 – Accounting Policies and Procedures

Condition: During the audit, it was noted that the Town does not maintain a documented procedures manual for its finance and accounting functions.

Criteria: Section 218.33, Florida Statutes, requires municipalities to adhere to uniform accounting practices and procedures that are established by state rule. Documented accounting procedures, clearly assigned duties, and written instructions are a fundamental internal control mechanism that help ensure:

- Consistent application of accounting practices,
- Prevention and detection of errors,
- Efficient and complete performance of tasks, and
- Compliance with prescribed uniform accounting procedures.

The absence of written procedures increases the risk that staff may rely on informal or inconsistent practices that are not aligned with statutory requirements of GAAP.

Cause: While the Town has many necessary accounting procedures in place and current personnel are familiar with their individual duties, management has not formalized these procedures in a comprehensive manual. The institutional knowledge maintained by existing staff has reduced the perceived need for formally documenting finance and accounting processes.

Effect: Without documented procedures, new or reassigned employees may lack adequate guidance on required accounting processes. This increases the risk of inconsistent practices, errors, or delays, which may ultimately result in inaccurate or incomplete accounting records and reduce the Town's ability to demonstrate adherence to uniform accounting procedures required by state law.

Recommendation: We recommend the Town develop a written accounting and finance procedures manual. This manual should codify existing processes, including but not limited to accounts payable, credit card usage, cash receipting, and daily closeout procedures. Establishing formal written procedures will help ensure consistent application of controls, provide a training resource for new employees, and strengthen compliance with statutory accounting requirements.

Finding 2024-004 – Impact Fee Accounting

Condition: At year-end the Town’s impact fees were not recorded in a separate accounting fund.

Criteria: Effective in fiscal year 2021, the State of Florida amended Section 163.3801(4)(b), Florida Statutes, to require the impact fee revenues and expenditures be accounted for in a separate fund. This requirement ensures transparency, proper tracking of restricted revenues, and compliance with statutory limitations governing the use of impact fees.

Cause: The Town receives a minimal amount of impact fees annually and has concluded that the activity does not materially affect the financial statements. As a result, management determined that establishing a separate fund solely for immaterial transactions was not cost-effective. This led to the Town electing not to separately track impact fee activity in accordance with state law.

Effect: The Town is not in compliance with Section 163.31801(4)(b), Florida Statutes. Continued noncompliance may limit the Town’s ability to demonstrate appropriate use of impact fees, reduce financial transparency, or result in regulatory scrutiny.

Recommendation: We recommend that the Town begin accounting for impact fee revenues and related expenditures in a separate fund in the next fiscal year to ensure compliance with state statutory requirements. Doing so will improve transparency, strengthen financial reporting, and establish a clear audit trail for the collection and use of restricted impact fee resources.

Finding 2024-005 – Inaccurate Estimation of Accrued Compensated Absences

Condition: The Town’s estimate of its accrued compensated absences liability was based on incorrect assumptions, resulting in an understatement of the liability. Specifically, the Town calculated the sick leave payout using 25% of the available sick leave hours rather than applying the full amount permitted under Town policy.

Criteria: According to Town policy, employees are eligible to receive payment upon amicable separation for up to 240 hours of annual leave and up to 480 hours of sick leave. The Town’s compensated absences estimate, however, assumed employees were entitled to 240 hours of annual leave and only 25% of sick leave (up to 480 hours). Estimates of compensated absences should be based on the full payout amounts specified in current policy to ensure accurate liability reporting.

Cause: The spreadsheet used to calculate the accrued compensated absences liability had been rolled forward from prior years and was not updated to reflect the current policy parameters. As a result, the estimate relied on outdated assumptions, leading to the observed understatement.

Effect: Although the resulting misstatement did not materially impact the financial statements as a whole, the understatement was significant enough to warrant adjustment and indicates a need for improved controls over the preparation of liability estimates.

Recommendation: We recommend that the Town update the compensated absences estimation worksheet to align with the payout provisions in the current policy. Regular review of the underlying assumptions and parameters should be incorporated into year-end close-out procedures to ensure future estimates are accurate and comply with Town policies.

Prior Year Findings:

2023-001 – Segregation of Duties

Due to the limited number of people working for the Town, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions. To mitigate the risk of error and fraud, key financial duties should be segregated to the extent possible.

This situation was substantially corrected in the current year.

2023-002 – Reconciliation of General Ledger Account Balances

Various audit adjustments were required to correct general ledger account balances due to misclassifications in the original posting, reversal of prior year entries, or missing current-year accruals. The Town's controls should include periodic reconciliations of significant account balances, including full accrual-based reconciliations at fiscal-year end to ensure all amounts have been appropriately recorded and budgeted for. We recommend the Town increase its review of such transactions, including a review for proper cutoff at the fiscal year-end, to help ensure completeness and accuracy of all financial reporting.

This situation was substantially corrected in the current year.

2023-003 – Accounting Policies and Procedures

We noted that the Town does not have an accounting procedures manual. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions that management performs. It will take some time and effort for management to complete this manual; however, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.

This finding was repeated as 2024-003.

2023-004 – Impact Fee Accounting

At year-end, the Town's impact fees were not being recorded in a separate fund. In fiscal year 2021, the State of Florida adopted a bill modifying Section 163.31801 (4b). Florida Statutes, which requires impact fees to be recorded in a separate accounting fund. We recommend the Town transition its impact fees to a separate fund in fiscal year 2022 and in the fiscal year 2023 budget process.

This finding was repeated as 2024-004.

2023-005 – City Manager Contract

We noted the City Manager does not have a formal contract or agreement with the Town. We recommend that the Town have a formal written agreement in place to ensure the wages agreed upon are paid properly and accurately.

This situation was substantially addressed in the current year.



Cross City FLORIDA

"Biggest Little Town in Dixie"

P.O. Box 417/99 NE 210th Avenue, Cross City, FL 32628 (352)498-3306

Kenneth Lee, Council Member
Ryan Fulford, Mayor
Angela Carter, Council Member
Sheila Watson, City Clerk
John Driggers, City Manager

Charlie Heidelberg, Council Member
Kirk Marhefka, Vice Mayor
Jamey King, Chief of Police
Joseph Henderson, City Supt.
George Edmonds, Utility Supt.

RESPONSE TO AUDIT FINDING FY 23-24

FINDING 2024-001

The city will adhere to the recommendation presented by the auditor regarding the strengthening of its year-end financial closeout procedures by reconciling the bank balance of each certificate of deposit to the corresponding book balance and recording any necessary adjustments. This will suffice all statutory requirements.

FINDING 2024-002

The recommendations presented by the auditor are already in place at current time. There is a Grant Fund Tracking form that is in place and will continue to be used. All departments that are involved in this procedure will continue to follow this form.

FINDING 2024-003

The town will develop a written accounting and finance procedure manual

FINDING 2024-004

The Impact Fee account will be established separately from other accounts.

FINDING 2024-005

The town will update the compensated absences worksheet to align with the payout provision in the current policy.

John Driggers
City Manager
Town of Cross City