

GOING FURTHER

CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024**

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CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT SEPTEMBER 30, 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crystal River, Florida (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the General Fund and Community Redevelopment Agency budget comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bradenton, Florida
June 6, 2025

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CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

As management of the City of Crystal River, Florida, (the "City") we offer readers of the City of Crystal River, Florida's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, developmental services, and culture and recreation. The business-type activities of the City include water, sewer, sanitation and a City wildlife refuge operations.

The government-wide financial statements can be found on pages 18 through 20 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: (1) governmental funds, and (2) proprietary funds.

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

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Improvement Fund, and Community Redevelopment, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements can be found on pages 55 and 56 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$65,105,281 at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 58%, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

City of Crystal River, Florida's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 22,413,609	\$ 14,885,599	\$ 10,692,281	\$ 9,654,024	\$ 33,105,890	\$ 24,539,623
Capital assets	17,565,766	17,554,574	30,517,880	31,169,893	48,083,646	48,724,467
Total assets	<u>39,979,375</u>	<u>32,440,173</u>	<u>41,210,161</u>	<u>40,823,917</u>	<u>81,189,536</u>	<u>73,264,090</u>
Total deferred outflows of resources	<u>737,954</u>	<u>792,267</u>	<u>208,062</u>	<u>193,829</u>	<u>946,016</u>	<u>986,096</u>
Other liabilities	1,773,872	2,773,730	893,698	773,924	2,667,570	3,547,654
Long-term liabilities	10,413,413	5,832,827	3,477,124	3,976,067	13,890,537	9,808,894
Total liabilities	<u>12,187,285</u>	<u>8,606,557</u>	<u>4,370,822</u>	<u>4,749,991</u>	<u>16,558,107</u>	<u>13,356,548</u>
Total deferred inflows of resources	<u>398,637</u>	<u>212,866</u>	<u>73,527</u>	<u>14,184</u>	<u>472,164</u>	<u>227,050</u>
Net position:						
Net investment in capital assets	10,032,550	14,834,341	27,773,245	27,877,303	37,805,795	42,711,644
Restricted	10,357,192	3,684,065	2,316,750	1,843,624	12,673,942	5,527,689
Unrestricted	7,741,665	5,894,611	6,883,879	6,532,644	14,625,544	12,427,255
Total net position	<u>\$ 28,131,407</u>	<u>\$ 24,413,017</u>	<u>\$ 36,973,874</u>	<u>\$ 36,253,571</u>	<u>\$ 65,105,281</u>	<u>\$ 60,666,588</u>

An additional portion of the City's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining \$14,625,544 balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

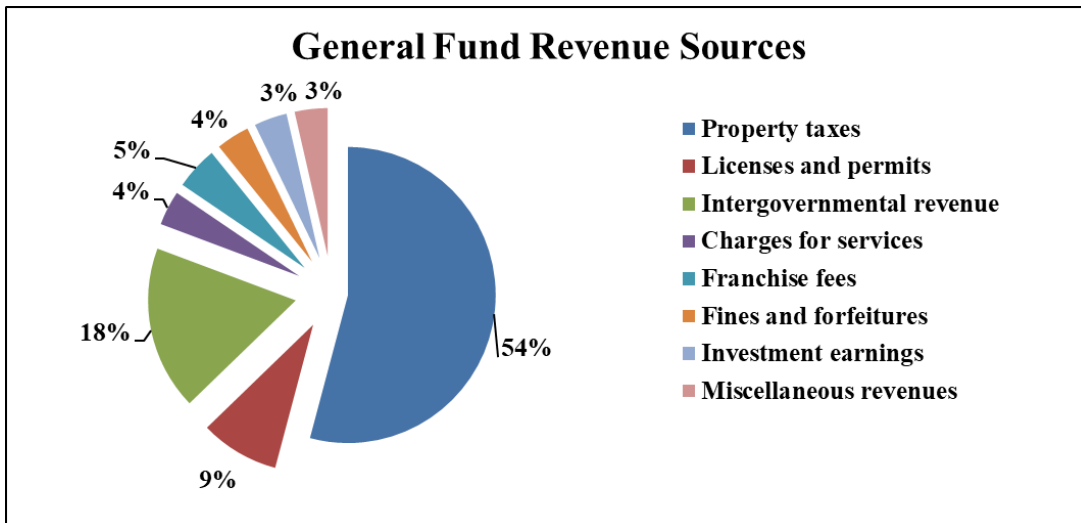
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City's net position by \$3,718,390.

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

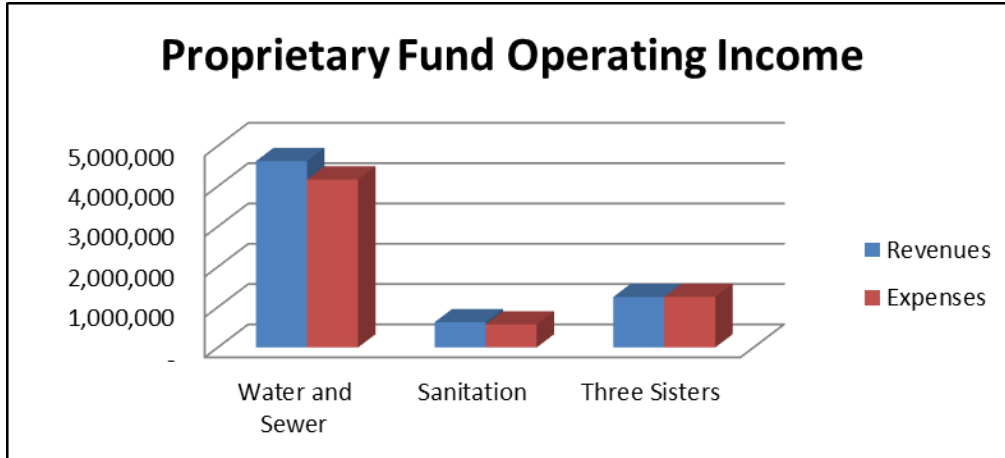
City of Crystal River, Florida's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,704,467	\$ 856,735	\$ 6,507,012	\$ 6,335,111	\$ 8,211,479	\$ 7,191,846
Operating grants and contributions	2,201,838	440,381	-	-	2,201,838	440,381
Capital grants and contributions	51,975	115,478	284,837	792,447	336,812	907,925
General revenues:						
Property taxes	6,573,125	6,044,423	-	-	6,573,125	6,044,423
Other taxes	760,267	849,187	-	-	760,267	849,187
Other	1,071,115	1,666,504	352,442	289,787	1,423,557	1,956,291
Total revenues	12,362,787	9,972,708	7,144,291	7,417,345	19,507,078	17,390,053
Operating expenses:						
General government	4,013,036	3,643,799	-	-	4,013,036	3,643,799
Public safety	2,148,585	1,958,141	-	-	2,148,585	1,958,141
Highways and streets	942,030	2,221,226	-	-	942,030	2,221,226
Physical environment	1,066,004	1,241,503	-	-	1,066,004	1,241,503
Culture and recreation	472,653	569,412	-	-	472,653	569,412
Economic development	277,779	305,694	-	-	277,779	305,694
Interest	67,240	71,999	-	-	67,240	71,999
Water and sewer	-	-	4,252,652	4,190,343	4,252,652	4,190,343
Sanitation	-	-	571,545	534,592	571,545	534,592
Three Sisters	-	-	1,256,861	588,422	1,256,861	588,422
Total operating expenses	8,987,327	10,011,774	6,081,058	5,313,357	15,068,385	15,325,131
Increase in net position before transfers	3,375,460	(39,066)	1,063,233	2,103,988	4,438,693	2,064,922
Transfers	342,930	447,930	(342,930)	(447,930)	-	-
Change in net position	3,718,390	408,864	720,303	1,656,058	4,438,693	2,064,922
Net position, beginning	24,413,017	24,004,153	36,253,571	34,597,513	60,666,588	58,601,666
Net position, ending	\$ 28,131,407	\$ 24,413,017	\$ 36,973,874	\$ 36,253,571	\$ 65,105,281	\$ 60,666,588



CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Business-type activities. Business-type activities increased the City’s net position by \$720,303.



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$20,276,211 an increase of \$8,197,145 in comparison with the prior year. Of the total, \$13,382,794 or 66% constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is *non-spendable, restricted or committed* to indicate that it is not available for new spending because it has already been restricted or committed for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,382,794 while total fund balance increased to \$15,715,454. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 177% of total General Fund expenditures, while total fund balance represents 207% of that same amount.

The fund balance of the City’s General Fund increased \$7,209,367 during the current fiscal year as shown on page 25 compared to a \$1,467,911 increase for fiscal year 2023. This increase was attributable to both revenue and expenditure variances. Fiscal year 2024 continued to be a different year for all businesses – both private and public due to continued economic uncertainties. Both revenues and expenditures were impacted by all types of businesses – some positive and some negative. Fiscal year 2024 reflects revenue receipts 98% more than budgeted and expenditures 1.10% more than budgeted.

On the revenue side, approximately half of our revenues come from our Ad Valorem Tax. Unfortunately, for the public sector some of our revenue sources come from the state where they continue to reflect economic uncertainties; many municipalities remain conservative as the economic condition remains unclear. The City of Crystal River also continues to remain conservative. Fortunately, our state revenue collections were approximately \$8,368 more or 2% more than budgeted. The City saw a decrease with regards to electric service tax and electric franchise fees; we collected \$96,031 less or 8% less than budgeted. Also, building permits and

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

zoning fees were over \$856,590 or 53% more than projected; this was considerably higher than fiscal year 2023 that saw an increase of \$94,869. Unfortunately, the City experienced three hurricanes in a year which increased the need for building permits to be issued. The economy was so uncertain, the City was very conservative in this area. Following Hurricane Idalia in August 2023, the City incurred a significant number of expenditures to recover. Fortunately, the City did have reserves to assist; however, management chose to take advantage of a Florida state emergency bridge loan of \$5 million. This greatly increased our fund balance; however, these funds are restricted for hurricane recovery. The Kings Bay Paddlecraft Program completed its third full year as the program was new for the City in February 2021. This program encompasses the parking meters and the Kayak Corral Lease program. Management remained conservative with this revenue source as it still was new; we collected over \$18,030 more or 9% more than projected.

Investments for the City prospered this year. Management took advantage of the increased interest rates and invested over \$8 million in Certificates of Deposit citywide - \$5.7 million was deposited into General Fund. As reflected in our financials, our investment earnings exceeded the budget by slightly over \$146,000. Management's conservative revenue budgeting strategy along with other revenue sources continues to complement a positive cash flow for the City.

On the expenditure side, the City also chose to remain conservative with their spending due to economic uncertainties; however, some of the excess expenditure budget was due to some projects not occurring during the year or not being completed. On the flip side, the City had not budgeted for hurricane costs; funds were utilized from reserves to cover these unexpected expenditures. ARPA funds of \$1,595,000 were received in fiscal year 2022 and rolled forward; however, \$344,520 has not been allocated as of the close of fiscal year 2024. A few operating expenditures came in less than budget. Overall, expenditures came in approximately \$565,564 less than budgeted; this was attributable to the unexpected hurricane costs covered by reserves.

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

Overall, the net result of these revenue and expenditure variances did increase the City's General Fund balance at the close of the year by \$7,209,367. The General Fund revenues collected and operating expenditures both were slightly more than projected; however, the increased revenues were more than the increased expenditures to still maintain a positive net position.

The Crystal River Community Redevelopment Agency (CRA) of the City continues to develop and grow. Management and staff continue to promote our downtown area through Main Street, festivals and Town Square events. Business owners see the growth of our City and continue to bring new businesses to our CRA district. The CRA provides mini grants for the local businesses to encourage growth and improvements to their façade. Unfortunately, the three hurricanes the City experienced prevented existing businesses from utilizing this City funding. Management hopes to see the return of utilization of these funds in upcoming years.

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

The Water and Sewer Fund shows revenues more than expenditures for the year. Revenues for this fund primarily are derived from water and sewer utility billings. The utility billings were 84% of total revenues and grant revenues comprised 6% of total revenues. The City also receives funds monthly from Duke Energy for reclaimed water; the City pumps reclaimed water to the Duke Energy Crystal River Power Plant for electricity. The effluent water is used in lieu of operation of two coal plants CR4 and CR5. The City received a total of \$41,031 from Duke Energy for the fiscal year 2024. The overall fund balance for the water and sewer operating

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

and construction funds is almost \$36 million, an increase of slightly over \$1 million for the current year. In fiscal year 2024, staff continued with the U.S. Highway 19 utility relocations in connection with the Florida Department of Transportation road-widening project along with the construction of the sewer line system within Indian Waters at an estimated cost of \$7 million. The Indian Waters project has been partially funded through a grant. The full water meter replacement project kicked off in March 2022 and wrapped up in October 2023. The total cost of this project was \$3.1 million and funded by a State Revolving Fund loan forgiveness program.

U.S. Water took over the City's Utility Operations Management effective December 1, 2016, after the City had employed the same company in this position for approximately 26 years. Council approved Amendment 3 to the U.S. Water Services Corporation on August 12, 2024. This amendment extended their contract in the amount of \$1,551,343 for an additional five years, from October 1, 2024 to September 30, 2029, with an option for an additional five-year extension. This amendment included maintaining the annual maintenance fee cap at \$150,000 as well as establishing a one-time 8.9% increase in annual compensation, with future adjustments based on the Consumer Price Index. If the CPI is below 4% both parties agree to adjust the contract by 1%, and if the CPI is 4% or greater the annual adjustment will be equal to the CPI. U.S. Water continues to make important operational improvements related to the City water and sewer systems.

The City has experienced a water loss for several years and U.S. Water continues to perform leak tests on our lines to determine areas of concern as well as replace customer aging meters for more accurate comparisons of water pumped to water billed. Management has begun to see a decrease in water loss due to the new water meters. These meters alert when a possible leak occurs as well as provide accurate readings.

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

Crystal River has become a worldwide tourist destination, with about 340,000 visitors annually. Over eighty-eight thousand people alone visit the Three Sisters Springs units of the Crystal River National Wildlife Refuge yearly. The Three Sister Springs entered its eighth year of operations in 2024 to continue to provide the community and tourists the opportunity to share an experience with the manatees and enjoy one of the most beautiful and memorable sites of the City of Crystal River. The City serves as the official concessionaire for land access to the Three Sisters Springs Unit of the Crystal River National Wildlife Refuge. The Three Sisters Springs Center provides valuable information to visitors to Crystal River about Three Sisters Springs, manatee eco-tourism, shopping, dining, entertainment, and other points of interest that the City and Citrus County has to offer. Manatee season runs from November 15 through March 31; however, the Center and Refuge are still open seven days a week year round and closed only for a few select holidays. City personnel staff the Refuge and the Welcome Center, and a trolley service is provided to transport visitors to and from the Center and Refuge as well as make various stops throughout the City to assist in promoting the local businesses. The City has purchased both a trolley and 14 passenger van since its inception along with developing a capital improvement plan to complete various infrastructure projects. As an enterprise fund and relying on tourism as a revenue source, management understands this fund may not always close with a positive. Fortunately, Management is happy to see this fund continue to close the year with a positive net position; fiscal year 2024 reflected a net position of over \$38,000 and a total fund balance of almost \$962,000. This enterprise fund has prospered as a business and been a self-sufficient fund. The City continues to work with U.S. Fish and Wildlife to maintain a desirable management plan for all parties involved.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

Capital Improvements Fund Budgetary Highlights

During the year there was an increase between the original budget and the final amended budget due to a few projects that began in prior years and were not completed; as a result, the remaining budget was rolled forward to 2024. Such projects included the Citywide Form Based Land Development Code, the Kings Bay Master Plan, and the Riverwalk project, along with the construction of the new sewer expansion project within the Indian Waters area of the City and the Paradise Point Forcemain Project.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2024, amounts to \$48,083,646 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities and roads. The total decrease in the City's investment in capital assets for the current fiscal year was 1% (a .1% increase for governmental activities and a .7% decrease for business-type activities). Major capital asset events during the current fiscal year included the following:

We added \$1,562,591 of Construction in Progress for the governmental and business type funds, primarily due to the Riverwalk Project, Kings Bay Master Plan, Stormwater Master Plan, several parking and streetscape projects, enhancement of the Citywide Form Based Development Code, Civic Master Plan, and a CRA Expansion and a Golf Cart Study, along with the continuance of the Indian Waters Sewer Expansion Project, the Wastewater Treatment Plant Rehab, Paradise Pt. Forcemain, sliplining for the gravity sanitary sewer main, and more work on the on-going U.S. 19 Road Widening/Utility Relocation project. While the CRA Expansion Study did begin this year, the project has since been terminated following Management review and pending legislative changes.

Citywide Form Based Land Development Code

The City contracted with Stringfellow Planning and Design for the creation of a new Crystal River Unified Development Ordinance or Land Development Code. This new ordinance is intended to codify many of the concepts found in the City's Civic Master Plan, a 25-year visioning document adopted by Council in April 2022. This plan will establish the framework for a new land development code that is adaptable to the Comprehensive Plan.

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

The development of the City's new Land Development Code was completed and adopted within the early months of fiscal year 2025. At the close of this year, Phases 1 and 2 were 100% complete with Phase 3 at approximately 15% complete. This is an important step for the expected growth and expansion of the City of Crystal River.

Copeland Park Fishing Pier

The City has a strong desire to improve all of its public parks to best serve the community and its visitors. Acquiring grant funds is a huge part of making this goal a reality. In August 2023, the State of Florida Department of Environmental Protection awarded a grant to the City in the amount of \$112,500 for the Copeland Park Improvement Project; the City matched a total of \$37,500 for the project.

One element of this project was an ADA accessible fishing pier/bridge. In August 2024, the City contracted with Shore Builders for the design, permitting and installation of the Copeland Park Fishing Pier for a total cost of \$87,134. This is a bridge connecting one part of the park to another that was under-utilized. This desire was to make the entire park more user-friendly. The pier was completed in January 2025.

Downtown Parking Projects

Downtown parking continues to be a problem for the City of Crystal River as the City continues to experience growth as a tourist destination. The City has contracted to design and permit upgrades to an existing lime rock parking lot on Northwest First Avenue. The goal is to refresh the parking lot, develop a more efficient parking pattern while incorporating the acquired properties that are contiguous to US 19, develop a utility service corridor behind many of the Citrus Avenue businesses and formally connect the Riverwalk with downtown along Citrus Avenue. Management continues to pursue design options for on-street parking as well. Along with off-street parking lots, the City will benefit from the establishment of on-street parking.

In November 2023, Council reallocated American Recovering Plan Act (ARPA) funding in the amount of \$500,000 to be utilized for the NW 1st Parking lot project. In December 2023, a contract was awarded for over \$812,000 for asphalt surfacing. The project was approximately 25% completed at year end and finalized in March 2025.

Golf Cart Crossing Study

The City adopted a golf cart ordinance (Ordinance 11-O-18) which outlines the specific rules for golf cart use on City owned and maintained streets. In 2019, Kimley-Horn conducted a Golf Cart Study to assess City of Crystal River roadways for suitability of golf cart use. The City adopted roadway network for allowable golf cart use as per the study. It documented that golf carts were not currently allowed to cross US 19 within the City limits.

The City following numerous requests from City residents would now like to perform an additional study to evaluate the suitability of golf cart crossings of US19 at existing signalized intersections. This concept was also part of the Crystal River Civic Master Plan – “explore possibilities for golf carts to be able to cross Highway 19 in downtown.”

Kimley-Horn was awarded the contract of \$21,500 for this service. The study was to focus on three potential crossing locations – NW 19th Street/Turkey Oak Drive as US 19, NE 3rd Avenue/Three Sisters Springs Trail at US 19, and West Fort Island Trail/SE 8th Avenue at U.S. 19. These specific locations were selected following preliminary guidance by FDOT and their general geographic location with the City. The Florida Department of Transportation has specific criteria to evaluate golf cart crossings of state highways as outlined in the FDOT Traffic Engineering Manual.

This project was 95% complete at the close of the year and still pending FDOT review for completion.

Indian Waters and Southern Sewer Expansion Projects

The City began this sewer expansion project in September 2016 and was initially planned for two phases – Indian Waters and Southern Sewer. City staff identified the possibility of expanding the existing Indian Waters Sewer Project (Phase 1) of slightly over 100 canal front residents, all outside the City's limits, served by septic systems

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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and Crystal River State Park for an approximate cost of \$1,850,000. The Southern Sewer (Phase 2) of the project would add almost 300 additional residents for approximately \$4 million, bringing the total investment to \$5,850,000.

The City was originally awarded a \$997,000 Florida Department of Environmental Protection Springs Initiative grant for Phase 1 and the City committed \$100,000 from the Water & Sewer Enterprise Fund. Unfortunately, construction costs significantly increased since the development of the original 2015 cost estimate that formed the basis of the grant award. Costs increased to \$2.15 million for Phase 1 and almost \$5 million for Phase 2. The project does not cost City taxpayers as the benefiting property owners are absorbing the cost differential between actual total project costs less the grant funding and less the City commitment through the levy of a special assessment to their property taxes.

Several assessment workshops were held to explain the full process and financial impact to those property owners. At the start of the workshops, property owners were tentatively facing either an upfront charge of \$10,304 or an annual payment of \$861 on their tax bill for the next 20 years. Before a final assessment was set in September 2021, City staff obtained an additional \$500,000 state grant funding to help offset the increased project costs. The final assessment options were reduced to either a \$5,976 prepay charge or an annual assessment of \$832 over ten years. Council approved a construction contract in September 2021 for Phase 1 and construction was completed in December 2022. This project expanded the City's sewer system outside of City limits and took 77 septic tanks offline reducing the amount of nitrogen entering the groundwater feeding the springs in and around Kings Bay. The affected property owners had 365 days to pump out their septic tanks and hook their homes up to the City's sewer pipeline. The City was awarded a Federal Clean Water Act 2022 319(h) Grant administered through the State of Florida Department of Environmental Protection in the amount of \$774,000, to assist each property owner with the connection to the sewer and demolition of the septic tanks costs of approximately \$3,500. Several residents took advantage of the environmental improvement and the opportunity of a significant if not 100% reimbursement by the City.

The City worked with multiple contractors through the homeowners to complete the connection process for all property owners. There are strict guidelines that must be adhered to for the City to be assured funding reimbursement by FDEP. At the close of the year, there were approximately 20 homeowners still left to connect to the system.

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

Kings Bay Master Plan and Kings Bay Park Paddlecraft Franchise Program

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

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The Kings Bay Masterplan involves widening the kayak launch, updating the kayak corals near the launch for vendors, a new Ranger Station, additional/expanded parking and a future boardwalk connection to the existing Riverwalk along with reevaluating the layout for the park at an estimated cost of \$2.5 million. This plan will bring the park up to its potential and be able to captivate more visitors. Management continues to work with the City contracted Engineer on a long-term redevelopment plan for Kings Bay so the City can better handle and move the increased traffic Crystal River continues to experience as it grows. At the close of fiscal year 2024, the City was approximately 93% complete with the plan. Permitting for the construction began in fiscal year 2025. Management has chosen to complete the project in phases as we accumulate reserves.

Kings Bay Riverwalk

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

In addition, over the years of design of the Riverwalk water phase construction costs have unfortunately increased. The original planned project cost of \$5.2 million has now grown to \$10.5 million. The land phase cost when added to other completed phases is approximately \$4 million and water phase is nearing \$6.5 million. Management is in hope the water phase design and permitting process will come to closure soon to avoid any additional price increases. Citrus County dedicated \$1.7 million toward the project from its federal allotment of money awarded from the BP Deepwater Horizon oil spill lawsuit, known as RESTORE Act. The City was awarded a \$3 million grant through Florida Department of Economic Opportunity in December 2022 for the water phase. This grant is the result of the City's request for a Florida Legislature line item to help fund the second phase project. The City, as part of the 2022 legislative agenda, requested \$2 million; through the generosity and support of our Legislative Delegation and Governor the final award was \$3 million. The Crystal River Tourist Development Council has committed \$500,000 and the City has retained approximately \$1.5 million from borrowings during the initial construction of the project. Construction-related activities are necessary as the Riverwalk is essentially a bridge built over Kings Bay. The additional funds will be used for Riverwalk related infrastructure and other construction-related expenses, such as Construction Management (CMAR) Services.

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

Paradise Point Foremain Project

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

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

manifold pump station including major upgrades to three existing submersible type pump stations. This project was near 80% completion by the close of this year.

Stormwater Master Plan

The City operates stormwater management facilities and programs within the incorporated City limits. To address flood protection for its residents, the City must identify and address critical issues through the creation and implementation of a Stormwater Master Plan. This project will help to address these needs by identifying limits of flooding during the various design storm events based on the most up-to-date development information and topographic data. The existing water quality concerns will also be included within the analysis.

The City contracted with Kimley Horn for the total cost of \$491,000 for this plan. At the close of the year, the project was only 4.5% complete.

U.S. 19 Road Widening

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

The FDOT had been contemplating widening a section of U.S. 19. The City was contacted by FDOT in 2011/2012 to begin preparing to design the relocation of sewer and water lines within the proposed widened area.

Then, the scheduling of the work had been moved as it was not anticipated until approximately 2030. The City halted all work on the project. In 2015, FDOT had advised the City the project was now going forward and being expedited. Construction was then anticipated to begin in 2018 which resulted in the City being required to move quickly with the design plans for the relocation of the water and sewer lines. The utility relocation plans were to be incorporated into the FDOT widening plans for construction. The actual construction work will be completed by FDOT; however, the City has to bear the cost, including cost increases experienced worldwide.

The City was required to enter into a third-party escrow agreement with FDOT and State of Florida Department of Financial Services, Division of Treasury requiring the City to deposit funds into an interest-bearing escrow account established for the purpose of the project. This escrow agreement is a procedural mechanism which allows for the UWHCA arrangements. As costs increase, the City is required to deposit additional funds. In early 2020, it was discovered that an area of the force main was requiring an unexpected relocation resulting in an additional cost; the City deposited an additional \$263,731.59 to the escrow in November 2020. As of the close fiscal year 2021, the City had deposited \$993,360.90 into the escrow since February 2018. The City continues to earn interest in these funds. Costs to date incurred for the construction part of the project per FDOT reports total \$974,890. The City has spent over \$105,000 on the design portion of the project and expected to incur an additional \$15,000 - \$25,000 as of this date. In fiscal year 2021, the contractor pulled off the job and left the project incomplete. A second contractor also defaulted the project. The State then restarted the project with a third contractor who completed it in May 2025 under a performance bond.

The City continues to remain liable for any additional costs which have not been furnished to the City as of this date. Management has not received an updated report upon the State's review of all invoices to know if the City may have to contribute additional funding to close the job. Unfortunately, the City had to adhere to the State guidelines, scheduling of this project as well as additional funding requests by the State due to the unexpected relocation work.

Waste Water Treatment Plant Permit Renewal and Rehab

The City owns and operates, through a contract with U.S. Water, a 1.5 million gallon per day activated sludge wastewater treatment plant. The plant is located on NE 11th Street. The Florida Department of Environmental Protection highly regulates wastewater treatment plants. The permit from FDEP was a five-year permit and was issued on June 12, 2018, and expired on August 20, 2023. The City renewed this permit for an additional five years that will expire December 15, 2028. The permit renewal process identified upgrade improvements for the plant to remain in compliance with updated state standards. The plant currently treats wastewater effluent to

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
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secondary standards. Recent changes in state law require the plant be upgraded to tertiary standards designed to remove additional nutrients, more so than the current plan can achieve.

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

The City was awarded a grant through FDEP for \$12 million; however, Management continues to seek additional grant options to fund the balance of this anticipated \$23.5 million project.

Water Tower Rehab

The City of Crystal River elevated water storage asset is a riveted tank that has been in service for over 70 years. The laboratory analysis of the existing coating system indicated lead-based paint to be present over 9,800 parts per million. Due to the overall age and design structure of this era, manufacturing required the use of riveting metal which created numerous areas for surface rust and corrosion to form. The water tower had between 16 to 22 mills of coating which was causing alligator cracking on the surface coating and cause for concern that another over coat would not provide any significant service life. The recommendation was to require containment and abrasive blasting to remove between 90 - 100 years’ worth of paint layers down to the tower’s steel frame before priming and repainting. The Council approved a \$175,000 contract with Suez, Utility Service Company, Inc.; the City will make five annual installments for the project. This is the third year of the project.

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

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

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,952,789	\$ 2,952,789	\$ 616,898	\$ 616,898	\$ 3,569,687	\$ 3,569,687
Construction in progress	3,254,019	2,658,317	5,111,819	4,159,595	8,365,838	6,817,912
Buildings and improvements	6,041,172	6,449,331	9,120,624	9,881,135	15,161,796	16,330,466
Equipment and vehicles	1,084,189	1,085,667	2,526,833	2,854,961	3,611,022	3,940,628
Infrastructure	4,233,597	4,408,470	13,141,706	13,657,304	17,375,303	18,065,774
Total capital assets	<u>\$ 17,565,766</u>	<u>\$ 17,554,574</u>	<u>\$ 30,517,880</u>	<u>\$ 31,169,893</u>	<u>\$ 48,083,646</u>	<u>\$ 48,724,467</u>

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$695,000 and notes payable of \$9,590,583. The bonds payable represent bonds secured solely by specified revenue sources (i.e., revenue bonds). The City had state revolving loan debt outstanding of \$2,057,367 for the sewer expansion project and a CRA note payable of \$2,533,216 for the Riverwalk Project. The General Fund also made an interfund loan agreement in the amount of \$1,250,000 to Water and Sewer Operating in January 2024 to assist with cash flow for the two large water projects – meter replacement program and the Indian Water Sewer

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Expansion project. The City had to fund the projects up front then were reimbursed through a partial grant and a state forgiveness loan. The remaining balance is \$312,500. Additional information can be found in Note 6 on pages 41 and 42.

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

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Total OPEB liability	\$ 168,543	\$ 181,559	\$ -	\$ -	\$ 168,543	\$ 181,559
Compensated absences	167,544	123,707	-	-	167,544	123,707
Net pension liability	2,544,110	2,807,328	724,757	668,012	3,268,867	3,475,340
Bonds payable	-	-	695,000	1,146,000	695,000	1,146,000
Notes payable	7,533,216	2,720,233	2,057,367	2,162,055	9,590,583	4,882,288
Total debt	<u>\$ 10,413,413</u>	<u>\$ 5,832,827</u>	<u>\$ 3,477,124</u>	<u>\$ 3,976,067</u>	<u>\$ 13,890,537</u>	<u>\$ 9,808,894</u>

Economic Factors

- The City of Crystal River continued to thrive primarily due to tourism. Businesses benefited from the City’s location; Crystal River provides access to the water and outdoors. This outdoor environment continues to bring many visitors to our City which means many people are visiting our businesses.
- Utility rate increases for water and sewer usage were implemented in 2013 and increased 3% each year through the year 2016 based on a rate study completed in 2012. October 2021, management elected to access a 2% increase as rates had not been adjusted for five years and management recognized expenditures would continue to exceed revenues and ultimately would impact fund balance. The City’s Utility Operations Management contract is indexed, and staff had recommended the rates be indexed going forward. Management has proceeded with a full rate study with anticipation to roll out adjustments as recommended by October 2025.
- Ad Valorem tax variances impact our General Fund revenues every year – they comprise almost 50% of the General Fund revenue sources. The County indicated taxable values had increased approximately 12.4%; however, City staff only saw approximately a 9.39% increase. History has shown the City receiving approximately 1% - 2% less than the original County tax estimate.
- Health care insurance premiums increased approximately 6.75% compared to the 3% increase in fiscal year 2023; this increase resulted in almost \$761 per employee per month accounting for approximately \$23,693 additional employee cost for the year. The FRS pension requirements for the City increased slightly as well for fiscal year 2024 equating to over a \$23,700 impact to General Fund.
- Interest rates continued on an upward swing this on money placed on deposit with SBA and local bank accounts. While the City cannot control the economy, management can consider options to receive the best rate of return for our funds and continuously monitor the market. In January 2024, management chose to look at investment options available. The City invested a total of \$8.5 million in Certificates of Deposit to receive a better return on our cash holdings as permissible per our investment policy.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 11,567,211	\$ 4,006,071	\$ 15,573,282
Investments	6,283,739	3,042,699	9,326,438
Accounts receivables, net	1,448,965	1,484,570	2,933,535
Notes receivable	-	105,384	105,384
Due from other governments	708,183	-	708,183
Internal balances	843,621	(843,621)	-
Prepaid items	93,930	105,329	199,259
Inventory	-	250,864	250,864
Restricted assets, cash and cash equivalents	1,467,960	2,540,985	4,008,945
Capital assets			
Non-depreciable	6,206,808	5,728,717	11,935,525
Depreciable, net	11,358,958	24,789,163	36,148,121
Total assets	39,979,375	41,210,161	81,189,536
Deferred outflows of resources			
Deferred outflows - pension	703,216	200,330	903,546
Deferred outflows - OPEB	34,738	-	34,738
Deferred charge on refunding	-	7,732	7,732
Total deferred outflows	737,954	208,062	946,016
Liabilities			
Accounts payable	815,194	611,958	1,427,152
Accrued liabilities	99,772	14,779	114,551
Due to other governments	170,832	-	170,832
Accrued interest payable	11,853	18,440	30,293
Customer deposits payable	-	248,521	248,521
Unearned revenue	676,221	-	676,221
Noncurrent liabilities			
Due within one year	300,774	604,120	904,894
Due in more than one year	10,112,639	2,873,004	12,985,643
Total liabilities	12,187,285	4,370,822	16,558,107
Deferred inflows of resources			
Deferred inflows - pension	258,099	73,527	331,626
Deferred inflows - OPEB	140,538	-	140,538
Total deferred inflows	398,637	73,527	472,164
Net position			
Net investment in capital assets	10,032,550	27,773,245	37,805,795
Restricted for			
Capital improvements	1,682,055	-	1,682,055
Community development	2,817,495	-	2,817,495
Public safety	807,489	-	807,489
Hurricane recovery	5,000,000	-	5,000,000
Cemetery	50,153	-	50,153
Debt service	-	2,316,750	2,316,750
Unrestricted	7,741,665	6,883,879	14,625,544
Total net position	\$ 28,131,407	\$ 36,973,874	\$ 65,105,281

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,013,036	\$ 1,297,549	\$ -	\$ -
Public safety	2,148,585	380,201	-	-
Highways and streets	942,030	26,717	2,201,838	51,975
Physical environment	1,066,004	-	-	-
Culture/recreation	472,653	-	-	-
Economic development	277,779	-	-	-
Interest on long-term debt	67,240	-	-	-
Total governmental activities	8,987,327	1,704,467	2,201,838	51,975
Business-type activities:				
Water and sewer	4,252,652	4,626,967	-	284,837
Sanitation	571,545	627,325	-	-
Three Sisters	1,256,861	1,252,720	-	-
Total business-type activities	6,081,058	6,507,012	-	284,837
Total primary government	\$ 15,068,385	\$ 8,211,479	\$ 2,201,838	\$ 336,812

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

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

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,715,487)	\$ -	\$ (2,715,487)
(1,768,384)	-	(1,768,384)
1,338,500	-	1,338,500
(1,066,004)	-	(1,066,004)
(472,653)	-	(472,653)
(277,779)	-	(277,779)
(67,240)	-	(67,240)
<u>(5,029,047)</u>	<u>-</u>	<u>(5,029,047)</u>
-	659,152	659,152
-	55,780	55,780
-	(4,141)	(4,141)
<u>-</u>	<u>710,791</u>	<u>710,791</u>
<u>(5,029,047)</u>	<u>710,791</u>	<u>(4,318,256)</u>
6,573,125	-	6,573,125
235,397	-	235,397
36,205	-	36,205
488,665	-	488,665
553,618	352,340	905,958
377,836	-	377,836
-	102	102
139,661	-	139,661
342,930	(342,930)	-
<u>8,747,437</u>	<u>9,512</u>	<u>8,756,949</u>
<u>3,718,390</u>	<u>720,303</u>	<u>4,438,693</u>
<u>24,413,017</u>	<u>36,253,571</u>	<u>60,666,588</u>
<u>\$ 28,131,407</u>	<u>\$ 36,973,874</u>	<u>\$ 65,105,281</u>

CITY OF CRYSTAL RIVER, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 7,702,879	\$ 1,245,771	\$ 2,548,650	\$ 69,911	\$ 11,567,211
Investments	5,850,952	147,777	285,010	-	6,283,739
Accounts receivable, net	1,224,179	62,302	-	162,484	1,448,965
Due from other funds	537,207	306,448	-	-	843,655
Due from other governments	576,304	-	131,879	-	708,183
Prepaid items	84,856	-	9,074	-	93,930
Restricted cash and cash equivalents	1,467,960	-	-	-	1,467,960
Total assets	<u>\$ 17,444,337</u>	<u>\$ 1,762,298</u>	<u>\$ 2,974,613</u>	<u>\$ 232,395</u>	<u>\$ 22,413,643</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 651,895	\$ 45,177	\$ 95,866	\$ 22,256	\$ 815,194
Accrued liabilities	98,187	-	1,585	-	99,772
Unearned revenue	676,221	-	-	-	676,221
Due to other governments	18,452	-	-	152,380	170,832
Due to other funds	-	-	34	-	34
Total liabilities	<u>1,444,755</u>	<u>45,177</u>	<u>97,485</u>	<u>174,636</u>	<u>1,762,053</u>
Deferred inflows of resources					
Unavailable revenue	<u>284,128</u>	<u>35,066</u>	<u>56,185</u>	<u>-</u>	<u>375,379</u>
Fund balances					
Nonspendable (prepaids)	84,856	-	9,074	-	93,930
Restricted					
Capital improvements	-	1,682,055	-	-	1,682,055
Community development	-	-	2,811,869	5,626	2,817,495
Public safety	755,356	-	-	52,133	807,489
Hurricane recovery	5,000,000	-	-	-	5,000,000
Cemetery	50,153	-	-	-	50,153
Committed					
Capital improvements	892,295	-	-	-	892,295
Emergency reserves	550,000	-	-	-	550,000
Unassigned	8,382,794	-	-	-	8,382,794
Total fund balances	<u>15,715,454</u>	<u>1,682,055</u>	<u>2,820,943</u>	<u>57,759</u>	<u>20,276,211</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,444,337</u>	<u>\$ 1,762,298</u>	<u>\$ 2,974,613</u>	<u>\$ 232,395</u>	<u>\$ 22,413,643</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

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

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

Total fund balances - governmental funds		\$ 20,276,211
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 29,852,162	
Accumulated depreciation	<u>(12,286,396)</u>	17,565,766
Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds.		
		375,379
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pension	703,216	
Deferred inflows - pension	(258,099)	
Deferred outflows - OPEB	34,738	
Deferred inflows - OPEB	(140,538)	
Total OPEB liability	(168,543)	
Net pension liability	<u>(2,544,110)</u>	(2,373,336)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Compensated absences	(167,544)	
Accrued interest	(11,853)	
Note payable	<u>(7,533,216)</u>	<u>(7,712,613)</u>
Net position of governmental activities		<u>\$ 28,131,407</u>

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

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

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 5,657,333	\$ -	\$ 915,792	\$ -	\$ 6,573,125
Other taxes	-	235,397	-	-	235,397
Licenses and permits	902,544	-	-	-	902,544
Intergovernmental revenues	1,871,990	88,180	-	-	1,960,170
Charges for services	395,005	-	-	-	395,005
Franchise fees	488,665	-	-	-	488,665
Fines and forfeitures	380,201	-	-	-	380,201
Impact fees	-	-	-	26,717	26,717
Investment earnings	376,693	92,464	82,944	1,517	553,618
Miscellaneous revenues	376,572	-	1,264	-	377,836
Total revenues	<u>10,449,003</u>	<u>416,041</u>	<u>1,000,000</u>	<u>28,234</u>	<u>11,893,278</u>
Expenditures					
Current					
General government	3,733,831	23,963	-	225,101	3,982,895
Public safety	2,078,419	2,893	-	-	2,081,312
Highways and streets	293,693	103,743	-	-	397,436
Physical environment	1,067,337	-	-	-	1,067,337
Economic development	6,561	1,419	225,231	-	233,211
Culture/recreation	365,156	76,306	-	-	441,462
Debt service					
Principal retirement	-	-	187,017	-	187,017
Interest	-	-	68,115	-	68,115
Capital outlay	34,013	343,993	341,933	-	719,939
Total expenditures	<u>7,579,010</u>	<u>552,317</u>	<u>822,296</u>	<u>225,101</u>	<u>9,178,724</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,869,993</u>	<u>(136,276)</u>	<u>177,704</u>	<u>(196,867)</u>	<u>2,714,554</u>
Other financing sources (uses)					
Debt issuance	5,000,000	-	-	-	5,000,000
Insurance recoveries	139,661	-	-	-	139,661
Transfers in	359,814	400,000	535,000	225,101	1,519,915
Transfers out	(1,160,101)	-	(16,884)	-	(1,176,985)
Total other financing sources (uses)	<u>4,339,374</u>	<u>400,000</u>	<u>518,116</u>	<u>225,101</u>	<u>5,482,591</u>
Change in fund balances	7,209,367	263,724	695,820	28,234	8,197,145
Fund balances, beginning of year	<u>8,506,087</u>	<u>1,418,331</u>	<u>2,125,123</u>	<u>29,525</u>	<u>12,079,066</u>
Fund balances, end of year	<u>\$ 15,715,454</u>	<u>\$ 1,682,055</u>	<u>\$ 2,820,943</u>	<u>\$ 57,759</u>	<u>\$ 20,276,211</u>

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

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

Net change in fund balances – total governmental funds **\$ 8,197,145**

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

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

Capital outlay	\$ 738,554	
Less current year depreciation	<u>(727,362)</u>	11,192

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayment of long-term debt	<u>187,017</u>	(4,812,983)
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Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:

Intergovernmental revenue		329,848
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(43,837)	
Change in accrued interest	875	
OPEB expense	17,787	
Pension expense	<u>18,363</u>	<u>(6,812)</u>

Change in net position of governmental activities **\$ 3,718,390**

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 5,649,772	\$ 5,649,772	\$ 5,657,333	\$ 7,561
Licenses and permits	353,705	353,705	902,544	548,839
Intergovernmental revenues	-	-	1,871,990	1,871,990
Charges for services	334,853	334,853	395,005	60,152
Franchise fees	577,178	577,178	488,665	(88,513)
Fines and forfeitures	92,055	92,055	380,201	288,146
Investment earnings	213,276	213,276	376,693	163,417
Miscellaneous revenues	312,292	312,292	376,572	64,280
Total revenues	<u>7,533,131</u>	<u>7,533,131</u>	<u>10,449,003</u>	<u>2,915,872</u>
Expenditures				
Current				
General government	2,912,607	2,912,607	3,733,831	(821,224)
Public safety	2,031,428	2,031,428	2,078,419	(46,991)
Highways and streets	298,750	298,750	293,693	5,057
Physical environment	1,225,597	1,225,597	1,067,337	158,260
Economic development	18,000	18,000	6,561	11,439
Culture/recreation	393,424	393,424	365,156	28,268
Capital outlay	133,640	133,640	34,013	99,627
Total expenditures	<u>7,013,446</u>	<u>7,013,446</u>	<u>7,579,010</u>	<u>(565,564)</u>
Excess of revenues over expenditures	<u>519,685</u>	<u>519,685</u>	<u>2,869,993</u>	<u>2,350,308</u>
Other financing sources (uses)				
Debt proceeds	-	-	5,000,000	5,000,000
Insurance recoveries	-	-	139,661	139,661
Transfers in	334,815	334,815	359,814	24,999
Transfers out	(854,500)	(854,500)	(1,160,101)	(305,601)
Total other financing sources (uses)	<u>(519,685)</u>	<u>(519,685)</u>	<u>4,339,374</u>	<u>4,859,059</u>
Change in fund balance	-	-	7,209,367	7,209,367
Fund balance, beginning of year	<u>8,506,087</u>	<u>8,506,087</u>	<u>8,506,087</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,506,087</u>	<u>\$ 8,506,087</u>	<u>\$ 15,715,454</u>	<u>\$ 7,209,367</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 800,000	\$ 800,000	\$ 915,792	\$ 115,792
Intergovernmental revenues	4,715,048	4,715,048	-	(4,715,048)
Investment earnings	46,150	46,150	82,944	36,794
Miscellaneous revenues	-	-	1,264	1,264
Total revenues	<u>5,561,198</u>	<u>5,561,198</u>	<u>1,000,000</u>	<u>(4,561,198)</u>
Expenditures				
Current				
Economic development	1,252,277	1,252,277	225,231	1,027,046
Debt service				
Principal retirement	114,172	114,172	187,017	(72,845)
Interest	140,964	140,964	68,115	72,849
Capital outlay	<u>4,036,901</u>	<u>4,036,901</u>	<u>341,933</u>	<u>3,694,968</u>
Total expenditures	<u>5,544,314</u>	<u>5,544,314</u>	<u>822,296</u>	<u>4,722,018</u>
Excess of revenues over expenditures	<u>16,884</u>	<u>16,884</u>	<u>177,704</u>	<u>160,820</u>
Other financing sources (uses)				
Transfers in	-	-	535,000	535,000
Transfers out	<u>(16,884)</u>	<u>(16,884)</u>	<u>(16,884)</u>	<u>-</u>
Total other financing sources (uses)	<u>(16,884)</u>	<u>(16,884)</u>	<u>518,116</u>	<u>535,000</u>
Change in fund balance	-	-	695,820	695,820
Fund balance, beginning of year	<u>2,125,123</u>	<u>2,125,123</u>	<u>2,125,123</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,125,123</u>	<u>\$ 2,125,123</u>	<u>\$ 2,820,943</u>	<u>\$ 695,820</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Assets				
Current assets				
Cash and cash equivalents	\$ 2,993,643	\$ 259,951	\$ 752,477	\$ 4,006,071
Investments	2,717,022	54,850	270,827	3,042,699
Restricted cash and cash equivalents	2,540,985	-	-	2,540,985
Accounts receivable, net	1,395,371	89,199	-	1,484,570
Notes receivable, current	38,700	-	-	38,700
Prepays	98,911	-	6,418	105,329
Inventory	250,864	-	-	250,864
Total current assets	<u>10,035,496</u>	<u>404,000</u>	<u>1,029,722</u>	<u>11,469,218</u>
Noncurrent assets				
Notes receivable, long-term	66,684	-	-	66,684
Capital assets, non-depreciable	5,728,717	-	-	5,728,717
Capital assets, net	24,390,736	-	398,427	24,789,163
Total noncurrent assets	<u>30,186,137</u>	<u>-</u>	<u>398,427</u>	<u>30,584,564</u>
Total assets	<u>40,221,633</u>	<u>404,000</u>	<u>1,428,149</u>	<u>42,053,782</u>
Deferred outflows of resources				
Deferred outflows - pension	86,477	-	113,853	200,330
Deferred charge on refunding	7,732	-	-	7,732
Total deferred outflows of resources	<u>94,209</u>	<u>-</u>	<u>113,853</u>	<u>208,062</u>
Liabilities				
Current liabilities				
Accounts payable	491,005	95,010	25,943	611,958
Notes payable	142,120	-	-	142,120
Bonds payable	462,000	-	-	462,000
Accrued liabilities	4,789	439	9,551	14,779
Due to other funds	832,964	532	10,125	843,621
Liabilities payable from restricted assets				
Accrued interest	18,440	-	-	18,440
Customer deposits payable	205,795	-	42,726	248,521
Total current liabilities	<u>2,157,113</u>	<u>95,981</u>	<u>88,345</u>	<u>2,341,439</u>
Noncurrent liabilities				
Notes payable, net of current portion	1,915,247	-	-	1,915,247
Bonds payable, net of current portion	233,000	-	-	233,000
Net pension liability	312,858	-	411,899	724,757
Total non-current liabilities	<u>2,461,105</u>	<u>-</u>	<u>411,899</u>	<u>2,873,004</u>
Total liabilities	<u>4,618,218</u>	<u>95,981</u>	<u>500,244</u>	<u>5,214,443</u>
Deferred inflows of resources				
Deferred inflows - pension	31,739	-	41,788	73,527
Net position				
Net investment in capital assets	27,374,818	-	398,427	27,773,245
Restricted for debt service	2,316,750	-	-	2,316,750
Unrestricted	5,974,317	308,019	601,543	6,883,879
Total net position	<u>\$ 35,665,885</u>	<u>\$ 308,019</u>	<u>\$ 999,970</u>	<u>\$ 36,973,874</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Operating revenues				
Charges for services	\$ 4,365,599	\$ 627,325	\$ 1,252,720	\$ 6,245,644
Miscellaneous	261,368	-	-	261,368
Total operating revenues	<u>4,626,967</u>	<u>627,325</u>	<u>1,252,720</u>	<u>6,507,012</u>
Operating expenses				
Personnel services and benefits	324,430	21,726	472,896	819,052
General and administrative	2,130,216	549,819	760,374	3,440,409
Depreciation	1,715,929	-	23,591	1,739,520
Total operating expenses	<u>4,170,575</u>	<u>571,545</u>	<u>1,256,861</u>	<u>5,998,981</u>
Operating income (loss)	<u>456,392</u>	<u>55,780</u>	<u>(4,141)</u>	<u>508,031</u>
Nonoperating revenues (expenses)				
Investment earnings	289,890	20,305	42,145	352,340
Gain on disposal of capital assets	102	-	-	102
Interest expense	(82,077)	-	-	(82,077)
Total nonoperating revenues, net	<u>207,915</u>	<u>20,305</u>	<u>42,145</u>	<u>270,365</u>
Income before capital contributions and transfers	664,307	76,085	38,004	778,396
Capital contributions	284,837	-	-	284,837
Transfers out	<u>(195,430)</u>	<u>(147,500)</u>	<u>-</u>	<u>(342,930)</u>
Changes in net position	753,714	(71,415)	38,004	720,303
Total net position, beginning of year	34,912,171	379,434	961,966	36,253,571
Total net position, end of year	<u>\$ 35,665,885</u>	<u>\$ 308,019</u>	<u>\$ 999,970</u>	<u>\$ 36,973,874</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Cash flows from operating activities				
Cash received from customers	\$ 4,810,834	\$ 644,712	\$ 1,246,802	\$ 6,702,348
Cash paid to suppliers for goods and services	(2,674,424)	(496,985)	(737,469)	(3,908,878)
Cash paid to employees for services and benefits	(324,430)	(21,787)	(409,332)	(755,549)
Net cash provided by operating activities	<u>1,811,980</u>	<u>125,940</u>	<u>100,001</u>	<u>2,037,921</u>
Cash flows from noncapital financing activities				
Transfer to other funds	(195,430)	(147,500)	-	(342,930)
Net cash used in noncapital financing activities	<u>(195,430)</u>	<u>(147,500)</u>	<u>-</u>	<u>(342,930)</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(1,085,462)	-	(2,045)	(1,087,507)
Cash received from sale of capital assets	102	-	-	102
Proceeds from notes payable	7,139	-	-	7,139
Principal paid on notes payable	(111,827)	-	-	(111,827)
Principal paid on bonds payable	(451,000)	-	-	(451,000)
Capital grants received	680,748	-	-	680,748
Interest paid	(83,121)	-	-	(83,121)
Net cash used in capital and related financing activities	<u>(1,043,421)</u>	<u>-</u>	<u>(2,045)</u>	<u>(1,045,466)</u>
Cash flows from investing activities				
Purchase of investments	(850,750)	(2,674)	(13,189)	(866,613)
Interest received	289,890	20,305	42,145	352,340
Net cash provided by (used in) investing activities	<u>(560,860)</u>	<u>17,631</u>	<u>28,956</u>	<u>(514,273)</u>
Net change in cash and cash equivalents	12,269	(3,929)	126,912	135,252
Cash and cash equivalents, beginning of year	5,522,359	263,880	625,565	6,411,804
Cash and cash equivalents, end of year	<u>\$ 5,534,628</u>	<u>\$ 259,951</u>	<u>\$ 752,477</u>	<u>\$ 6,547,056</u>
Cash and cash equivalents classified as				
Cash and cash equivalents	\$ 2,993,643	\$ 259,951	\$ 752,477	\$ 4,006,071
Restricted cash and cash equivalents	2,540,985	-	-	2,540,985
Total cash and cash equivalents	<u>\$ 5,534,628</u>	<u>\$ 259,951</u>	<u>\$ 752,477</u>	<u>\$ 6,547,056</u>

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 456,392	\$ 55,780	\$ (4,141)	\$ 508,031
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,715,929	-	23,591	1,739,520
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	163,754	17,387	-	181,141
Notes receivable	22,948	-	-	22,948
Due from other funds	(625,000)	-	-	(625,000)
Prepays	(3,958)	1,214	(5,918)	(8,662)
Deferred outflows - pension	(8,443)	-	(13,523)	(21,966)
Inventory	(2,730)	-	-	(2,730)
Increase (decrease) in liabilities:				
Accounts payable	48,931	51,620	22,905	123,456
Accrued liabilities	855	(61)	7,136	7,930
Net pension liability	20,603	-	36,142	56,745
Deferred inflows - pension	25,534	-	33,809	59,343
Customer deposits	(2,835)	-	-	(2,835)
Net cash provided by operating activities	<u>\$ 1,811,980</u>	<u>\$ 125,940</u>	<u>\$ 100,001</u>	<u>\$ 2,037,921</u>

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

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CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Blended Component Unit

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

The following are reported as major proprietary funds:

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

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

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

The City also reports the following fund type:

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

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

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

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

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

D. Deposits and Investments

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

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

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Deposits and Investments – Continued

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

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

E. Receivables

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

F. Inventory and Prepaid Items

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

G. Interfund Receivables/Payables

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

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items are recorded at acquisition value.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended September 30, 2024, no interest was capitalized.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Capital Assets – Continued

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Compensated Absences

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

L. Net Position/Fund Balance Classification

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

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

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

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

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

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Net Position/Fund Balance Classification – Continued

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

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

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

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

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

M. Property Taxes

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

The value of all taxable property is assessed as of January 1. The City Council levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the City, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2024. No accrual for the property tax levy becoming due in November of 2024, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

N. Use of Estimates

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s FRS plan and additions to/deductions from this plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Data

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

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

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

Budget amounts are as originally adopted or as amended by the City Council. The General Fund general government and public safety departments had expenditures in excess of final appropriations in the amount of \$821,224 and \$46,991, respectively.

B. Encumbrances

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

NOTE 3 – DEPOSITS AND INVESTMENTS

At September 30, 2024, the City had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Florida Fund B	39 days weighted average	AAAm	\$ 181,256
Certificates of deposit	3 to 12 months	N/A	9,145,182
			<u>\$ 9,326,438</u>

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

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 3 – DEPOSITS AND INVESTMENTS – CONTINUED

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the City's deposits may not be returned. The City does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of September 30, 2024, the City had no uncollateralized deposits as defined by GASB pronouncements.

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Receivables							
Accounts	\$ 2,414,433	\$ 62,302	\$ -	\$ 162,484	\$ 2,300,832	\$ 173,896	\$ 5,113,947
Notes	-	-	-	-	105,384	-	105,384
Due from other governments	576,304	-	131,879	-	-	-	708,183
Less allowance for uncollectible receivables	<u>(1,190,254)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(905,461)</u>	<u>(84,697)</u>	<u>(2,180,412)</u>
	<u>\$ 1,800,483</u>	<u>\$ 62,302</u>	<u>\$ 131,879</u>	<u>\$ 162,484</u>	<u>\$ 1,500,755</u>	<u>\$ 89,199</u>	<u>\$ 3,747,102</u>

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

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 2,952,789	\$ -	\$ -	\$ -	\$ 2,952,789
Construction in progress	<u>2,658,317</u>	<u>595,702</u>	<u>-</u>	<u>-</u>	<u>3,254,019</u>
Total assets not being depreciated	<u>5,611,106</u>	<u>595,702</u>	<u>-</u>	<u>-</u>	<u>6,206,808</u>
Capital assets being depreciated					
Buildings and improvements	10,668,447	-	-	-	10,668,447
Equipment and vehicles	4,443,184	142,852	-	-	4,586,036
Infrastructure	<u>8,390,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,390,871</u>
Total assets being depreciated	<u>23,502,502</u>	<u>142,852</u>	<u>-</u>	<u>-</u>	<u>23,645,354</u>
Less accumulated depreciation					
Buildings and improvements	(4,219,116)	(408,159)	-	-	(4,627,275)
Equipment and vehicles	(3,357,517)	(144,330)	-	-	(3,501,847)
Infrastructure	<u>(3,982,401)</u>	<u>(174,873)</u>	<u>-</u>	<u>-</u>	<u>(4,157,274)</u>
Total accumulated depreciation	<u>(11,559,034)</u>	<u>(727,362)</u>	<u>-</u>	<u>-</u>	<u>(12,286,396)</u>
Total assets depreciated, net	<u>11,943,468</u>	<u>(584,510)</u>	<u>-</u>	<u>-</u>	<u>11,358,958</u>
Governmental activities, net	<u>\$ 17,554,574</u>	<u>\$ 11,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,565,766</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 5 – CAPITAL ASSETS – CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 616,898	\$ -	\$ -	\$ -	\$ 616,898
Construction in progress	4,159,595	952,224	-	-	5,111,819
Total assets not being depreciated	<u>4,776,493</u>	<u>952,224</u>	<u>-</u>	<u>-</u>	<u>5,728,717</u>
Capital assets being depreciated					
Buildings and improvements	25,278,347	16,188	-	-	25,294,535
Equipment and vehicles	10,844,839	102,045	-	-	10,946,884
Infrastructure	18,403,449	17,050	-	-	18,420,499
Total assets being depreciated	<u>54,526,635</u>	<u>135,283</u>	<u>-</u>	<u>-</u>	<u>54,661,918</u>
Less accumulated depreciation					
Buildings and improvements	(15,397,212)	(776,699)	-	-	(16,173,911)
Equipment and vehicles	(7,989,878)	(430,173)	-	-	(8,420,051)
Infrastructure	(4,746,145)	(532,648)	-	-	(5,278,793)
Total accumulated depreciation	<u>(28,133,235)</u>	<u>(1,739,520)</u>	<u>-</u>	<u>-</u>	<u>(29,872,755)</u>
Total assets depreciated, net	<u>26,393,400</u>	<u>(1,604,237)</u>	<u>-</u>	<u>-</u>	<u>24,789,163</u>
Business-type activities, net	<u>\$ 31,169,893</u>	<u>\$ (652,013)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,517,880</u>

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

Governmental Activities

General government	\$ 44,702
Public safety	61,056
Highways and streets	544,594
Culture and recreation	32,442
Economic development	44,568
Total depreciation expense, governmental activities	<u>\$ 727,362</u>

Business-Type Activities

Water and sewer	\$ 1,715,929
Three Sisters	23,591
Total depreciation expense, business-type activities	<u>\$ 1,739,520</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Note payable from direct borrowings	\$ 2,720,233	\$ 5,000,000	\$ (187,017)	\$ 7,533,216	\$ 191,870
Total OPEB liability	181,559	20,686	(33,702)	168,543	-
Net pension liability	2,807,328	1,311,357	(1,574,575)	2,544,110	-
Compensated absences	123,707	193,444	(149,607)	167,544	108,904
Total governmental activities	\$ 5,832,827	\$ 6,525,487	\$ (1,944,901)	\$ 10,413,413	\$ 300,774
Business-type activities					
Bonds payable	\$ 1,146,000	\$ -	\$ (451,000)	\$ 695,000	\$ 462,000
Notes payable from direct borrowings	2,162,055	7,139	(111,827)	2,057,367	142,120
Net pension liability	668,012	307,602	(250,857)	724,757	-
Total business-type activities	\$ 3,976,067	\$ 314,741	\$ (813,684)	\$ 3,477,124	\$ 604,120

Long-term debt payable as of September 30, 2024 is composed of the following issues:

Revenue Bonds

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

	<u>\$ 695,000</u>
Total bonds payable	<u>\$ 695,000</u>

Notes Payable from Direct Borrowings

Local government emergency bridge loan from the Florida Department of Commerce due in full on or before November 17, 2033. \$ 5,000,000

Community Redevelopment Agency Note, due in quarterly installments of \$63,784 including interest at the rate of 2.57% through January 2036. 2,533,216

Total governmental activities notes payable \$ 7,533,216

Water and Sewer State Revolving Fund Loan, due in annual installments of \$37,977 including interest at the rate of 2.06% on various maturities; collateralized by revenues of the Water and Sewer Fund. \$ 274,737

Water and Sewer State Revolving Fund Loan, due in annual installments of \$37,518 including interest at the rate of 1.46% on various maturities; collateralized by revenues of the Water and Sewer Fund. 322,654

Water and Sewer State Revolving Fund Loan, due in annual installments of \$34,050 including interest at the rate of 1.23% on various maturities; collateralized by revenues of the Water and Sewer Fund. 300,375

Water and Sewer State Revolving Fund Loan, due in annual installments including interest at the rate of 0.68% on various maturities; collateralized by revenues of the Water and Sewer Fund. This loan is still in the draw down phase. 1,159,601

Total business-type notes payable \$ 2,057,367

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 – LONG-TERM DEBT – CONTINUED

The annual debt service payments required on outstanding debt at September 30, 2024 are as follows:

Fiscal Year	Revenue Bonds, Series 2012			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 462,000	\$ 13,896	\$ 475,896	\$ 142,120	\$ 31,043	\$ 173,163
2026	233,000	2,784	235,784	145,111	28,052	173,163
2027	-	-	-	147,817	25,345	173,162
2028	-	-	-	150,587	22,575	173,162
2029	-	-	-	153,422	19,740	173,162
2030-2034	-	-	-	730,621	55,180	785,801
2035-2039	-	-	-	306,307	15,688	321,995
2040-2044	-	-	-	281,382	4,805	286,187
	<u>\$ 695,000</u>	<u>\$ 16,680</u>	<u>\$ 711,680</u>	<u>\$ 2,057,367</u>	<u>\$ 202,428</u>	<u>\$ 2,259,795</u>

Fiscal Year	Community Redevelopment Agency Note		
	Principal	Interest	Total
2025	\$ 191,870	\$ 63,264	\$ 255,134
2026	196,849	58,286	255,135
2027	201,957	53,178	255,135
2028	207,197	47,937	255,134
2029	212,574	42,561	255,135
2030-2034	1,148,529	127,144	1,275,673
2035-2037	374,240	8,461	382,701
	<u>\$ 2,533,216</u>	<u>\$ 400,831</u>	<u>\$ 2,934,047</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 526,516
General Fund	Sanitation Fund	532
General Fund	Three Sisters Fund	10,125
General Fund	Community Redevelopment	34
Capital Improvements Fund	Water and Sewer Fund	306,448
		<u>\$ 843,655</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 7 – INTERFUND BALANCES AND TRANSFERS – CONTINUED

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 195,430
General Fund	Sanitation Fund	147,500
General Fund	Community Redevelopment Fund	16,884
Community Redevelopment Fund	General Fund	535,000
Capital Improvements Fund	General Fund	400,000
Nonmajor Governmental Funds	General Fund	225,101
		<u>\$ 1,519,915</u>

NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and pollution related activities. The City’s participation in the risk pool described below requires annual premium payments in return for transferring risks among pool participants. Settled claims from these risks have not exceeded the risk pool insurance limits nor have additional premiums been assessed relative to the past three years.

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

NOTE 9 – PENSION PLANS

Defined Benefit Plans

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS – CONTINUED

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2023 through June 30, 2024, and July 1, 2024 through September 30, 2024, were as follows: Regular Class 13.57% and 13.63%, Senior Management 34.52% and 34.52%, Elected Officials 58.68% and 58.68%, and DROP Participants 21.13% and 21.13%.

The City's contributions for the year ended September 30, 2024 were \$365,965 to FRS and \$47,286 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2024, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2024, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2024. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS	Total
Net pension liability	\$ 2,471,163	\$ 797,704	\$ 3,268,867
Proportion at:			
Current measurement date	0.00638796%	0.00531768%	
Prior measurement date	0.00666274%	0.00516611%	
Pension expense	\$ 433,643	\$ 55,368	\$ 489,011

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

Description	FRS		HIS		Totals	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 249,654	\$ -	\$ 7,702	\$ 1,532	\$ 257,356	\$ 1,532
Change of assumptions	338,698	-	14,117	94,438	352,815	94,438
Net difference between projected and actual earnings on Pension Plan investments	-	164,246	-	289	-	164,535
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	107,603	70,993	76,273	128	183,876	71,121
City Pension Plan contributions subsequent to the measurement date	96,367	-	13,132	-	109,499	-
Total	\$ 792,322	\$ 235,239	\$ 111,224	\$ 96,387	\$ 903,546	\$ 331,626

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS – CONTINUED

Pension Liabilities and Pension Expense – Continued

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2025. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	FRS	HIS
September 30:		
2025	\$ (40,810)	\$ 277
2026	443,341	341
2027	32,319	497
2028	1,529	348
2029	24,337	189
Thereafter	-	53

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2024, was determined by an actuarial valuation dated July 1, 2024, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.93%

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2024, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2024:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.65% to 3.93%.

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

Asset Class	Target Allocation	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 equity	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%
	100.0%			
Assumed Inflation - Mean			2.4%	1.5%

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – PENSION PLANS – CONTINUED

Discount Rate

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

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.93% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
City's proportionate share of the net pension liability	\$ 4,346,689	\$ 2,471,163	\$ 900,012	\$ 908,083	\$ 797,704	\$ 706,071

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2024, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2024.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

B. Plan Membership

Membership of the OPEB Plan consisted of the following at September 30, 2022, the date of the latest actuarial valuation:

Inactive employees and beneficiaries, receiving benefits	12
Active employees	35
	47

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

C. Contributions

The City has elected to fund the OPEB Plan on a “pay as you go” basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The City is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. For the year ended September 30, 2024, the City contributed \$11,493 for the pay as you go benefits of the OPEB Plan.

D. Total OPEB Liability of the City

The City’s total OPEB liability was measured as of September 30, 2023, and was determined by an actuarial valuation as of October 1, 2022 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the October 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	4.91%
Salary increases:	3.00%
Cost of living adjustments:	In accordance with healthcare cost trend rates
Healthcare cost trend rate:	7.50% - 5.00%, ultimate trend in 2028
Participation rate:	75% single coverage and 25% single and spouse coverage

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

The actuarial assumptions used in the October 1, 2022 valuation were based on the results of an actuarial experience study for the period 2008-2012.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 4.91%. This rate was determined using the 20 year municipal bond index as provided by the Asset Consulting Group.

F. Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2024 were as follows:

	Total OPEB Liability
Balances at September 30, 2023	\$ 181,559
Changes for the year:	
Service cost	11,486
Interest	9,200
Experience differences	(14,714)
Assumption changes	(7,495)
Benefit payments	(11,493)
Net changes	(13,016)
Balance at September 30, 2024	\$ 168,543

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.91%) or 1-percentage point higher (5.77%) than the current discount rate:

	1% Decrease 3.91%	Discount Rate 4.91%	1% Increase 5.91%
Total OPEB liability	\$ 188,965	\$ 168,543	\$ 151,861

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

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.5% decreasing to 4%) or 1-percentage point higher (8.5% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4%)	Discount Rate (7.5% decreasing to 5%)	1% Increase (8.5% decreasing to 6%)
Total OPEB liability	\$ 163,410	\$ 168,543	\$ 174,570

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

For the year ended September 30, 2024, the City recognized OPEB expense of (\$19,264). In addition, the City reported deferred outflows of resources and deferred in flows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 24,722	\$ 116,790
Changes in expected and actual experience	-	23,748
Contributions subsequent to the measurement date	10,016	-
Totals	\$ 34,738	\$ 140,538

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

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

The deferred outflows of resources related to the OPEB Plan, totaling \$10,016 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in OPEB expense as follows:

Year ending September 30:	
2025	\$ (18,040)
2026	(18,040)
2027	(18,040)
2028	(18,039)
2029	(18,039)
Thereafter	(25,618)
Total	<u>\$ (115,816)</u>

NOTE 11 – UTILITY OPERATING CONTRACT

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

The contract is cancelable by either party. During the year ended September 30, 2024, the monthly fee was \$111,257. Annual fees are negotiable annually on or before December 1. Failure to agree upon an annual fee will be resolved by application of a formula based upon the most current annual fee adjusted for the Consumer Price Index.

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

In 2008, The City Council dissolved the police department and entered into a contract with the Citrus County Sheriff's Office to provide public safety services. Substantially all police assets were transferred to the Sheriff's Office. The contract with the Sheriff's Office expires on September 30 of each year, subject to automatic renewal on an annual basis, provided no action is taken to terminate the contract. The City paid \$1,342,164 during the year ended September 30, 2024.

NOTE 13 – CONSTRUCTION COMMITMENTS

The City has active construction commitments on various projects in the approximate amount of \$3.025 million as of September 30, 2024.

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through June 6, 2025 the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CRYSTAL RIVER, FLORIDA

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

Reporting period ending Measurement date	9/30/2024 6/30/2024	9/30/2023 6/30/2023	9/30/2022 6/30/2022	9/30/2021 6/30/2021	9/30/2020 6/30/2020
City's proportion of the FRS net pension liability	0.00638796%	0.00666274%	0.00647084%	0.00630082%	0.00614891%
City's proportionate share of the FRS net pension liability	\$ 2,471,163	\$ 2,654,893	\$ 2,407,674	\$ 475,955	\$ 2,665,028
City's covered payroll	\$ 2,277,338	\$ 2,058,347	\$ 1,804,624	\$ 1,655,364	\$ 1,612,907
City's proportionate share of the pension liability as a percentage of its covered payroll	108.51%	128.98%	133.42%	28.75%	165.23%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%
Reporting period ending Measurement date	9/30/2019 6/30/2019	9/30/2018 6/30/2018	9/30/2017 6/30/2017	9/30/2016 6/30/2016	9/30/2015 6/30/2015
City's proportion of the FRS net pension liability	0.00525489%	0.004972746%	0.004886759%	0.004517327%	0.004048011%
City's proportionate share of the FRS net pension liability	\$ 1,809,710	\$ 1,497,817	\$ 1,445,967	\$ 1,140,629	\$ 522,855
City's covered payroll	\$ 1,354,012	\$ 1,308,467	\$ 1,233,491	\$ 1,146,105	\$ 966,759
City's proportionate share of the pension liability as a percentage of its covered payroll	133.66%	114.47%	117.23%	99.52%	54.08%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%

CITY OF CRYSTAL RIVER, FLORIDA

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

	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Reporting period ending					
Contractually required FRS contribution	\$ 365,965	\$ 335,305	\$ 281,833	\$ 256,892	\$ 161,076
FRS contributions in relation to the contractually required FRS contribution	<u>365,965</u>	<u>335,305</u>	<u>281,833</u>	<u>256,892</u>	<u>161,076</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,332,994	\$ 2,142,628	\$ 1,844,605	\$ 1,741,622	\$ 1,634,663
FRS contributions as a percentage of covered payroll	15.69%	15.65%	15.28%	14.75%	9.85%
Reporting period ending	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually required FRS contribution	\$ 170,238	\$ 144,979	\$ 127,214	\$ 110,162	\$ 98,694
FRS contributions in relation to the contractually required FRS contribution	<u>170,238</u>	<u>144,979</u>	<u>127,214</u>	<u>110,162</u>	<u>98,694</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,412,818	\$ 1,305,426	\$ 1,308,467	\$ 1,233,491	\$ 1,146,105
FRS contributions as a percentage of covered payroll	12.05%	11.11%	9.72%	8.93%	8.61%

CITY OF CRYSTAL RIVER, FLORIDA

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

Reporting period ending Measurement date	<u>9/30/2024</u> <u>6/30/2024</u>	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>
City's proportion of the HIS net pension liability	0.00531768%	0.00516611%	0.00494376%	0.00466576%	0.00464722%
City's proportionate share of the HIS net pension liability	\$ 797,704	\$ 820,447	\$ 523,623	\$ 572,326	\$ 567,418
City's covered payroll	\$ 2,277,338	\$ 2,058,347	\$ 1,804,624	\$ 1,655,364	\$ 1,612,907
City's proportionate share of the pension liability as a percentage of its covered payroll	35.03%	39.86%	29.02%	34.57%	35.18%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%
Reporting period ending Measurement date	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>
City's proportion of the HIS net pension liability	0.00404857%	0.004006128%	0.004051647%	0.003772839%	0.003027934%
City's proportionate share of the HIS net pension liability	\$ 452,993	\$ 424,013	\$ 433,221	\$ 439,710	\$ 308,802
City's covered payroll	\$ 1,354,012	\$ 1,308,467	\$ 1,308,467	\$ 1,233,491	\$ 966,759
City's proportionate share of the pension liability as a percentage of its covered payroll	33.46%	32.41%	33.11%	35.65%	31.94%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.63%	2.15%	1.64%	0.97%	1.22%

CITY OF CRYSTAL RIVER, FLORIDA

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

	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Reporting period ending					
Contractually required					
HIS contribution	\$ 47,286	\$ 36,646	\$ 30,598	\$ 28,774	\$ 20,969
HIS contributions in relation to the contractually required HIS contribution	<u>47,286</u>	<u>36,646</u>	<u>30,598</u>	<u>28,774</u>	<u>20,969</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,332,994	\$ 2,142,628	\$ 1,844,605	\$ 1,741,622	\$ 1,634,663
HIS contributions as a percentage of covered payroll	2.03%	1.71%	1.66%	1.65%	1.28%
Reporting period ending	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually required					
HIS contribution	\$ 23,327	\$ 21,675	\$ 21,442	\$ 19,338	\$ 11,575
HIS contributions in relation to the contractually required HIS contribution	<u>23,327</u>	<u>21,675</u>	<u>21,442</u>	<u>19,338</u>	<u>11,575</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ 1,305,426	\$ 1,308,467	\$ 1,233,491	\$ 966,759
HIS contributions as a percentage of covered payroll	#DIV/0!	1.66%	1.64%	1.57%	1.20%

CITY OF CRYSTAL RIVER, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 11,486	\$ 14,085	\$ 29,313	\$ 30,926	\$ 21,345	\$ 18,269	\$ 18,904
Interest	9,200	13,149	6,722	4,949	10,247	10,990	8,072
Experience differences	(14,714)	6,570	-	(21,021)	(21,019)	-	-
Assumption changes	(7,495)	(106,156)	(9,116)	41,918	(64,817)	(34,332)	-
Benefit payments	<u>(11,493)</u>	<u>(15,151)</u>	<u>(10,283)</u>	<u>(9,320)</u>	<u>(11,248)</u>	<u>(16,102)</u>	<u>(9,400)</u>
Net change in total OPEB liability	<u>(13,016)</u>	<u>(87,503)</u>	<u>16,636</u>	<u>47,452</u>	<u>(65,492)</u>	<u>(21,175)</u>	<u>17,576</u>
Total OPEB liability - beginning	<u>181,559</u>	<u>269,062</u>	<u>252,426</u>	<u>204,974</u>	<u>270,466</u>	<u>291,641</u>	<u>274,065</u>
Total OPEB liability - ending	<u>\$ 168,543</u>	<u>\$ 181,559</u>	<u>\$ 269,062</u>	<u>\$ 252,426</u>	<u>\$ 204,974</u>	<u>\$ 270,466</u>	<u>\$ 291,641</u>
Covered-employee payroll	\$ 1,600,822	\$ 1,569,433	\$ 1,422,406	\$ 1,422,406	\$ 1,199,673	\$ 951,649	\$ 951,649
Total OPEB liability as a percentage of covered employee payroll	10.5%	11.6%	18.9%	17.7%	17.1%	28.4%	30.6%

Notes to the Schedule:

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

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

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SUPPLEMENTARY INFORMATION

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CITY OF CRYSTAL RIVER, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS

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

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

Building is used to account for costs specifically related to the building department of the City.

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

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

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CITY OF CRYSTAL RIVER, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Expansion	Building	Buy A Brick	Impact Fees	
Assets					
Cash and cash equivalents	\$ 23,093	\$ -	\$ 5,626	\$ 41,192	\$ 69,911
Accounts receivable, net	4,060	-	-	158,424	162,484
Total assets	<u>\$ 27,153</u>	<u>\$ -</u>	<u>\$ 5,626</u>	<u>\$ 199,616</u>	<u>\$ 232,395</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 22,256	\$ 22,256
Due to other governments	-	-	-	152,380	152,380
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,636</u>	<u>174,636</u>
Fund balances					
Restricted					
Community development	-	-	5,626	-	5,626
Public safety	27,153	-	-	24,980	52,133
Total fund balances	<u>27,153</u>	<u>-</u>	<u>5,626</u>	<u>24,980</u>	<u>57,759</u>
Total liabilities and fund balances	<u>\$ 27,153</u>	<u>\$ -</u>	<u>\$ 5,626</u>	<u>\$ 199,616</u>	<u>\$ 232,395</u>

**CITY OF CRYSTAL RIVER, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Expansion	Building	Buy A Brick	Impact Fees	
Revenues					
Impact fees	\$ 21,160	\$ -	\$ -	\$ 5,557	\$ 26,717
Investment earnings	-	-	-	1,517	1,517
Total revenues	<u>21,160</u>	<u>-</u>	<u>-</u>	<u>7,074</u>	<u>28,234</u>
Expenditures					
Current					
General government	-	225,101	-	-	225,101
Total expenditures	<u>-</u>	<u>225,101</u>	<u>-</u>	<u>-</u>	<u>225,101</u>
Excess of revenues over expenditures	<u>21,160</u>	<u>(225,101)</u>	<u>-</u>	<u>7,074</u>	<u>(196,867)</u>
Other Financing Sources					
Transfers from other funds	-	225,101	-	-	225,101
Total other financing sources	<u>-</u>	<u>225,101</u>	<u>-</u>	<u>-</u>	<u>225,101</u>
Net change in fund balance	21,160	-	-	7,074	28,234
Fund balances, beginning	<u>5,993</u>	<u>-</u>	<u>5,626</u>	<u>17,906</u>	<u>29,525</u>
Fund balances, ending	<u>\$ 27,153</u>	<u>\$ -</u>	<u>\$ 5,626</u>	<u>\$ 24,980</u>	<u>\$ 57,759</u>

OTHER REPORTS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crystal River, Florida (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City's Response to the Finding

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

Purpose of this Report

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



Bradenton, Florida
June 6, 2025



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Crystal River, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 6, 2025

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CITY OF CRYSTAL RIVER, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>Assistance Listing Number</u>	<u>Grant ID Number</u>	<u>Actual Expenditures</u>
Federal Awards			
U.S. Department of Environmental Protection			
Passed through the Florida Department of Environmental Protection			
Nonpoint Source Implementation Grants	66.460	NF107/319	\$ <u>277,537</u>
Total Department of Environmental Protection			<u>277,537</u>
U.S. Department of Commerce			
Passed through the Florida Department of Commerce			
New City Hall Design Grant	N/A	HL215	<u>4,271</u>
Total Department of Commerce			<u>4,271</u>
U.S. Department of Homeland Security			
Passed through the Florida Department of Emergency Management			
Disaster Grants - Public Assistance	97.036	DR-4734	<u>1,393,012</u>
Total U.S. Department of Homeland Security			<u>1,393,012</u>
U.S. Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds			
	21.027	Y5063	<u>667,751</u>
Total U.S. Department of Interior			<u>667,751</u>
Total Expenditures of Federal awards			\$ <u>2,342,571</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

NOTE 1 – BASIS OF PRESENTATION

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

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

NOTE 2 – DE MINIMIS INDIRECT COST RATE

The City chose not to use the ten percent de minimis cost rate for the year ended September 30, 2024.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2024.

CITY OF CRYSTAL RIVER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

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

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

Noncompliance material to financial statements noted? yes no

Federal Programs

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

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

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

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

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	U.S. Department of Homeland Security – Disaster Assistance Grants

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

Auditee qualified as low-risk auditee? yes no

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2024 due to the total amount expended being less than \$750,000.

CITY OF CRYSTAL RIVER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

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

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

Condition – Invoices relating to fiscal year 2024 were not recorded in accounts payable as of year-end.

Context – Our testing of subsequent disbursements identified invoices that were not properly included within accounts payable in the amount of \$47,369.

Effect – A correcting adjustment to increase accounts payable by \$47,369 was required to be made to the City's general ledger to properly record actual activity.

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

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

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS

2022-001. Accounts Payables – Material Weakness

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

Condition – Invoices relating to fiscal year 2022 and 2023 were not recorded in accounts payable as of year-end.

Context – Our testing of subsequent disbursements identified invoices that were not properly included within accounts payable in the amount of \$1,018,545 in 2023 and \$520,929 in 2022.

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

Status – Unresolved. While significantly improved over the prior year this is again repeated in current year.

CITY OF CRYSTAL RIVER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS (Continued)

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

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

Condition – The Uniform Guidance requires reporting for this grant program to be submitted by April 30, 2024 to maintain compliance.

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

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

Status – Resolved.

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Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the City of Crystal River, Florida (the "City"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 6, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 6, 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 were not fully taken on finding 2022-001 in the preceding annual financial audit report and it has been repeated in the current year report.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City'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 note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor and Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Bradenton, Florida
June 6, 2025



Independent Accountant's Report

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

We have examined the City of Crystal River, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 6, 2025

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