# 2025

City of Crestview, Florida

# Financial Statements and Independent Auditor's Report

September 30, 2025

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

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

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

**SEPTEMBER 30, 2025**

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**CITY OF CRESTVIEW, FLORIDA**
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Crestview, 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 Crestview (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Honorable Mayor and City Council
City of Crestview, Florida

**INDEPENDENT AUDITOR'S REPORT**

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements 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 24, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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.

*Purvis Gray*

June 24, 2026
Tallahassee, Florida

**CITY OF CRESTVIEW, FLORIDA**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**SEPTEMBER 30, 2025**
**(UNAUDITED)**

As management of the City of Crestview, we offer readers of the City of Crestview's financial statements this narrative overview and analysis of the financial activities of the City of Crestview for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Crestview exceeded liabilities and deferred inflows by approximately $97.8 million (net position) and represents an increase of approximately $7.7 million in net position from the prior year. Of this amount, approximately $80.5 million represents the net investment in capital assets (e.g., land, infrastructure, building, machinery and equipment), $9.1 million is restricted for future obligations, and $8.2 million is unrestricted and may be used to meet the City of Crestview's ongoing obligations to citizens and creditors.

- Net position of the governmental activities increased by approximately $2.5 million from the prior year, after an effect of approximately $548 thousand in prior period restatements on beginning net position. The change comprises the effect of positive revenues over expenses.

- The net position of the business-type activities increased by approximately $5.2 million from the prior year, after an effect of approximately ($175 thousand) in prior period restatements. The primary reason for the increase was the utility-wide rate increase.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $6.1 million, or 16% of the total General Fund expenditures.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Crestview that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Crestview include general government (city clerk, city council, mayor, finance, service maintenance, planning, administration, engineering, facilities, and non-departmental expenses), public safety (police and fire), economic environment (CDBG), transportation (streets and right-of-way), human services (animal shelter), culture and recreation (parks and library), and debt service interest. The business-type activities of the City of Crestview include utilities (water and sewer), sanitation, stormwater, and the recently formed entity Crestview Unlimited (CV Unlimited), which operates the City of Crestview's golf course. The government-wide financial statements are found on pages 16-18 of this report.

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

**FUNDS**

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

Such information may be useful in evaluating a government's near-term financial requirements. Found on pages 19-22 of this report are the basic governmental fund financial statements.

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

The City of Crestview maintains nine individual governmental funds (General Fund, Law Enforcement Trust Fund, Community Redevelopment Fund, Community Development Block Grant Fund, Building and Permitting Fund, Mobility Fee Fund, Housing Assistance Trust (SHIP), Debt Service Fund, and the Permanent Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. Data from the other eight 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 of Crestview adopts an annual appropriated budget for its General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget and is presented as required supplementary information at pages 66 and 67.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Utilities Fund and Sanitation Fund are both considered major proprietary funds. Data from the other two enterprise funds (Stormwater and CV Unlimited) are combined into a single, aggregated presentation. The proprietary fund financial statements are found on pages 23-27 of this report.

*Fiduciary funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Crestview's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements are found on pages 28-29 of this report.

## NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

## OTHER INFORMATION

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the notes to the financial statements. The combining and individual fund statements and schedules are found on pages 79-83 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Crestview, assets and deferred outflows exceeded liabilities and deferred inflows by $97.8 million (net position) for the fiscal year ended 2025 as reported in Table 1.

## TABLE 1
## CITY OF CRESTVIEW, FLORIDA
## NET POSITION
## AS OF SEPTEMBER 30, 2025 AND 2024

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 (Restated) | 2025 | 2024 (Restated) | 2025 | 2024 (Restated) |
| Total assets, excluding capital assets | $ 20,928,596 | $ 25,557,456 | $ 14,628,496 | $ 19,038,629 | $ 35,557,092 | $ 44,596,085 |
| Capital assets, net of depreciation | 52,317,391 | 46,335,977 | 62,845,367 | 53,046,032 | 115,162,758 | 99,382,009 |
| Total assets | 73,245,987 | 71,893,433 | 77,473,863 | 72,084,661 | 150,719,850 | 143,978,094 |
| Deferred outflows of resources | 4,817,252 | 3,198,498 | 1,065,156 | 996,482 | 5,882,408 | 4,194,980 |
| Total assets and deferred outflows | $ 78,063,239 | $ 75,091,931 | $ 78,539,019 | $ 73,081,143 | $ 156,602,258 | $ 148,173,074 |
| Total liabilities, excluding long-term liabilities (see Note 1.H) | $ 4,428,556 | $ 5,989,919 | $ 5,806,587 | $ 5,030,154 | $ 10,235,143 | $ 11,020,073 |
| Long-term liabilities (see Note 1.H) | 19,299,395 | 18,494,006 | 24,384,145 | 24,862,369 | 43,683,540 | 43,356,375 |
| Total liabilities | 23,727,951 | 24,483,925 | 30,190,732 | 29,892,523 | 53,918,683 | 54,376,448 |
| Deferred inflows of resources | 4,375,087 | 3,130,980 | 537,151 | 428,986 | 4,912,238 | 3,559,966 |
| Net position: | | | | | | |
| Net investment in capital assets | 40,404,996 | 34,310,923 | 40,042,318 | 31,904,244 | 80,447,314 | 66,215,167 |
| Restricted | 5,718,817 | 3,847,284 | 3,364,348 | 4,521,529 | 9,083,165 | 8,368,813 |
| Unrestricted | 3,836,388 | 8,770,565 | 4,404,470 | 6,333,861 | 8,240,858 | 15,104,426 |
| Total net position | 49,960,201 | 46,928,772 | 47,811,136 | 42,759,634 | 97,771,337 | 89,688,406 |
| Net effects of prior period restatements (see Note 1.H) | - | 548,254 | - | (174,926) | - | 373,328 |
| Total liabilities, deferred inflows and net position | $ 78,063,239 | $ 75,091,931 | $ 78,539,019 | $ 72,906,217 | $ 156,602,258 | $ 147,998,148 |

By far the largest portion of the City of Crestview's net position, approximately $80.5 million (or 82%), represents the investment in capital assets (e.g., land, infrastructure, building, machinery and equipment), net of related debt.

An additional portion of the City of Crestview's net position, approximately $9.1 million (or 9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $8.2 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The overall increase in the City's net position was $7.7 million during FY 2025, which is primarily due to the receipt and recognition of capital grants and some large impact fees related to continued growth within the City.

*Governmental Activities* - Governmental activities increased the City of Crestview's net position by $2.5 million and business-type activities increased the City's net position by $5.2 million. Both of these increases are in addition to the effects of prior period restatements, as described in Note 1.H to the financial statements. Reported in Table 2 are the key elements of these changes.

# TABLE 2
# CITY OF CRESTVIEW, FLORIDA
# CHANGE IN NET POSITION
# FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Program revenues: | | | | | | |
| Charges for services | $ 2,389,988 | $ 2,064,493 | $ 21,537,958 | $ 19,387,992 | $ 23,927,946 | $ 21,452,485 |
| Operating grants and contributions | 700,608 | 566,778 | - | - | 700,608 | 566,778 |
| Capital grants and contributions | 565,470 | 1,835,923 | 2,529,974 | 2,982,703 | 3,095,444 | 4,818,626 |
| General revenues: | | | | | | |
| Property taxes | 13,063,069 | 12,320,386 | - | - | 13,063,069 | 12,320,386 |
| Other taxes | 7,529,802 | 7,002,769 | - | - | 7,529,802 | 7,002,769 |
| Other revenues | 10,113,878 | 10,323,586 | 8,512 | 8,693 | 10,122,390 | 10,332,279 |
| Total revenues | 34,362,815 | 34,113,935 | 24,076,444 | 22,379,388 | 58,439,259 | 56,493,323 |
| Expenses: | | | | | | |
| General government | 7,086,051 | 6,943,850 | - | - | 7,086,051 | 6,943,850 |
| Public safety | 17,231,887 | 16,621,889 | - | - | 17,231,887 | 16,621,889 |
| Economic environment | 138,015 | 140,427 | - | - | 138,015 | 140,427 |
| Transportation | 2,852,912 | 2,450,753 | - | - | 2,852,912 | 2,450,753 |
| Human services | 469,148 | 386,713 | - | - | 469,148 | 386,713 |
| Culture and recreation | 3,689,579 | 3,392,629 | - | - | 3,689,579 | 3,392,629 |
| Interest on long-term debt | 500,099 | 448,565 | - | - | 500,099 | 448,565 |
| Utilities fund | - | - | 9,642,228 | 9,577,924 | 9,642,228 | 9,577,924 |
| Sanitation fund | - | - | 7,486,375 | 7,203,680 | 7,486,375 | 7,203,680 |
| Stormwater fund | - | - | 347,216 | 274,048 | 347,216 | 274,048 |
| Crestview Unlimited | - | - | 1,286,146 | 1,169,805 | 1,286,146 | 1,169,805 |
| Total expenses | 31,967,691 | 30,384,826 | 18,761,965 | 18,225,457 | 50,729,656 | 48,610,283 |
| Increase (decrease) in net assets before transfers | 2,395,124 | 3,729,109 | 5,314,479 | 4,153,931 | 7,709,603 | 7,883,040 |
| Transfers | 88,051 | (230,000) | (88,051) | 230,000 | - | - |
| Increase (decrease) in net position | $ 2,483,175 | $ 3,499,109 | $ 5,226,428 | $ 4,383,931 | $ 7,709,603 | $ 7,883,040 |

## Financial Impacts

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

### *Revenues*

- Economic Condition - This can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, gas, or other tax revenue.

- Council Approved Rate Adjustments - While certain tax rates are set by statute, the City Council has significant authority to impose and periodically adjust rates (water, wastewater, sanitation, impact fees, recreation user fees, etc.).

- Changing Patterns in Intergovernmental Grant Revenue (both recurring and non-recurring) – Certain recurring revenues (state revenue sharing and community development grants) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

- Market Impacts on Investment Income - The current market conditions have little influence on the City of Crestview's investment income since the majority of the City of Crestview's non-pension investments consist of certificates of deposit and deposits with the State Board of Administration.

***Expenses***

- Introduction of New Programs - Within functional expense categories (police, fire, public works, community development, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.

- Authorized Position Adjustments - Changes in service demand may cause the City Council to change authorized staffing. Staffing costs (salary and related benefits) represent approximately 59% of the City of Crestview's operating costs.

- Salary Adjustments - The ability to attract and retain human and intellectual resources requires the City of Crestview to strive to approach a competitive salary range position in the marketplace.

- Inflation - While overall inflation appears to be reasonably modest, the City of Crestview is a major consumer of certain commodities such as paper, chemicals, supplies, fuel, oil, and parts. Some fluctuations may experience commodity-specific increases.

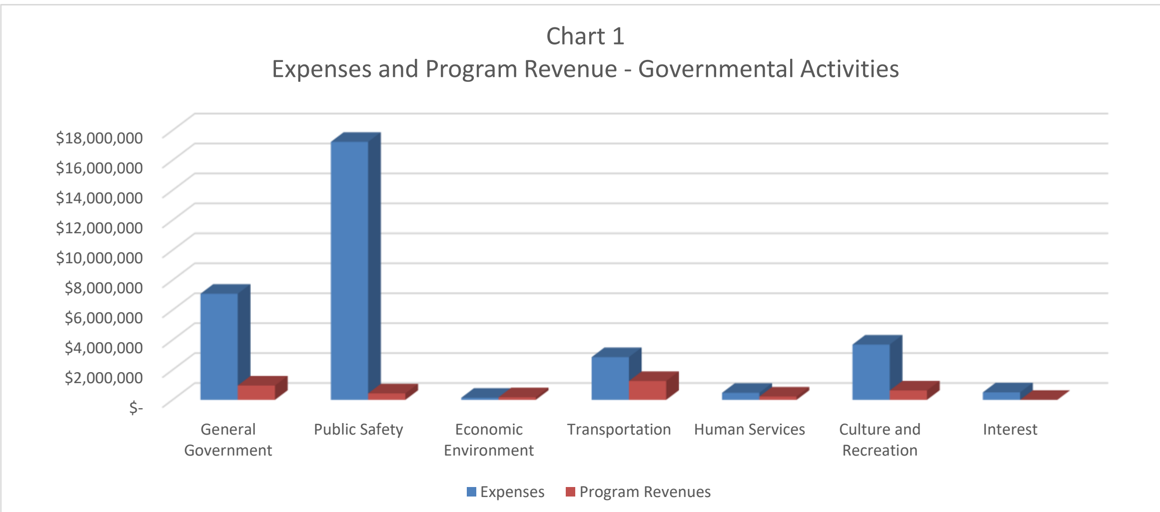
**Current Year Impacts - Governmental Activities**

- Net position in the governmental activities increased by approximately $3.5 million in the prior year in addition to a current year increase resulting from prior period restatements of $548 thousand and increased approximately $2.5 million in the current year from current year results of operations. Total revenues in the governmental activities increased by approximately $249 thousand and expenditures increased approximately $1.6 million.

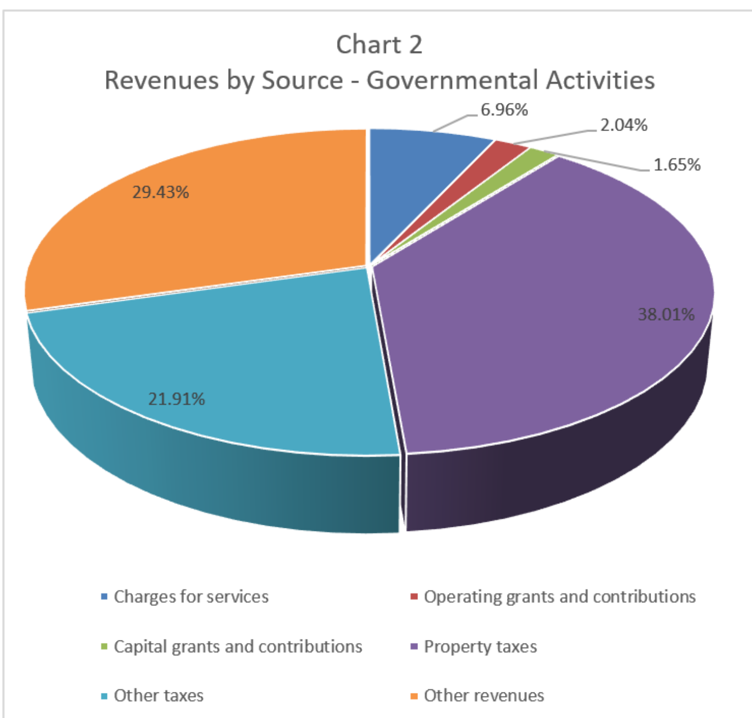
- Property taxes increased by approximately $743 thousand (or 6%) due to both community growth and improving property values.

- Other taxes and other revenues, which include state shared revenues, increased by approximately $317 thousand (or 2%) due to improving economic conditions in the City of Crestview and across the State of Florida.

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




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



**CITY OF CRESTVIEW, FLORIDA**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**SEPTEMBER 30, 2025**
**(UNAUDITED)**

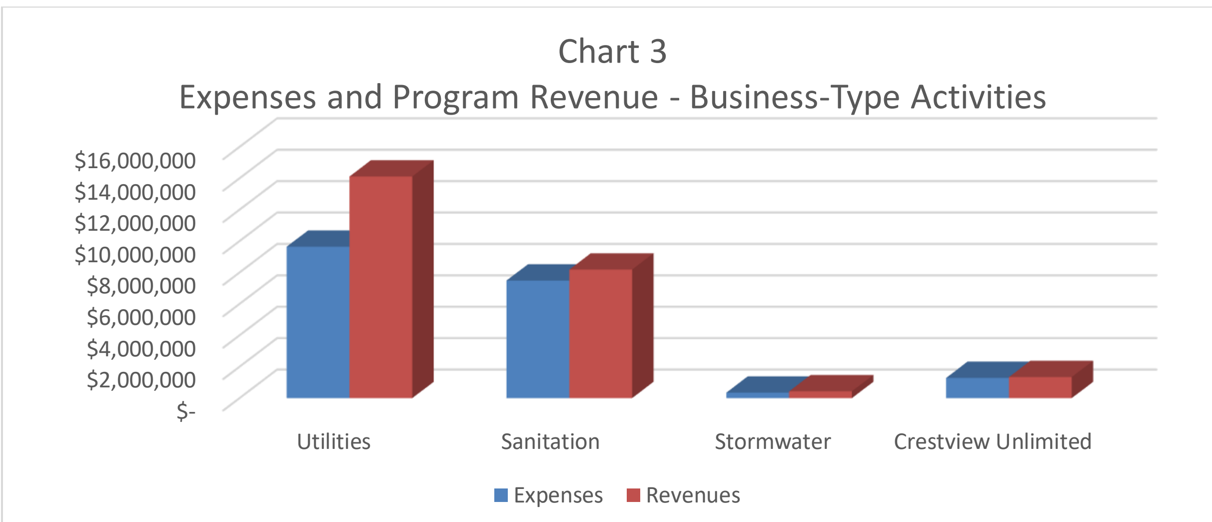
**Business-Type Activities**

The net position from business-type activities increased by approximately $5.2 million.

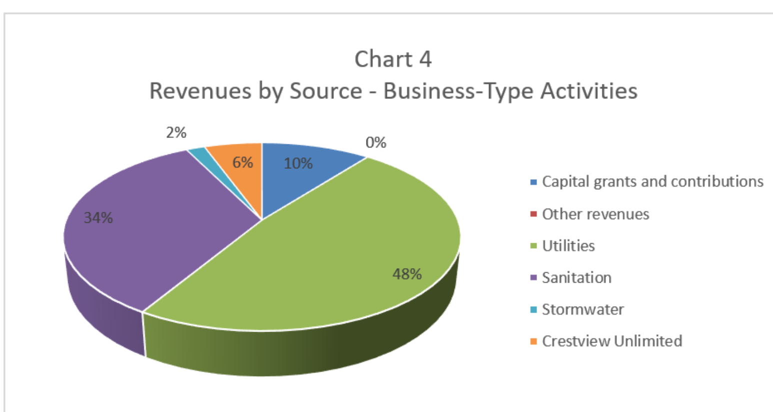
- Charges for services for business-type activities increased by approximately $2.1 million (or 11%). This change is directly related to rate increases and new growth and will create an upward trend.

- Total operating expenses increased by approximately $537 thousand (3%). This resulted from increasing operational costs, primarily related to a new sanitation contract.

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




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



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City of Crestview's governmental funds reported a combined ending fund balance of $18.8 million, a decrease of $2.4 million in comparison with the prior year. Approximately 33% of this total amount ($6.1 million) constitutes unassigned fund balance in the General Fund, which is available for spending at the City Council's discretion. The remainder of the fund balance is not available for general spending because it is non-spendable, restricted, or has already been assigned by the City of Crestview ($10.1 million in the General Fund and $12.7 million in total).

The General Fund is the chief operating fund of the City of Crestview. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $6.1 million, while total fund balance reached $16.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 16% of the total General Fund expenditures, while total fund balance represents 42% of that same amount.

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

Unrestricted net position of the proprietary funds totaled $4.4 million at the end of the year; of that the Utilities Fund totaled $(733) thousand, the Sanitation Fund totaled $4.7 million, and the non-major funds totaled $446 thousand. The net position for this fiscal year in the proprietary funds increased by approximately $5.1 million. This increase primarily resulted from the Utilities Fund where infrastructure costs have been capitalized and will be depreciated over time. Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the City of Crestview's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City of Crestview's budget was amended to correctly reflect expenditures and appropriations.

Revenues for the year were less than budget by approximately $3.9 million. Expenditures were less than budgeted amounts by approximately $7.7 million. A portion of prior years' accumulated fund balance in the general fund was budgeted and utilized during the year for previously planned projects. Therefore, the resulting significant negative change in fund balance in the general fund was budgeted and expected.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

The City of Crestview's investments in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $178.5 million ($115.2 million net of accumulated depreciation). This investment in capital assets includes land, buildings, water, wastewater and drainage systems improvements, machinery and equipment, park facilities, roads, and highways, etc. The total increase in the City of Crestview's gross capital assets for the current fiscal year was $19.9 million or 13%, and is summarized as follows:

- Construction in progress increased by $8.9 million due to the construction of several improvements and infrastructure projects as noted below.
- Improvements to buildings, highways and streets and other infrastructure ($2.2 million), and water and sewer system improvements ($5.7 million).
- Purchases of equipment and vehicles for the police, fire, streets, permitting, utility, stormwater departments, and the golf course ($2.6 million).

**TABLE 3**
**CITY OF CRESTVIEW CAPITAL ASSETS**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | $ 3,989,140 | $ 3,960,873 | $ 2,711,370 | $ 2,711,370 | $ 6,700,510 | $ 6,672,243 |
| Construction in progress | 10,667,314 | 7,382,840 | 9,515,695 | 3,888,998 | 20,183,009 | 11,271,838 |
| Buildings | 11,079,711 | 11,065,611 | 8,954,298 | 8,954,298 | 20,034,009 | 20,019,909 |
| Improvements | 15,218,804 | 13,044,560 | 10,954,033 | 10,215,330 | 26,172,837 | 23,259,890 |
| Infrastructure | 25,341,787 | 25,341,787 | 47,780,890 | 42,786,178 | 73,122,677 | 68,127,965 |
| Machinery and equipment | 14,728,146 | 12,638,618 | 12,872,267 | 12,369,929 | 27,600,413 | 25,008,547 |
| Leased equipment | 2,491,700 | 2,176,851 | 462,823 | 353,827 | 2,954,523 | 2,530,678 |
| Intangible assets | 851,099 | 851,099 | - | - | 851,099 | 851,099 |
| SBITAs | 884,291 | 884,291 | - | - | 884,291 | 884,291 |
| Total prior to depreciation | 85,251,992 | 77,346,530 | 93,251,376 | 81,279,930 | 178,503,368 | 158,626,460 |
| Less accumulated depreciation | 32,934,601 | 31,010,553 | 30,406,009 | 28,233,898 | 63,340,610 | 59,244,451 |
| Total | $ 52,317,391 | $ 46,335,977 | $ 62,845,367 | $ 53,046,032 | $ 115,162,758 | $ 99,382,009 |

***Long-Term Debt***

At the end of the current fiscal year, the City of Crestview had total long-term debt outstanding of $37.4 million. The City of Crestview's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds), state revolving loans, subscription-based IT arrangements (SBITAs), and capital leases. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts greater than one year, the City of Crestview is required to conduct a voter referendum process for approval of this type of debt. The City of Crestview has no general obligation debts greater than one year as of September 30, 2025.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Notes payable | $ - | $ - | $ 11,071,535 | $ 10,730,716 | $ 11,071,535 | $ 10,730,716 |
| Installment purchases | 1,314,629 | - | - | - | 1,314,629 | - |
| Leases | 948,000 | 352,671 | 217,825 | 106,970 | 1,165,825 | 459,641 |
| SBITAs | 392,784 | 583,020 | - | - | 392,784 | 583,020 |
| Revenue bonds | 9,519,543 | 10,753,542 | 13,895,457 | 14,511,457 | 23,415,000 | 25,264,999 |
| Total | $ 12,174,956 | $ 11,689,233 | $ 25,184,817 | $ 25,349,143 | $ 37,359,773 | $ 37,038,376 |

Total long-term debt increased by approximately $321 thousand during the 2025 fiscal year. Additional information on the City of Crestview's long-term debt can be found in Note 6 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

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

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

## REQUEST FOR INFORMATION

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

# FINANCIAL STATEMENTS

**CITY OF CRESTVIEW, FLORIDA**
**STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2025**

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **Assets** | | | |
| Cash and Cash Equivalents | $ 16,427,654 | $ 4,654,957 | $ 21,082,611 |
| Investments | 54,357 | - | 54,357 |
| Accounts Receivable, Net | 63,871 | 3,180,318 | 3,244,189 |
| Due from Other Governments | 1,328,919 | - | 1,328,919 |
| Inventories | 95,354 | 155,767 | 251,121 |
| Deposits | - | 916 | 916 |
| Interfund Receivable | 127,067 | 536,983 | 664,050 |
| Prepaid Expenses | 632,594 | - | 632,594 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 2,198,780 | 5,833,737 | 8,032,517 |
| Investments | - | 265,818 | 265,818 |
| Capital Assets: | | | |
| Assets Not Being Depreciated | 14,656,454 | 12,227,065 | 26,883,519 |
| Assets Being Depreciated, Net | 37,660,937 | 50,618,302 | 88,279,239 |
| **Total Assets** | 73,245,987 | 77,473,863 | 150,719,850 |
| **Deferred Outflows of Resources** | | | |
| Deferred Loss on Bond Refunding | - | 560,854 | 560,854 |
| Other Postemployment Benefits | 225,724 | 28,849 | 254,573 |
| Pensions | 4,591,528 | 475,453 | 5,066,981 |
| **Total Deferred Outflows of Resources** | 4,817,252 | 1,065,156 | 5,882,408 |
| **Liabilities** | | | |
| Accounts Payable | 708,118 | 1,729,584 | 2,437,702 |
| Accrued Expenses | 442,859 | 320,048 | 762,907 |
| Interfund Payables | - | 664,050 | 664,050 |
| Unearned Revenue | 455,259 | 9,390 | 464,649 |
| Due to Other Governments | 506,075 | - | 506,075 |
| Accrued Interest | 85,290 | 58,239 | 143,529 |
| Customer Deposits | 21,055 | 1,133,135 | 1,154,190 |
| Non-Current Liabilities: | | | |
| Due Within One Year | 2,209,900 | 1,892,141 | 4,102,041 |
| Due in More Than One Year | 19,299,395 | 24,384,145 | 43,683,540 |
| **Total Liabilities** | 23,727,951 | 30,190,732 | 53,918,683 |
| **Deferred Inflows of Resources** | | | |
| Other Postemployment Benefits | 614,083 | 78,483 | 692,566 |
| Pensions | 3,761,004 | 458,668 | 4,219,672 |
| **Total Deferred Inflows of Resources** | 4,375,087 | 537,151 | 4,912,238 |
| **Net Position** | | | |
| Net Investment in Capital Assets | 40,404,996 | 40,042,318 | 80,447,314 |
| Restricted for: | | | |
| Library | 54,357 | - | 54,357 |
| Impact Fees | 2,826,297 | 2,757,346 | 5,583,643 |
| Animal Shelter | 100,000 | - | 100,000 |
| Debt Service | 427,277 | 357,002 | 784,279 |
| Reserve and Replacement | - | 250,000 | 250,000 |
| Housing Assistance | 584,711 | - | 584,711 |
| Building Permits | 936,449 | - | 936,449 |
| Redevelopment | 789,726 | - | 789,726 |
| Unrestricted | 3,836,388 | 4,404,470 | 8,240,858 |
| **Total Net Position** | $ 49,960,201 | $ 47,811,136 | $ 97,771,337 |

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

**CITY OF CRESTVIEW, FLORIDA**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| | | Program Revenues | | |
|---|---|---|---|---|
| **Function/Program Activities** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** |
| **Governmental Activities** | | | | |
| General Government | $ 7,086,051 | $ 895,155 | $ 59,900 | $ - |
| Public Safety | 17,231,887 | 350,934 | 77,474 | - |
| Economic Environment | 138,015 | - | 171,581 | - |
| Transportation | 2,852,912 | 691,643 | - | 565,470 |
| Human Services | 469,148 | 3,227 | 215,771 | - |
| Culture and Recreation | 3,689,579 | 449,029 | 175,882 | - |
| Interest | 500,099 | - | - | - |
| **Total Governmental Activities** | 31,967,691 | 2,389,988 | 700,608 | 565,470 |
| **Business-Type Activities** | | | | |
| Utilities | 9,642,228 | 11,581,418 | - | 2,529,974 |
| Sanitation | 7,486,375 | 8,183,827 | - | - |
| Stormwater | 347,216 | 432,670 | - | - |
| Crestview Unlimited | 1,286,146 | 1,340,043 | - | - |
| **Total Business-Type Activities** | 18,761,965 | 21,537,958 | - | 2,529,974 |
| **Total** | $ 50,729,656 | $ 23,927,946 | $ 700,608 | $ 3,095,444 |

**General Revenues**
Taxes:
Property Taxes
Franchise and Utility Taxes
Communication Service Tax
Fuel Taxes
Other Taxes
State-Shared Revenues
Other Intergovernmental Revenue
Investment Earnings
Miscellaneous Revenue
Transfers
**Total General Revenues and Transfers**
**Change in Net Position**
**Net Position, Beginning of Year, as Previously Reported**
**Prior Period Restatements (See Note 1.H)**
**Net Position, Beginning of Year, as Restated**
**Net Position, End of Year**

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

| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Governmental Activities | Business-Type Activities | Total |
| $ (6,130,996) | $ - | $ (6,130,996) |
| (16,803,479) | - | (16,803,479) |
| 33,566 | - | 33,566 |
| (1,595,799) | - | (1,595,799) |
| (250,150) | - | (250,150) |
| (3,064,668) | - | (3,064,668) |
| (500,099) | - | (500,099) |
| (28,311,625) | - | (28,311,625) |
| - | 4,469,164 | 4,469,164 |
| - | 697,452 | 697,452 |
| - | 85,454 | 85,454 |
| - | 53,897 | 53,897 |
| - | 5,305,967 | 5,305,967 |
| (28,311,625) | 5,305,967 | (23,005,658) |
| 13,063,069 | - | 13,063,069 |
| 5,525,213 | - | 5,525,213 |
| 1,182,579 | - | 1,182,579 |
| 746,964 | - | 746,964 |
| 75,046 | - | 75,046 |
| 8,480,694 | - | 8,480,694 |
| 86,163 | - | 86,163 |
| 599,180 | 7,188 | 606,368 |
| 947,841 | 1,324 | 949,165 |
| 88,051 | (88,051) | - |
| 30,794,800 | (79,539) | 30,715,261 |
| 2,483,175 | 5,226,428 | 7,709,603 |
| 46,928,772 | 42,759,634 | 89,688,406 |
| 548,254 | (174,926) | 373,328 |
| 47,477,026 | 42,584,708 | 90,061,734 |
| $ 49,960,201 | $ 47,811,136 | $ 97,771,337 |

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

**CITY OF CRESTVIEW, FLORIDA**
**BALANCE SHEET - GOVERNMENTAL FUNDS**
**SEPTEMBER 30, 2025**

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Assets** | | | |
| Cash and Cash Equivalents | $ 13,986,571 | $ 2,441,083 | $ 16,427,654 |
| Cash and Cash Equivalents - Restricted | 2,198,780 | - | 2,198,780 |
| Investments | - | 54,357 | 54,357 |
| Accounts Receivable - Other | 63,871 | - | 63,871 |
| Interfund Receivables | 188,114 | - | 188,114 |
| Due from Other Governments | 1,190,904 | 138,015 | 1,328,919 |
| Inventories | 95,354 | - | 95,354 |
| Prepaid Expenses | 619,094 | 13,500 | 632,594 |
| **Total Assets** | $ 18,342,688 | $ 2,646,955 | $ 20,989,643 |
| | | | |
| **Liabilities** | | | |
| Accounts Payable | $ 696,953 | $ 11,165 | $ 708,118 |
| Accrued Expenses | 429,981 | 12,878 | 442,859 |
| Customer Deposits | 21,055 | - | 21,055 |
| Due to Other Governments | 506,075 | - | 506,075 |
| Interfund Payables | - | 61,047 | 61,047 |
| Unearned Revenue | 455,259 | - | 455,259 |
| **Total Liabilities** | 2,109,323 | 85,090 | 2,194,413 |
| | | | |
| **Fund Balances** | | | |
| Non-Spendable | 714,448 | 67,857 | 782,305 |
| Restricted | 3,284,624 | 2,379,836 | 5,664,460 |
| Assigned | 6,101,863 | 114,172 | 6,216,035 |
| Unassigned | 6,132,430 | - | 6,132,430 |
| **Total Fund Balances** | 16,233,365 | 2,561,865 | 18,795,230 |
| | | | |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances** | $ 18,342,688 | $ 2,646,955 | $ 20,989,643 |

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

**CITY OF CRESTVIEW, FLORIDA**
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2025**

| | | |
|---|---|---|
| **Total Funds Balances - Governmental Funds** | | $ 18,795,230 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Capital Assets | $ 85,251,992 | |
| Less Accumulated Depreciation | (32,934,601) | 52,317,391 |
| Certain pension and other postemployment benefits are being deferred and amortized over a period of years: | | |
| Deferred Outflows Related to Pensions and OPEB | 4,817,252 | |
| Deferred Inflows Related to Pensions and OPEB | (4,375,087) | 442,165 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds: | | |
| Accrued Interest Payable | (85,290) | |
| Bonds, Notes, and Leases | (12,210,476) | |
| Net Pension Liability | (6,331,265) | |
| Compensated Absences | (1,481,632) | |
| Other Postemployment Benefit Obligation | (1,485,922) | (21,594,585) |
| **Total Net Position - Governmental Activities** | | $ 49,960,201 |

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

**CITY OF CRESTVIEW, FLORIDA**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
**IN FUND BALANCES - GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | $ 18,202,109 | $ 126,047 | $ 18,328,156 |
| License and Permits | 2,959,675 | 533,783 | 3,493,458 |
| Intergovernmental | 9,239,618 | 387,352 | 9,626,970 |
| Charges for Services | 631,645 | 68,950 | 700,595 |
| Fines and Forfeitures | 454,381 | 24,422 | 478,803 |
| Miscellaneous | 1,730,950 | 3,883 | 1,734,833 |
| **Total Revenues** | 33,218,378 | 1,144,437 | 34,362,815 |
| **Expenditures** | | | |
| Current: | | | |
| General Government | 8,469,144 | 158,934 | 8,628,078 |
| Public Safety | 17,265,447 | 1,037,981 | 18,303,428 |
| Transportation | 5,748,235 | - | 5,748,235 |
| Economic Environment | - | 138,015 | 138,015 |
| Human Services | 462,144 | - | 462,144 |
| Culture and Recreation | 4,290,244 | - | 4,290,244 |
| Debt Service: | | | |
| Principal | 2,005,434 | 16,212 | 2,021,646 |
| Interest | 509,445 | 4,002 | 513,447 |
| **Total Expenditures** | 38,750,093 | 1,355,144 | 40,105,237 |
| **(Deficiency) of Revenues (Under) Expenditures** | (5,531,715) | (210,707) | (5,742,422) |
| **Other Financing Sources (Uses)** | | | |
| Installment Purchase | 1,604,094 | - | 1,604,094 |
| Transfers In | 339,160 | 221,897 | 561,057 |
| Transfers (Out) | (273,556) | (199,450) | (473,006) |
| Lease Obligation | 791,432 | 111,843 | 903,275 |
| **Total Other Financing Sources (Uses)** | 2,461,130 | 134,290 | 2,595,420 |
| **Net Changes in Fund Balances** | (3,070,585) | (76,417) | (3,147,002) |
| **Fund Balance, Beginning of Year, as Previously Reported** | 18,219,685 | 2,945,609 | 21,165,294 |
| **Prior Period Restatements (See Note 1.H)** | 1,084,265 | (307,327) | 776,938 |
| **Fund Balance, Beginning of Year, as Restated** | 19,303,950 | 2,638,282 | 21,942,232 |
| **Fund Balance, End of Year** | $ 16,233,365 | $ 2,561,865 | $ 18,795,230 |

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

**CITY OF CRESTVIEW, FLORIDA**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| | | |
|---|---|---|
| **Net Change in Fund Balances - Governmental Funds** | | $ (3,147,002) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| The repayment of principal on long-term debt consumes the current financial resources of governmental funds but has no effect on the government-wide net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred in the statement of activities. | | |
| Principal Payments | $ 2,021,646 | |
| Lease/Installment Purchase Obligations | (2,507,369) | |
| Amortization of Bond Premium | 2,220 | (483,503) |
| Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. | | |
| Expenditures for Capital Assets | 9,025,947 | |
| Capital Assets Acquired Through Trade | 405,595 | |
| Transfer of Capital Assets (Land-for-Land Trade) | (405,595) | |
| Retainage Payable | 298,081 | |
| Disposals of Capital Assets | (169,141) | |
| (Current Year Depreciation) | (2,875,392) | 6,279,495 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: | | |
| Change in Accrued Interest | 11,128 | |
| Change in Accrued Compensated Absences | (38,730) | |
| Change in Net Pension Liability | (39,078) | |
| Change in Other Postemployment Benefits | (99,135) | (165,815) |
| **Change in Net Position - Governmental Activities** | | $ 2,483,175 |

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

**CITY OF CRESTVIEW, FLORIDA**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**SEPTEMBER 30, 2025**

| | Business-Type Activities Enterprise Funds | | | |
|---|---|---|---|---|
| | **Utilities Fund** | **Sanitation Fund** | **Other Funds** | **Total** |
| **Assets** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 655,862 | $ 3,424,118 | $ 574,977 | $ 4,654,957 |
| Accounts Receivable, Net | 1,840,260 | 1,300,779 | 39,279 | 3,180,318 |
| Interfund Receivables | | 536,983 | - | 536,983 |
| Inventories | - | - | 155,767 | 155,767 |
| Deposits | - | - | 916 | 916 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 5,833,737 | - | - | 5,833,737 |
| Investments | 265,818 | - | - | 265,818 |
| Total Current Assets | 8,595,677 | 5,261,880 | 770,939 | 14,628,496 |
| Non-Current Assets: | | | | |
| Capital Assets: | | | | |
| Land | 2,711,370 | - | - | 2,711,370 |
| Buildings and Improvements | 67,683,359 | - | 5,861 | 67,689,220 |
| Equipment | 12,525,816 | 194,046 | 615,229 | 13,335,091 |
| CIP | 9,515,695 | - | - | 9,515,695 |
| Total Non-Current Assets | 92,436,240 | 194,046 | 621,090 | 93,251,376 |
| (Accumulated Depreciation) | (30,251,367) | (48,511) | (106,131) | (30,406,009) |
| Total Capital Assets (Net of Accumulated Depreciation) | 62,184,873 | 145,535 | 514,959 | 62,845,367 |
| **Total Assets** | 70,780,550 | 5,407,415 | 1,285,898 | 77,473,863 |
| **Deferred Outflows of Resources** | | | | |
| Deferred Loss on Bond Refunding | 560,854 | - | - | 560,854 |
| Other Postemployment Benefits | 26,878 | - | 1,971 | 28,849 |
| Pensions | 442,975 | - | 32,478 | 475,453 |
| **Total Deferred Outflows of Resources** | 1,030,707 | - | 34,449 | 1,065,156 |

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

**CITY OF CRESTVIEW, FLORIDA**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**SEPTEMBER 30, 2025**

| | Business-Type Activities Enterprise Funds | | | |
|---|---|---|---|---|
| | **Utilities Fund** | **Sanitation Fund** | **Other Funds** | **Total** |
| **Liabilities** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | $ 1,088,087 | $ 570,349 | $ 71,148 | $ 1,729,584 |
| Accrued Expenses | 291,140 | - | 28,908 | 320,048 |
| Accrued Interest | 58,239 | - | - | 58,239 |
| Interfund Payables | 536,983 | - | 127,067 | 664,050 |
| Unearned Revenue | - | - | 9,390 | 9,390 |
| Customer Deposits | 1,133,135 | - | - | 1,133,135 |
| Revenue Bonds, Notes, and Capital Leases Payable | 1,826,829 | - | 13,958 | 1,840,787 |
| Compensated Absences | 48,975 | - | 2,379 | 51,354 |
| Total Current Liabilities | 4,983,388 | 570,349 | 252,850 | 5,806,587 |
| Non-Current Liabilities: | | | | |
| Other Postemployment Benefits Obligation | 176,935 | - | 12,972 | 189,907 |
| Net Pension Liability | 704,962 | - | 51,686 | 756,648 |
| Compensated Absences | 244,994 | - | 19,115 | 264,109 |
| Revenue Bonds, Notes, and Leases Payable | 23,133,937 | - | 39,544 | 23,173,481 |
| Total Non-Current Liabilities | 24,260,828 | - | 123,317 | 24,384,145 |
| **Total Liabilities** | 29,244,216 | 570,349 | 376,167 | 30,190,732 |
| **Deferred Inflows of Resources** | | | | |
| Other Postemployment Benefits | 73,122 | - | 5,361 | 78,483 |
| Pensions | 427,337 | - | 31,331 | 458,668 |
| **Total Deferred Inflows of Resources** | 500,459 | - | 36,692 | 537,151 |
| **Net Position** | | | | |
| Net Investment in Capital Assets | 39,435,326 | 145,535 | 461,457 | 40,042,318 |
| Restricted | 3,364,348 | - | - | 3,364,348 |
| Unrestricted | (733,092) | 4,691,531 | 446,031 | 4,404,470 |
| **Total Net Position** | $ 42,066,582 | $ 4,837,066 | $ 907,488 | $ 47,811,136 |

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

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

| | Business-Type Activities Enterprise Funds | | | |
|---|---|---|---|---|
| | Utilities Fund | Sanitation Fund | Other Funds | Total |
| **Operating Revenue** | | | | |
| Charges for Service | $ 11,581,418 | $ 8,183,827 | $ 1,772,713 | $ 21,537,958 |
| Other | 1,775,178 | - | 1,324 | 1,776,502 |
| **Total Operating Revenue** | 13,356,596 | 8,183,827 | 1,774,037 | 23,314,460 |
| **Operating Expenses** | | | | |
| Personnel Expenses | 2,414,081 | - | 882,911 | 3,296,992 |
| Purchased Services | 1,521,886 | 7,416,093 | 106,438 | 9,044,417 |
| Repairs and Maintenance | 675,870 | 4,920 | 70,814 | 751,604 |
| Depreciation and Amortization | 2,219,160 | 19,404 | 49,012 | 2,287,576 |
| Materials and Supplies | 496,001 | - | 256,622 | 752,623 |
| Other Expenses | 1,643,596 | 45,958 | 255,025 | 1,944,579 |
| **Total Operating Expenses** | 8,970,594 | 7,486,375 | 1,620,822 | 18,077,791 |
| **Operating Income** | 4,386,002 | 697,452 | 153,215 | 5,236,669 |
| **Non-Operating Revenues and Expenses** | | | | |
| Interest Earnings | 7,188 | - | - | 7,188 |
| Interest Expense | (671,634) | - | (12,540) | (684,174) |
| **Total Non-Operating Revenues and Expenses** | (664,446) | - | (12,540) | (676,986) |
| **Income Before Operating Transfers** | 3,721,556 | 697,452 | 140,675 | 4,559,683 |
| **Capital Grants and Contributions** | | | | |
| Capital Grants | 754,796 | - | - | 754,796 |
| **Transfers** | | | | |
| Transfers In | - | - | 51,659 | 51,659 |
| Transfers (Out) | - | (139,710) | - | (139,710) |
| **Total Transfers** | - | (139,710) | 51,659 | (88,051) |
| **Change in Net Position** | 4,476,352 | 557,742 | 192,334 | 5,226,428 |
| **Net Position, Beginning of Year, as Previously Reported** | 37,765,156 | 4,279,324 | 715,154 | 42,759,634 |
| **Prior Period Restatements (See Note 1.H)** | (174,926) | - | - | (174,926) |
| **Net Position, Beginning of Year, as Restated** | 37,590,230 | 4,279,324 | 715,154 | 42,584,708 |
| **Net Position, End of Year** | $ 42,066,582 | $ 4,837,066 | $ 907,488 | $ 47,811,136 |

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

# CITY OF CRESTVIEW, FLORIDA
## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | Business-Type Activities Enterprise Funds | | | |
|---|---|---|---|---|
| | Utilities Fund | Sanitation Fund | Other Funds | Total |
| **Cash Flows from Operating Activities** | | | | |
| Cash Received from Customers | $ 12,854,243 | $ 7,965,879 | $ 1,787,086 | $ 22,607,208 |
| Cash Paid to Suppliers for Goods and Services | (3,666,825) | (7,478,489) | (722,357) | (11,867,671) |
| Cash Paid to Employees for Services | (2,646,573) | - | (882,545) | (3,529,118) |
| **Net Cash Provided by Operating Activities** | 6,540,845 | 487,390 | 182,184 | 7,210,419 |
| **Cash Flows from Non-Capital Financing Activities** | | | | |
| Due to/from Other Funds | - | - | 4,929 | 4,929 |
| Transfers to Other Funds (Out) | - | (139,710) | - | (139,710) |
| Transfers from Other Funds (In) | - | - | 51,659 | 51,659 |
| **Net Cash (Used in) Provided by Non-Capital Financing Activities** | - | (139,710) | 56,588 | (83,122) |
| **Cash Flows from Capital and Related Financing Activities** | | | | |
| Acquisition and Construction of Capital Assets | (12,002,136) | - | (34,232) | (12,036,368) |
| Interest Paid | (602,320) | - | (12,540) | (614,860) |
| Principal Payment of Bonds, Notes, and Capital Leases | (205,520) | - | (9,349) | (214,869) |
| Capital Grants | 754,796 | - | - | 754,796 |
| **Net Cash (Used in) Capital and Related Financing Activities** | (12,055,180) | - | (56,121) | (12,111,301) |
| **Cash Flows from Investing Activities** | | | | |
| Purchases of Investments | (1,982) | - | - | (1,982) |
| Interest Received | 7,188 | - | - | 7,188 |
| **Net Cash Provided by Investing Activities** | 5,206 | - | - | 5,206 |
| **Net Change in Cash and Cash Equivalents** | (5,509,129) | 347,680 | 182,651 | (4,978,798) |
| **Cash and Cash Equivalents, Beginning of Year** | 11,998,728 | 3,076,438 | 392,326 | 15,467,492 |
| **Cash and Cash Equivalents, End of Year** | $ 6,489,599 | $ 3,424,118 | $ 574,977 | $ 10,488,694 |

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

# CITY OF CRESTVIEW, FLORIDA
# STATEMENT OF CASH FLOWS
# PROPRIETARY FUNDS
# FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | Business-Type Activities Enterprise Funds | | | |
|---|---|---|---|---|
| | Utilities Fund | Sanitation Fund | Other Funds | Total |
| **Displayed as** | | | | |
| Cash and Cash Equivalents | $ 655,862 | $ 3,424,118 | $ 574,977 | $ 4,654,957 |
| Restricted Cash and Cash Equivalents | 5,833,737 | - | - | 5,833,737 |
| **Total** | $ 6,489,599 | $ 3,424,118 | $ 574,977 | $ 10,488,694 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities** | | | | |
| Operating Income (Loss) | $ 4,386,002 | $ 697,452 | $ 153,215 | $ 5,236,669 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation and Amortization Expense | 2,219,160 | 19,404 | 49,012 | 2,287,576 |
| Changes in Operating Assets and Liabilities: | | | | |
| Accounts Receivable | (280,091) | (217,948) | 11,879 | (486,160) |
| Inventories | - | - | (80,523) | (80,523) |
| Accounts Payable and Accrued Expenses | 670,528 | (11,518) | 47,065 | 706,075 |
| Unearned Revenues | (279,840) | - | 1,170 | (278,670) |
| Customer Deposits | 57,578 | - | - | 57,578 |
| Compensated Absences | (102,807) | - | (540) | (103,347) |
| Other Postemployment Benefits and Related Deferred Inflows and Outflows | (32,625) | - | 164 | (32,461) |
| Net Pension Liability and Related Deferred Inflows and Outflows | (97,060) | - | 742 | (96,318) |
| Total Adjustments | 2,154,843 | (210,062) | 28,969 | 1,973,750 |
| **Net Cash Provided by (Used in) Operating Activities** | $ 6,540,845 | $ 487,390 | $ 182,184 | $ 7,210,419 |
| **Supplemental Schedule of Non-Cash Activities** | | | | |
| Amortization of Bond (Premium)/Discount | $ 18,756 | $ - | $ - | $ 18,756 |
| Amortization of Refunding Loss | 56,897 | - | - | 56,897 |
| Acquisition of Assets Under Capital Leases | - | - | 50,543 | 50,543 |

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

**CITY OF CRESTVIEW, FLORIDA**
**STATEMENT OF FIDUCIARY NET POSITION**
**PENSION TRUST FUNDS**
**SEPTEMBER 30, 2025**

| | Fiduciary Funds | | |
|---|---|---|---|
| | General Employees' Retirement Plans | Police Officers'/ Firefighters' Plan | Total |
| **Assets** | | | |
| Cash and Cash Equivalents | $ 627,925 | $ 1,119,511 | $ 1,747,436 |
| Accrued Interest Receivable | - | 41,838 | 41,838 |
| Contributions Receivable | 3,383 | 8,458 | 11,841 |
| Investments: | | | |
| Fixed Income Securities | 7,911,446 | 8,298,453 | 16,209,899 |
| Common Stock and Equity Funds | 16,716,861 | 23,230,003 | 39,946,864 |
| Real Estate | 3,816,104 | 4,106,250 | 7,922,354 |
| Total Investments | 28,444,411 | 35,634,706 | 64,079,117 |
| **Total Assets** | 29,075,719 | 36,804,513 | 65,880,232 |
| **Liabilities** | | | |
| Accounts Payable and Accrued Expenses | 20,663 | 29,083 | 49,746 |
| **Net Position** | | | |
| Net Position Restricted for Pensions | $ 29,055,056 | $ 36,775,430 | $ 65,830,486 |

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

# CITY OF CRESTVIEW, FLORIDA
## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## PENSION TRUST FUNDS
## FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | Fiduciary Funds | | |
|---|---|---|---|
| | General Employees' Retirement Plans | Police Officers'/ Firefighters' Plan | Total |
| **Additions** | | | |
| Contributions: | | | |
| Employee | $ 520,645 | $ 446,426 | $ 967,071 |
| City | 1,171,448 | 1,120,763 | 2,292,211 |
| State | - | 611,566 | 611,566 |
| Total Contributions | 1,692,093 | 2,178,755 | 3,870,848 |
| Investment Income: | | | |
| Investment Earnings | 2,971,618 | 3,826,063 | 6,797,681 |
| Less (Investment Expenses) | (139,896) | (170,207) | (310,103) |
| Net Investment Income | 2,831,722 | 3,655,856 | 6,487,578 |
| **Total Additions** | 4,523,815 | 5,834,611 | 10,358,426 |
| **Deductions** | | | |
| Benefits | 1,881,002 | 1,636,925 | 3,517,927 |
| Refunds of Contributions | 141,899 | 108,608 | 250,507 |
| Administrative Expenses | 81,333 | 77,710 | 159,043 |
| **Total Deductions** | 2,104,234 | 1,823,243 | 3,927,477 |
| **Net Increase in Fiduciary Net Position** | 2,419,581 | 4,011,368 | 6,430,949 |
| **Fiduciary Net Position, Beginning of Year** | 26,635,475 | 32,764,062 | 59,399,537 |
| **Fiduciary Net Position, End of Year** | $ 29,055,056 | $ 36,775,430 | $ 65,830,486 |

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

# NOTES TO FINANCIAL STATEMENTS

**Note 1 - Summary of Significant Accounting Policies**

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

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

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

**A. Reporting Entity**

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

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

As of September 30, 2025, the City has two component units: the Crestview Community Redevelopment Agency (the Agency) and Crestview Unlimited, Inc. These entities are presented in the financial statements of the primary government as blended component units.

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

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

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

**C. Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other items are considered to be measurable only when cash is received by the City.

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

Details of the property tax calendar are presented below:

| | |
|---|---|
| Assessment Date | January 1, 2024 |
| Levy Date | November 1, 2024 |
| Due Date | March 31, 2025 |
| Delinquency Date | April 1, 2025 |

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

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

**D. Basis of Presentation**

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

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

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

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

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

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

  The City reports the following major governmental fund:

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

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

  ***Utilities Fund***—This fund accounts for the City's sales and distribution of potable water and services associated with sanitary wastewater collection, treatment, and disposal.

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

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

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

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

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

### Cash and Cash Equivalents

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

### Deposits and Investments

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

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

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

At September 30, 2025, the City’s investments in the Local Government Surplus Funds Trust Fund A (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which approximates amortized cost.

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

### Inventories

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

**Receivables and Payables**

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

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

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

Accounts receivable from customers are reported at the outstanding balance due from customers, net of any allowance for doubtful accounts. The City provides for doubtful accounts based on experience and analysis of individual accounts. When the collectability of a receivable becomes questionable, an allowance for doubtful accounts is established. When specific accounts are determined to be uncollectible, they are written off by charging the allowance and crediting the receivable. At September 30, 2025, the allowance for doubtful accounts for proprietary funds totaled $90,000.

**Restricted Assets**

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

**Capital Assets**

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

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

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

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

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

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

**Subscription-Based Information Technology Arrangements (SBITAs)**
The City is obligated under various SBITAs related to certain software products utilized in City operations. At the inception of a new SBITA, the City recognizes a SBITA liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide and proprietary fund financial statements. At the commencement of the subscription arrangement, the City initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. Subsequently, the SBITA liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

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

- *Deferred Loss on refunding of Bonds*—losses on refunding of bonds have been deferred. These amounts are being amortized over the life of the old debt or the life of the new debt, whichever is shorter.

- *Pension and Other Postemployment Benefits (OPEB) Related*—increases in the net pension and OPEB liability resulting from changes of assumptions, differences between projected and actual earnings on plan investments, and differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred outflows of resources, to be recognized as an increase in expense future years as disclosed in Notes 10 and 11.

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

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

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

**Pensions**

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

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

**OPEB**

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

**Compensated Absences**

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

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

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

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

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

**Long-Term Obligations**
In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current period expenses.

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

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

- **Non-Spendable**—includes amounts that are: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, deposits, prepaid items, and advances to other funds.

- **Restricted**—includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- **Committed**—includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action of the government’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

- **Assigned**—includes fund balance amounts that impose limits as a result of the intended use of funds that are neither restricted nor committed, per the City’s Purchasing Policy, which is set by the City’s management. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that the resources of other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

- **Unassigned**—includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

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

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

- **Net Investment in Capital Assets**—represents the portion of net position which is associated with non-liquid, capital assets, net of related debt.

- **Restricted Net Position—**represents liquid assets, generated from revenues and net bond proceeds, which are not accessible for general use because of third-party (statutory, bond covenant, or grant agency) limitations.

- **Unrestricted Net Position—**represents unrestricted liquid assets.

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

**G. Adoption of New Accounting Pronouncements**
During the year ended September 30, 2025, the City adopted new accounting guidance by implementing the provisions of GASB Statement No. 101, *Compensated Absences,* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB Statement No. 101 prescribes the accounting and financial reporting for estimation and recognition of liabilities associated with compensated absences, enhances and clarifies current definitions of leave for financial reporting purposes, and amends disclosure requirements in notes to financial statements to provide better consistency in financial reporting across entities. The impact to the City's financial statements as a result of the adoption of this statement for the fiscal year ended September 30, 2025, is detailed in Note 1.H below.

GASB Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. There was no impact to the City's financial statements as a result of the adoption of this statement.

**H. Prior Period Restatements**
During the year ended September 30, 2025, the following events occurred, necessitating prior period restatements:

- *Adoption of New Accounting Pronouncement* – As described in Note 1.G above, the City adopted GASB Statement No. 101, *Compensated Absences,* during the fiscal year ended September 30, 2025. Adoption of this pronouncement resulted in an increase in the liability for compensated absences and a decrease in the net position or fund balance for affected classifications or funds as of September 30, 2024.

- *Change to or Within Reporting Entity* – During the fiscal year ended September 30, 2025, the City transferred the remaining fund balance of the Debt Service Fund, which was previously separately reported as a non-major governmental fund, into the General Fund. Future transactional reporting related to Debt Service will be reported in the General Fund. This change affected only the fund balances of the funds as of September 30, 2024.

- *Correction of an Error* – During the fiscal year ended September 30, 2025, the City determined that amounts collected from subdivision developers upon issuance of building permits for traffic mitigation and future construction of public recreation spaces, which had previously been reported as escrow liabilities, should have instead been accounted for in a similar manner to impact fees. Accordingly, the appropriate treatment for these amounts was determined to be recognition of the associated revenues and an allowance for any amounts estimated to be returned upon collection. Prior collected balances were previously presented in the Accrued Expenses line item of the General Fund and Governmental Activities in the associated respective fund-level Balance Sheets and Statements of Net Position. As a result, a prior period restatement was required to recognize the revenues associated with previous collections. Correction of this error resulted in a decrease in accrued expenses and an increase in the net position or fund balance for affected classifications or funds as of September 30, 2024.

As a result of the events noted above, the following financial statement effects occurred:

| | Governmental Activities | Business-Type Activities | General Fund | Other Governmental Funds | Utilities Fund | Debt Service Fund |
|---|---|---|---|---|---|---|
| **September 30, 2024 Net Position/Fund Balance, as Previously Reported** | $ 46,928,772 | $ 42,759,634 | $ 18,219,685 | $ 2,945,609 | $ 37,765,156 | $ 307,327 |
| Adoption of New Accounting Pronouncement: GASB Statement 101, *Compensated Absences* | (228,684) | (174,926) | - | - | (174,926) | - |
| Change to or Within Reporting Entity: Debt Service Fund Merged with General Fund | - | - | 307,327 | (307,327) | - | (307,327) |
| Correction of an Error: | | | | | | |
| Reclassification of Subdivision Recreation Escrow Liabilities | 102,990 | - | 102,990 | - | - | - |
| Reclassification of Traffic Mitigation Escrow Liabilities | 673,948 | - | 673,948 | - | - | - |
| **September 30, 2024 Net Position/Fund Balance, as Restated** | $ 47,477,026 | $ 42,584,708 | $ 19,303,950 | $ 2,638,282 | $ 37,590,230 | $ - |

## Note 2 - Deposits and Investments

### Deposits

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

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

**Investments**
As of September 30, 2025, the City held the following investments in its governmental and proprietary funds as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure:*

| Investment Type | Fair Value | Maturity | Rating |
|---|---|---|---|
| Local Government Investment Pool – Florida PRIME(*) | $ 887,132 | 47 Days | AAAm |
| Certificates of Deposit | 320,175 | < One Year | N/A |

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

As of September 30, 2025, the City's Pension Funds held the following investments:

| Investment Type | Fair Value |
|---|---|
| Equities | $ 39,946,864 |
| Fixed Income Securities | 16,209,899 |
| Real Estate Investment Fund | 7,922,354 |
| **Total** | $ 64,079,117 |

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

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

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

| | | Investment Maturities | | | |
|---|---|---|---|---|---|
| | Fair Value | Less Than 1 Year | 1-5 Years | 6-10 Years | More Than 10 Years |
| General Employees' Plan: | | | | | |
| Bond Mutual Funds | $ 7,911,446 | $ 7,911,446 | $ - | $ - | $ - |
| Police Officers'/Firefighters' Plan: | | | | | |
| Asset Backed Securities | 470,483 | - | 306,670 | - | 163,813 |
| Foreign Bonds | 253,926 | 116,658 | 90,230 | 47,038 | - |
| Government Backed Securities | 2,934,539 | - | 6,181 | 115,793 | 2,812,565 |
| US Treasuries | 1,202,973 | - | 680,374 | 522,599 | - |
| Corporate Bonds | 1,876,677 | 77,249 | 1,248,234 | 509,940 | 41,254 |
| Bond Mutual Funds | 1,559,855 | 1,559,855 | - | - | - |
| **Total** | $ 16,209,899 | $ 9,665,208 | $ 2,331,689 | $ 1,195,370 | $ 3,017,632 |

## Credit Risk

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

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

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

As of September 30, 2025, the City's investment in the Florida PRIME is rated AAAm by Standard & Poor's.

As of September 30, 2025, the General Employees' Retirement Plan portfolio consisted of investments in securities held in total return bond funds which are not rated by Moody's.

As of September 30, 2025, the Police Officers' and Firefighters' Retirement Plan portfolio consisted of U.S. Treasury, mortgage-backed securities, and asset backed securities/commercial mortgage-backed securities (all rated Aaa by Moody's). Corporate bonds held ratings ranging from Aaa to Ba1. Foreign bonds held ratings from Baa1 to Baa2.

**Custodial Credit Risk**
Under GASB Statement No. 40, disclosure of categorization by custodial credit risk is only required if investments are uninsured, unregistered, and held by either the counterparty or the counterparty's trust department or agent, but not in the government's name (this was "Category 3" in GASB Statement No. 3). Participants' investments in the Florida PRIME are evidenced by shares of the pool. Investments in pools should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

The Florida PRIME generally has no limitations or restrictions on participant withdrawals including redemption notices and maximum transaction amounts. Regarding redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest money entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." Regarding liquidity fees, Florida Statute Section 218.409(4) provides authority for the State Board of Administration to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

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

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

Fixed income investments generally must meet certain investment grading standards and equities must be traded on a national exchange. Investments in corporate common stocks and convertible bonds are limited to 70% of the market value of each plan's assets. Similar grading and/or trading criteria apply to mutual funds, money market funds, U.S. government back securities, etc. None of the above limitations were exceeded by either plan at September 30, 2025. Investment policies are subject to a review at least annually by the Board of Trustees for each plan.

**Fair Value Measurements**

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

The following table presents the GERP assets carried at fair value at September 30, 2025.

| | General Employees' Retirement Plan | | | |
|---|---|---|---|---|
| **Investment Type** | **Amount** | **(Level 1)** | **(Level 2)** | **(Level 3)** |
| Equities | $ 16,716,861 | $ 16,716,861 | $ - | $ - |
| Fixed Income | 7,911,446 | 7,911,446 | - | - |
| **Total Investments Measured at Fair Value** | $ 24,628,307 | $ 24,628,307 | $ - | $ - |

| **Investments Measured at the Net Asset Value (NAV)** | **Amount** |
|---|---|
| Real Estate Fund | $ 3,816,104 |
| **Total Investments** | $ 28,444,411 |

The following table presents the POFRP assets carried at fair value at September 30, 2025.

| | Police Officers' and Firefighters' Employee Retirement Plan | | | |
|---|---|---|---|---|
| **Investment Type** | **Amount** | **(Level 1)** | **(Level 2)** | **(Level 3)** |
| Equities | $ 23,230,003 | $ 23,230,003 | $ - | $ - |
| Fixed Income | 8,298,453 | 8,298,453 | - | - |
| **Total Investments Measured at Fair Value** | $ 31,528,456 | $ 31,528,456 | $ - | $ - |

| **Investments Measured at the Net Asset Value (NAV)** | **Amount** |
|---|---|
| Real Estate Fund | $ 4,106,250 |
| **Total Investments** | $ 35,634,706 |

**Note 3 - Interfund Receivables, Payables, and Transfers**

All transfers are routine and are consistent with the activities of the fund making the transfer. Included in these are intergovernmental transfers and transfers from the General Fund to the Utilities Fund to allocate expenses and/or report fixed assets in the correct fund. The following presents the interfund transfers for the year ended September 30, 2025:

| | Transfers In | Transfers Out |
|---|---|---|
| General Fund | $ 339,160 | $ 273,556 |
| Other Governmental Funds | 221,897 | 199,450 |
| Sanitation Fund | - | 139,710 |
| Other Enterprise Funds | 51,659 | - |
| **Total** | $ 612,716 | $ 612,716 |

Interfund receivables and payables include the following at September 30, 2025:

| | Interfund Receivable | | Interfund Payable | |
|---|---|---|---|---|
| General Fund | $ 188,114 | (1), (2) | $ - | |
| Other Governmental Funds | - | | 61,047 | (1) |
| Utilities Fund | - | | 536,983 | (3) |
| Sanitation Fund | 536,983 | (3) | - | |
| Other Enterprise Funds | - | | 127,067 | (2) |
| **Total** | $ 725,097 | | $ 725,097 | |

(1) - Represents short-term borrowing by the CDBG Fund from the General Fund for cash flow coverage.
(2) - Represents cost reimbursements owed by Crestview Unlimited to the General Fund at year-end.
(3) - Represents short-term borrowing by the Utilities Fund from the Sanitation Fund for capital improvements.

Balances are expected to be settled within 12 months of the date incurred.

During the 2022 fiscal year, the City purchased golf carts and related equipment on behalf of Crestview Unlimited totaling $555,953. Two intercompany loans were entered into between Crestview Unlimited and the City to repay the City over a period of 5 years including interest of 3.991%. These intercompany loans are being treated as operating leases for accounting purposes and are not included in the interfund receivables and payables balances presented above. The City expects Crestview Unlimited to repay the loans as cash flow permits. As of September 30, 2025, the principal balances owed on the loans totaled $282,542.

**Note 4 - Receivables and Due from Other Governments**

Receivables at September 30, 2025, were as follows:

| | Governmental Activities | Business-Type Activities | | | |
|---|---|---|---|---|---|
| | General Fund | Utilities Fund | Sanitation Fund | Other Funds | Total |
| Franchise Fees | $ 13,523 | $ - | $ - | $ - | $ 13,523 |
| Utility Services | 15,764 | - | - | - | 15,764 |
| Accounts Receivable | 34,584 | 938,069 | 679,087 | 39,279 | 1,691,019 |
| Unbilled Receivables | - | 952,191 | 661,692 | - | 1,613,883 |
| Less: Allowance for Doubtful Accounts | - | (50,000) | (40,000) | - | (90,000) |
| **Receivables, Net** | $ 63,871 | $ 1,840,260 | $ 1,300,779 | $ 39,279 | $ 3,244,189 |

Amounts due from other governments at September 30, 2025, were as follows:

| | General Fund | Other Governmental | Total |
|---|---|---|---|
| State of Florida, Taxes and Other State Revenue Distributions | $ 836,831 | $ - | $ 836,831 |
| State of Florida, Grants | 354,073 | - | 354,073 |
| Federal Government, Grants | - | 138,015 | 138,015 |
| **Due From Other Governments** | $ 1,190,904 | $ 138,015 | $ 1,328,919 |

## Note 5 - Capital Assets

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

| Primary Government | Beginning Balance | Increases | (Decreases/Transfers) | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | $ 3,960,873 | $ 584,293 | $ (556,026) | $ 3,989,140 |
| Construction in Progress | 7,382,840 | 4,383,491 | (1,099,017) | 10,667,314 |
| Total Capital Assets Not Being Depreciated | 11,343,713 | 4,967,784 | (1,655,043) | 14,656,454 |
| Capital Assets Being Depreciated/Amortized: | | | | |
| Buildings | 11,065,611 | 14,100 | - | 11,079,711 |
| Improvements Other Than Buildings | 13,044,560 | 2,174,244 | - | 15,218,804 |
| Infrastructure | 25,341,787 | - | - | 25,341,787 |
| Machinery and Equipment | 12,638,618 | 2,471,156 | (381,628) | 14,728,146 |
| Leased Equipment | 2,176,851 | 903,275 | (588,426) | 2,491,700 |
| Intangible Assets - Software | 851,099 | - | - | 851,099 |
| SBITAs | 884,291 | - | - | 884,291 |
| Total Capital Assets Being Depreciated/Amortized | 66,002,817 | 5,562,775 | (970,054) | 70,595,538 |
| Less Accumulated Depreciation/Amortization: | | | | |
| Buildings | (3,724,639) | (213,973) | - | (3,938,612) |
| Improvements Other Than Buildings | (4,926,597) | (460,357) | - | (5,386,954) |
| Infrastructure | (11,597,062) | (802,577) | - | (12,399,639) |
| Machinery and Equipment | (8,417,173) | (812,685) | 374,946 | (8,854,912) |
| Leased Equipment | (1,337,080) | (359,590) | 576,398 | (1,120,272) |
| Intangible Assets - Software | (801,668) | (49,352) | - | (851,020) |
| SBITAs | (206,334) | (176,858) | - | (383,192) |
| Total Accumulated Depreciation/Amortization | (31,010,553) | (2,875,392) | 951,344 | (32,934,601) |
| Total Capital Assets Being Depreciated/Amortized, Net | 34,992,264 | 2,687,383 | (18,710) | 37,660,937 |
| **Governmental Activities, Capital Assets, Net** | $ 46,335,977 | $ 7,655,167 | $ (1,673,753) | $ 52,317,391 |

| Primary Government | Beginning Balance | Increases | (Decreases/Transfers) | Ending Balance |
|---|---|---|---|---|
| **Business-Type Activities** | | | | |
| Capital Assets Not Being Depreciated/Amortized: | | | | |
| Land | $ 2,711,370 | $ - | $ - | $ 2,711,370 |
| Construction in Progress | 3,888,998 | 9,883,512 | (4,256,815) | 9,515,695 |
| Total Capital Assets Not Being Depreciated | 6,600,368 | 9,883,512 | (4,256,815) | 12,227,065 |
| Capital Assets Being Depreciated/Amortized: | | | | |
| Buildings | 8,954,298 | - | - | 8,954,298 |
| Improvements Other Than Buildings | 10,215,330 | 738,703 | - | 10,954,033 |
| Infrastructure | 42,786,178 | 4,994,712 | - | 47,780,890 |
| Machinery and Equipment | 12,369,929 | 538,614 | (36,276) | 12,872,267 |
| Leased Equipment | 353,827 | 206,016 | (97,020) | 462,823 |
| Total Capital Assets Being Depreciated/Amortized | 74,679,562 | 6,478,045 | (133,296) | 81,024,311 |
| Less Accumulated Depreciation/Amortization: | | | | |
| Buildings | (5,384,147) | (175,135) | - | (5,559,282) |
| Improvements Other Than Buildings | (2,222,854) | (395,953) | - | (2,618,807) |
| Infrastructure | (13,888,399) | (922,121) | - | (14,810,520) |
| Machinery and Equipment | (6,546,269) | (693,711) | 31,438 | (7,208,542) |
| Leased Equipment | (192,229) | (100,656) | 84,027 | (208,858) |
| Total Accumulated Depreciation/Amortization | (28,233,898) | (2,287,576) | 115,465 | (30,406,009) |
| Total Capital Assets Being Depreciated/Amortized, Net | 46,445,664 | 4,190,469 | (17,831) | 50,618,302 |
| **Total Business-Type Activities Capital Assets, Net** | $ 53,046,032 | $ 14,073,981 | $ (4,274,646) | $ 62,845,367 |

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

| | | |
|---|---|---|
| **Governmental Activities** | | |
| General Government | $ | 423,203 |
| Public Safety | | 1,032,980 |
| Transportation | | 923,149 |
| Culture and Recreation | | 491,284 |
| Human Services | | 4,776 |
| **Total Depreciation Expense, Governmental Activities** | $ | 2,875,392 |
| **Business-Type Activities** | | |
| Utilities | $ | 2,219,160 |
| Sanitation | | 19,404 |
| Stormwater | | 45,531 |
| Crestview Unlimited | | 5,481 |
| **Total Depreciation Expense Business-Type Activities** | $ | 2,289,576 |

## Note 6 - Non-Current Liabilities

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

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Direct Borrowings: | | | | | |
| Installment Purchase | $ - | $ 1,604,094 | $ (289,465) | $ 1,314,629 | $ 155,720 |
| Leases | 352,671 | 903,275 | (307,946) | 948,000 | 257,777 |
| SBITAs | 583,020 | - | (190,236) | 392,784 | 220,265 |
| Other Debt: | | | | | |
| Revenue Bonds | 10,753,542 | - | (1,233,999) | 9,519,543 | 1,258,372 |
| Plus Deferred Amounts for Issuance Premium | 37,740 | - | (2,220) | 35,520 | - |
| Compensated Absences* | 1,442,902 | 38,730 | - | 1,481,632 | 317,766 |
| Other Postemployment Benefits | 1,371,794 | 114,128 | - | 1,485,922 | - |
| Net Pension Liability | 5,932,533 | 398,732 | - | 6,331,265 | - |
| **Total Governmental Activities** | $ 20,474,202 | $ 3,058,959 | $ (2,023,866) | $ 21,509,295 | $ 2,209,900 |

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Business-Type Activities** | | | | | |
| Direct Borrowings: | | | | | |
| State Revolving Loans | $ 10,730,716 | $ 1,164,023 | $ (823,204) | $ 11,071,535 | $ 1,129,615 |
| Leases | 106,970 | 206,015 | (95,160) | 217,825 | 74,544 |
| Other Debt: | | | | | |
| Revenue Bonds | 14,511,457 | - | (616,000) | 13,895,457 | 636,628 |
| Less Deferred Amounts for Issuance Discount | (189,305) | 18,756 | - | (170,549) | - |
| Compensated Absences* | 418,810 | - | (103,347) | 315,463 | 51,354 |
| Other Postemployment Benefits | 210,198 | - | (20,291) | 189,907 | - |
| Net Pension Liability | 847,730 | - | (91,082) | 756,648 | - |
| **Total Business-Type Activities** | $ 26,636,576 | $ 1,388,794 | $ (1,749,084) | $ 26,276,286 | $ 1,892,141 |

* Beginning balances were restated to reflect the implementation of GASB Statement No. 101, *Compensated Absences.*
The change in compensated absences is presented on a net basis.

Description of long-term debt and other liabilities outstanding:

**Governmental Activities**

| | Current | Long-Term | Total |
|---|---|---|---|
| **Revenue Bonds** | | | |
| **Public Improvement Refunding Bonds, Series 2015** | | | |
| Issued $3,165,000, interest ranges from 1.2% to 4%. Principal and interest payments due annually on March 1, matures in September 2041. Secured and payable from the public service taxes, franchise fees, communication services taxes, and the local government half-cent sales tax. Funds used for the purpose of retiring the City's Public Improvement Revenue Bonds, Series 2001 and Series 2008. | $ 85,000 | $ 1,645,000 | $ 1,730,000 |
| **Capital Improvement Revenue Bonds, Series 2020** | | | |
| Issued $10,348,358, bearing an interest rate of 2.15%. Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2030. Secured and payable from the local government half-cent sales tax and non-ad valorem revenues. Of the original issue amount, $1,125,863 due June 2029 and $1,145,027 due June 2030 is not secured by the half-cent sales tax. Funds used for the purpose of capital outlay purchases. | 1,068,372 | 4,441,171 | 5,509,543 |
| **Capital Improvement Revenue Bonds, Series 2022** | | | |
| Issued $2,575,000, bearing an interest rate of 3.07%. Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2042. Secured and payable from non-ad valorem revenues. Funds used for the purpose of acquisition, construction, and equipping of capital improvements at the golf club. | 105,000 | 2,175,000 | 2,280,000 |
| **Unamortized Premium on Bond Refunding** | - | 35,520 | 35,520 |
| **Total Revenue Bonds – Governmental Activities** | $ 1,258,372 | $ 8,296,691 | $ 9,555,063 |

| | Current | Long-Term | Total |
|---|---|---|---|
| **Installment Purchases** | | | |
| **PNC Bank Lease-Purchase – Fire Trucks, 2024** | | | |
| Entered into a lease-purchase agreement with PNC Bank for the purchase of two fire trucks in the amount of $1,604,094, due in seven annual payments of $221,714 and a balloon payment of $455,771 the following month of year seven, bearing an imputed interest rate of 5.02%. The delivery of the vehicles was significantly delayed; however, the City was required to make the first payment of $221,714 in March of 2024, prior to delivery. The vehicles were delivered to the City subsequent to September 30, 2024, and were placed into service on June 9, 2025. | $ 155,720 | $ 1,158,909 | $ 1,314,629 |
| **Total Installment Purchases – Governmental Activities** | $ 155,720 | $ 1,158,909 | $ 1,314,629 |
| **Business-Type Activities** | | | |
| **State Revolving Loans – Direct Borrowings** | | | |
| State revolving loan payable (2008) of $7,068,015, due in semi-annual payments of $230,172, through June 15, 2028, bearing an interest rate of 2.53%; secured by anticipated net water and sewer system revenues. | $ 429,601 | $ 892,294 | $ 1,321,895 |
| State revolving loan payable (2010) of $890,026, due in semi-annual payments of $29,486, through July 15, 2032, bearing an interest rate of 2.86%; secured by anticipated net water and sewer system revenues. | 48,686 | 323,022 | 371,708 |
| State revolving loan payable (2013) of $7,283,055, due in semi-annual payments of $228,485, through August 15, 2034, bearing an interest rate of 2.55%; secured by anticipated net water and sewer system revenues. | 366,106 | 3,288,131 | 3,654,237 |
| Partial draw of state revolving loan funding (2024) of $5,008,999. Used for construction of solids handling improvements. Semi-annual payments are to be determined upon completion of project. Loan will be secured by anticipated net water and sewer system revenues. | 248,890 | 4,760,109 | 5,008,999 |

| | Current | Long-Term | Total |
|---|---|---|---|
| Partial draw of state revolving loan funding (2024) of $676,845. Used for planning and design of effluent disposal expansion. Semi-annual payments are to be determined upon completion of project. Loan will be secured by anticipated net water and sewer system revenues. | $ 36,332 | $ 640,513 | $ 676,845 |
| Partial draw of state revolving loan funding (2025) of $37,851. Used for planning and design of wastewater treatment facility construction. Semi-annual payments are to be determined upon completion of project. Loan will be secured by anticipated net water and sewer system revenues. | - | 37,851 | 37,851 |
| **Total Revolving Loans – Business-Type Activities** | $ 1,129,615 | $ 9,941,920 | $ 11,071,535 |
| **Revenue Bonds** | | | |
| **Water and Sewer Refunding and Improvement Revenue Bonds, Series 2015** | | | |
| Issued $6,650,000, interest ranges 2.1% to 4%. Interest is payable semi-annually and annual principal payments are due on March 1, matures in September 2033, secured by anticipated net water and sewer system revenues. Funds used for the purpose of retiring the Water and Sewer Revenue Bonds, Series 2008. | $ 325,000 | $ 5,075,000 | $ 5,400,000 |
| **Water and Sewer Refunding and Improvement Revenue Bonds, Series 2016** | | | |
| Issued $5,450,000, interest ranges 2.4% to 4%. Interest is payable semi-annually and annual principal payments are due on March 1, matures in September 2038, secured by anticipated net water and sewer system revenues. Funds used for the purpose of retiring the Water and Sewer Revenue Bonds, Series 2008. | 45,000 | 3,765,000 | 3,810,000 |
| **Capital Improvement Revenue Bonds, Series 2020** | | | |
| Issued $451,652, bearing an interest rate of 2.15%. Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2030. Secured and payable from the local government half-cent sales tax and non-ad valorem revenues. Of the original issue amount, $49,137 due June 2029 and $49,973 due June 2030, is not secured by the half-cent sales tax. Funds used for the purposes of retiring a capital lease. | 46,628 | 193,829 | 240,457 |

| | Current | Long-Term | Total |
|---|---|---|---|
| **Water and Sewer Revenue Bonds, Series 2021** | | | |
| Issued $5,075,000, bearing an interest rate of 2.09%. Interest is payable semi-annually and annual principal payments are due on September 1, matures in September 2042, secured by anticipated net water and sewer system revenues. Funds used for the purpose of water and sewer system improvements. | $ 220,000 | $ 4,225,000 | $ 4,445,000 |
| **Unamortized Discount on Bond Refunding** | - | (170,549) | (170,549) |
| **Total Revenue Bonds – Business-Type Activities** | $ 636,628 | $ 13,088,280 | $ 13,724,908 |

### Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding (excluding compensated absences, net pension liability, leases/SBITAs, and OPEB) as of September 30, 2025, are as follows:

| Year Ending | Governmental Activities | | Business-Type Activities | | |
|---|---|---|---|---|---|
| September 30, | Principal | Interest | Principal | Interest | Total |
| 2026 | $ 1,414,092 | $ 312,547 | $ 1,766,243 | $ 557,788 | $ 4,050,670 |
| 2027 | 1,431,491 | 276,284 | 1,674,647 | 514,986 | 3,897,408 |
| 2028 | 1,464,073 | 239,422 | 1,818,830 | 476,301 | 3,998,626 |
| 2029 | 1,511,231 | 201,373 | 1,936,178 | 435,225 | 4,084,007 |
| 2030 | 1,544,449 | 162,017 | 1,974,959 | 389,727 | 4,071,152 |
| 2031-2035 | 1,618,836 | 425,332 | 8,912,157 | 1,227,629 | 12,183,954 |
| 2036-2040 | 1,375,000 | 213,383 | 4,969,620 | 348,751 | 6,906,754 |
| 2041-2045 | 475,000 | 21,104 | 1,876,507 | 32,982 | 2,405,593 |
| Amount to be Refinanced | - | - | 37,851 | - | 37,851 |
| **Total** | $ 10,834,172 | $ 1,851,462 | $ 24,966,992 | $ 3,983,389 | $ 41,636,015 |

### Default Provisions

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

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

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

### Pledged Revenues

Pledged revenues on the City's outstanding debt for the year ended September 30, 2025, are as follows:

| Pledged Revenue Source | Debt Issue | Pledged Through | Original Amount | Outstanding Balance | Principal and Interest Payments | Pledged Revenue Received | Estimated Percentage Pledged |
|---|---|---|---|---|---|---|---|
| Net Water and Sewer Utility Revenues | State Revolving Loan - 2008 | 2028 | $ 7,068,015 | $ 1,321,895 | $ 460,345 | | |
| | State Revolving Loan - 2010 | 2032 | 890,026 | 371,708 | 58,971 | | |
| | State Revolving Loan - 2013 | 2034 | 7,283,055 | 3,654,237 | 456,970 | | |
| | State Revolving Loan - 2023 | 2043 | 5,012,000 | 5,008,999 | | | |
| | State Revolving Loan - 2023 | 2043 | 800,000 | 676,845 | | | |
| | State Revolving Loan - 2025 | 2037 | 700,000 | 37,851 | | | |
| | Water and Sewer Refunding Revenue Bonds, Series 2015 | 2033 | 6,650,000 | 5,400,000 | 499,916 | | |
| | Water and Sewer Refunding Revenue Bonds, Series 2016 | 2038 | 5,450,000 | 3,810,000 | 173,528 | | |
| | Water and Sewer Refunding Revenue Bonds, Series 2021 | 2042 | 5,075,000 | 4,445,000 | 311,783 | | |
| | | | | | 1,961,513 | $ 4,700,302 | 41.7% |
| Public Service Taxes, Franchise Fees, Communications Services Taxes, 1/2 Cent Sales Tax | Public Improvement Refunding, Series 2015 | 2041 | 3,165,000 | 1,730,000 | 141,941 | 6,707,791 | 2.1% |
| 1/2 Cent Sales Tax, Non-Ad Valorem Revenues; Except that $1,125,863 Due June 2029 and $1,145,027 Due June 2030 is Not Secured by the 1/2 Cent Sales Tax | Capital Improvement Revenue Bonds, Series 2020 (Governmental) | 2030 | 10,348,358 | 5,509,543 | 1,163,943 | 3,250,038 | 35.8% |
| 1/2 Cent Sales Tax, Non-Ad Valorem Revenues; Except that $49,137 Due June 2029 and $49,973 Due June 2030 is Not Secured by the 1/2 Cent Sales Tax | Capital Improvement Revenue Bonds, Series 2020 (Utility) | 2030 | 451,652 | 240,457 | 50,799 | 141,847 | 35.8% |
| Non-Ad Valorem Revenues | Capital Improvement Revenue Bonds, Series 2022 | 2042 | 2,575,000 | 2,280,000 | 176,136 | 7,614,470 | 2.3% |

## Note 7 - Refundings of Debt

### Advance Refunding of Debt

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

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

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

At September 30, 2025, the City has $7,330,000 of bonds outstanding that are considered to be defeased.

**Note 8 - Leases**

The City leases its fleet of vehicles, golf carts for the use of patrons of the City golf course, and a hauler. The City's leased assets and accumulated amortization are included in Note 5 - Capital Assets. Lease agreements in which the City is a lessee are summarized below.

| Description | Lease Inception Date | Lease End Date | Payment Amount | Interest Rate | Initial Lease Liability | Outstanding Balance 9/30/2025 |
|---|---|---|---|---|---|---|
| 45 Vehicles | Various | 48-Month Terms | $32,168 Monthly | 4.49-7.98% | $ 1,398,929 | $ 948,000 |
| **Total Lease Agreements - Governmental Activities** | | | | | $ 1,398,929 | $ 948,000 |

**Business-Type Activities**

| Description | Lease Inception Date | Lease End Date | Payment Amount | Interest Rate | Initial Lease Liability | Outstanding Balance 9/30/2025 |
|---|---|---|---|---|---|---|
| 14 Vehicles | Various | 48-Month Terms | $9,172 Monthly | 4.49-7.98% | $ 414,907 | $ 169,403 |
| 10 Golf Carts, 1 Hauler | 6/1/2025 | 60-Month Terms | $1,004 Monthly | 7.15% | 50,544 | 48,422 |
| **Total Lease Agreements - Business-Type Activities** | | | | | $ 465,451 | $ 217,825 |

Principal and Interest requirements to maturity are presented below.

| Year Ending September 30 | Governmental Activities Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 257,777 | $ 43,217 | $ 300,994 |
| 2027 | 200,588 | 33,629 | 234,217 |
| 2028 | 187,978 | 31,515 | 219,493 |
| 2029 | 185,320 | 31,070 | 216,390 |
| 2030 | 116,337 | 19,505 | 135,842 |
| **Total** | $ 948,000 | $ 158,936 | $ 1,106,936 |

| Year Ending September 30 | Business-Type Activities Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 74,544 | $ 12,175 | $ 86,719 |
| 2027 | 42,495 | 7,037 | 49,532 |
| 2028 | 43,200 | 6,332 | 49,532 |
| 2029 | 43,957 | 5,576 | 49,533 |
| 2030 | 13,629 | 929 | 14,558 |
| **Total** | $ 217,825 | $ 32,049 | $ 249,874 |

**Note 9 - Subscription-Based Information Technology Arrangements**

The City has two information technology software subscription arrangements that require recognition under GASB Statement No. 96. The City recognizes a SBITA liability and an intangible right-to-use asset for the software arrangements.

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

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

As of September 30, 2025, the City's SBITA assets and accumulated amortization are as follows:

| | SBITA Asset Value | Accumulated Amortization | Net |
|---|---|---|---|
| Neo Gov Software | $ 125,383 | $ (54,333) | $ 71,050 |
| Axon Software | 758,908 | (328,859) | 430,049 |
| **Total** | $ 884,291 | $ (383,192) | $ 501,099 |

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

| Year Ending September 30 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 220,265 | $ 21,124 | $ 241,389 |
| 2027 | 172,519 | 9,278 | 181,797 |
| **Total** | $ 392,784 | $ 30,402 | $ 423,186 |

**Note 10 - <u>Defined Benefit Pension Plans</u>**

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

**General Employees' Retirement Plan**

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

Employees who retire at or after age 55 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly, of 2.64% of Average Final Compensation for year of credited service plus $215 per month. This benefit is paid in the form of a Life Annuity (options available). Employees who have attained age 50 and completed 10 years of credited service are eligible for early retirement and may elect to receive an immediate actuarially reduced benefit. Disability benefits are also provided at a reduced benefit amount for qualifying employees determined by the Board of Trustees of the GERP to be totally and permanently disabled. Benefit provisions are established by the Trust Instrument. Any amendments to the Plan are accomplished through revision and amendment of City ordinances.

The Plan includes a provision for a deferred retirement option plan (DROP). A member becomes eligible when normal retirement requirements are satisfied. The member may not participate in the DROP for more than 60 months. The average daily balance in a member's DROP account shall be credited or debited at a rate equal to the actual net rate of investment return, net of brokerage commissions, transaction costs, and management fees. Upon entering the DROP, the members shall not accrue any additional credited service or additional benefits and shall not be permitted to again contribute to the GERP. All benefits payable to a member from the DROP shall be paid from the assets of the member's DROP account and neither the City nor the Board of Trustees shall have a duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law. The DROP balances as of September 30, 2025, were $356,219.

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

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

The Plan includes a provision for a DROP. A member becomes eligible when normal retirement requirements are satisfied. The member may not participate in the DROP for more than 60 months. An eligible member which elects to enter the DROP can select either: 1) actual net rate of investment return, net of brokerage commissions, transaction costs, and management fees; or 2) interest at an effective rate of 6.5% per annum compounded monthly on the prior month's ending balance. Upon entering the DROP, the member shall not accrue any additional credited service or additional benefits and shall not be permitted to again contribute to the POFRP. All benefits payable to a member from the DROP shall be paid only from the assets of the member's DROP account and neither the City nor the Board of Trustees shall have a duty or liability to furnish the DROP with any funds, securities, or other assets except to the extent required by any applicable law. The DROP balances as of September 30, 2025, were $883,477.

Membership of each plan consisted of the following on September 30, 2025, the date of the latest actuarial report.

| | GERP | POFRP |
|---|---|---|
| Active Plan Members | 147 | 92 |
| Inactive Plan Members: | | |
| Receiving Benefits | 74 | 39 |
| Entitled to But Not Receiving Benefits | 60 | 17 |
| **Total** | 281 | 148 |

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

**Investments**
The following was the Board's adopted asset allocation policy as of September 30, 2025:

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

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

For the year ended September 30, 2025, the annual money-weighted rate of return on the GERP and POFRP investments, net of pension plan investment expenses, was 10.74% and 11.18%, respectively.

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

**Net Pension Liability of the Sponsor**
The components of the net pension liability of the sponsor on September 30, 2025, were as follows:

| | GERP | POFRP |
|---|---|---|
| Total Pension Liability | $ 32,164,152 | $ 40,844,447 |
| Plan Fiduciary Net Position | (29,140,710) | (36,779,976) |
| **Sponsor's Net Pension Liability** | $ 3,023,442 | $ 4,064,471 |
| **Plan Fiduciary Net Position as a Percentage of Total Pension Liability** | 90.60% | 90.05% |

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

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

For the year ended September 30, 2025, the City recognized pension expense of $1,203,626 for the GERP and $1,730,692 for the POFRP. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | GERP | | POFRP | | Total | |
|---|---|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference Between Expected and Actual Experience | $ 1,899,832 | $ - | $ 2,694,736 | $ - | $ 4,594,568 | $ - |
| Changes in Assumptions | - | 83,456 | 472,413 | - | 472,413 | 83,456 |
| Difference Between Projected and Actual Earnings on Investments | - | 1,749,306 | - | 2,386,910 | - | 4,136,216 |
| **Balance as of September 30, 2025** | $ 1,899,832 | $ 1,832,762 | $ 3,167,149 | $ 2,386,910 | $ 5,066,981 | $ 4,219,672 |

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

| Year Ending September 30, | GERP | POFRP |
|---|---|---|
| 2026 | $ 743,110 | $ 1,086,358 |
| 2027 | (391,376) | (278,566) |
| 2028 | (379,876) | (210,091) |
| 2029 | 95,212 | 182,538 |
| **Total** | $ 67,070 | $ 780,239 |

**Actuarial Assumptions**

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

| | GERP | POFRP |
|---|---|---|
| Inflation | 2.5% | 2.5% |
| Investment Rate of Return | 7.0% | 7.0% |
| Discount Rate | 7.0% | 7.00% |
| Projected Salary Increases | Service based | Age based |

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

POFRP: PubS-2010 Mortality Table for healthy active lives for employees (set forward one year for males). PubS-2010 Mortality Table for healthy retirees (set forward one year for males). PubG.H-2010 Mortality Table for beneficiary lives for healthy retirees (set back one year for males). PubG.H-2010 Mortality Tables for disabled retirees (set forward one year for females).

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

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2024 FRS valuation report for non-special-risk and special-risk employees for the GERP and POFRP, respectively, with appropriate adjustments made based on plan demographics.

The actuarial assumptions used in the October 1, 2025 and October 1, 2024 valuations for the GERP and POFRP, respectively, were based on the results of an actuarial experience study dated November 30, 2021 for GERP and November 24, 2021 for POFRP.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table:

| Asset Class | GERP | POFRP |
|---|---|---|
| Domestic Equity | 7.5% | 7.5% |
| International Equity | 8.5% | 8.5% |
| Broad Market Fixed Income | 2.5% | 2.5% |
| Fixed Income (Non-Core) | 2.5% | 2.5% |
| Global Fixed Income | 3.5% | 4.5% |
| Real Estate | 4.5% | 2.5% |
| Infrastructure | 4.5% | 4.5% |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for both plans. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

| | GERP | POFRP |
|---|---|---|
| 1% Decrease of Discount Rate to 6.00% | $ 7,433,875 | $ 9,609,128 |
| Current Discount Rate of 7.00% | 3,023,442 | 4,064,471 |
| 1% Increase of Discount Rate to 8.00% | (590,386) | (474,119) |

### Changes in Net Pension Liability – GERP

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|---|---|---|---|
| **Balance at September 30, 2024** | $ 29,686,742 | $ 26,636,822 | $ 3,049,920 |
| Changes for the Year: | | | |
| Service Cost | 970,427 | - | 970,427 |
| Interest | 2,075,200 | - | 2,075,200 |
| Difference Between Expected and Actual Experience | 1,559,002 | - | 1,559,002 |
| Changes of Assumptions | (104,318) | - | (104,318) |
| Contribution - Employer | - | 1,255,623 | (1,255,623) |
| Contribution - Employee | - | 520,778 | (520,778) |
| Net Investment Income | - | 2,831,722 | (2,831,722) |
| Benefit Payments, Including Refunds of Employee Contributions | (2,022,901) | (2,022,901) | - |
| Administration Expense | - | (81,334) | 81,334 |
| **Balance at September 30, 2025** | $ 32,164,152 | $ 29,140,710 | $ 3,023,442 |

### Change in Net Pension Liability – POFRP

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|---|---|---|---|
| **Balance at September 30, 2024** | $ 36,494,446 | $ 32,764,103 | $ 3,730,343 |
| Changes for the Year: | | | |
| Service Cost | 1,252,185 | - | 1,252,185 |
| Interest | 2,581,170 | - | 2,581,170 |
| Difference Between Expected and Actual Experience | 1,906,898 | - | 1,906,898 |
| Changes of Assumptions | 355,281 | - | 355,281 |
| Contribution - Employer | - | 1,124,369 | (1,124,369) |
| Contribution - State | - | 611,566 | (611,566) |
| Contribution - Employee | - | 445,923 | (445,923) |
| Net Investment Income | - | 3,655,585 | (3,655,585) |
| Benefit Payments, Including Refunds of Employee Contributions | (1,745,533) | (1,745,533) | - |
| Administration Expense | - | (76,037) | 76,037 |
| **Balance at September 30, 2025** | $ 40,844,447 | $ 36,779,976 | $ 4,064,471 |

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

| | GERP Net Pension Liability | POFRP Net Pension Liability |
|---|---|---|
| Governmental Activities | $ 2,266,794 | $ 4,064,471 |
| Business-Type Activities | 756,648 | - |
| **Total** | $ 3,023,442 | $ 4,064,471 |

Pension expense for the year ended September 30, 2025, was as follows:

| | |
|---|---|
| Governmental Activities | $ 2,633,098 |
| Business-Type Activities | 301,220 |
| **Total** | $ 2,934,318 |

**Note 11 - Other Postemployment Benefit Plan**

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

**Plan Description**

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

**Employees Covered by Benefit Terms**

At September 30, 2024 (the most recent actuarial valuation), the following employees were covered by the benefit terms:

| | |
|---|---|
| Active Plan Members | 250 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 2 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | 0 |
| **Total** | 252 |

**Benefits Provided**

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

**Total OPEB Liability**

At September 30, 2025, the City reported total OPEB liability of $1,675,829 for the single-employer plan. Total OPEB liability was measured as of September 30, 2024. The measurement period for OPEB expense was October 1, 2023 through September 30, 2024.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, updated to September 30, 2024, using the following actuarial assumptions:

| | |
|---|---|
| Inflation Rate | 2.5% |
| Salary Increase Rate(s) | Varies by Service |
| Discount Rate | 4.06% |
| Initial Trend Rate | 6.75% |
| Ultimate Trend Rate | 4.00% |
| Years to Ultimate | 50 |

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvements using Scale MP-2018. Base mortality rates are consistent with those outlined in the July 1, 2023 FRS actuarial valuation report. The mortality tables parallel those used in actuarial valuations of the corresponding General Employee and Police and Fire pension plans.

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

For police and fire employees, mortality rates were based on PubS-2010 tables. For active lives, PubS-2010 headcount weighted employee mortality, below median income, with male and female rates set forward one year projected generationally with Scale MP-2018. For healthy inactive lives, PubS-2010 headcount weighted healthy retiree mortality with both male and female rates set forward one year, not income adjusted, projected generationally with Scale MP-2018. For beneficiaries, PubG-2010 headcount weighted healthy retiree mortality with male rates set back one year, projected generationally with Scale MP-2018. For disabled lives, a blend of 80% of PubG-2010 headcount weighted disabled retiree tables and 20% of PubS-2010 headcount weighted disabled retiree tables, projected generationally with Scale MP-2018.

**Discount Rate**

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

| | Increase (Decrease) in Total OPEB Liability |
|---|---|
| **Balance as of October 1, 2024** | $ 1,581,992 |
| Changes for the Year: | |
| Service Cost | 117,118 |
| Interest | 81,590 |
| Differences Between Expected and Actual Experience | 11,540 |
| Changes of Assumptions | (68,307) |
| Benefit Payments | (48,104) |
| **Balance as of September 30, 2025** | $ 1,675,829 |

Changes of assumptions reflect a change in the discount rate from 4.87% for the reporting period ended September 30, 2024 to 4.06% for the reporting period ended September 30, 2025. Also reflected as assumption changes are updated health care costs and premiums.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**
The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

| | 1% Decrease (3.06%) | Current Discount Rate (4.06%) | 1% Increase (5.06%) |
|---|---|---|---|
| **Total OPEB Liability** | $ 1,865,222 | $ 1,675,829 | $ 1,507,636 |

**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 or 1 percentage point higher than the current discount rate.

| | 1% Decrease (3%-5.75%) | Healthcare Cost Trend Rates (4%-6.75%) | 1% Increase (5%-7.75%) |
|---|---|---|---|
| **Total OPEB Liability** | $ 1,463,588 | $ 1,675,829 | $ 1,928,953 |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**
For the year ended September 30, 2025, the City recognized OPEB expense of $109,190. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 10,258 | $ 158,387 |
| Changes in Assumptions | 201,799 | 534,179 |
| Employer Contributions Subsequent to the Measurement Date | 42,516 | - |
| **Total** | $ 254,573 | $ 692,566 |

Of the total amount reported as deferred outflows of resources related to OPEB, $42,516 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2025.

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

| Year Ending September 30, | Amount |
|---|---|
| 2026 | $ (83,621) |
| 2027 | (66,608) |
| 2028 | (77,715) |
| 2029 | (119,762) |
| 2030 | (111,860) |
| Thereafter | (20,943) |
| **Total** | $ (480,509) |

**Note 12 - Risk Management**

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

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

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

**Note 13 - Fund Equity**

**Restricted Net Position**

The City has established certain restrictions within the net position section of the enterprise funds. It is the City's policy to first apply restricted resources for expenditures incurred for which there are restricted and unrestricted resources available.

| | Utilities |
|---|---|
| Restricted for Impact Fees | $ 2,757,346 |
| Restricted for Reserve and Replacement | 250,000 |
| Restricted for Debt Service | 357,002 |
| **Total** | $ 3,364,348 |

### Fund Balances

The City has established certain restrictions within the fund balance section of the governmental funds. The City would first apply restricted, followed by assigned amounts, and lastly unassigned amounts of unrestricted fund balance when expenditures are incurred. Non-spendable, restricted, and assigned fund balances at September 30, 2025 consist of the following:

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Non-Spendable** | | | |
| Prepaid Expenditures | $ 714,448 | $ 13,500 | $ 727,948 |
| Permanent Fund | - | 54,357 | 54,357 |
| **Total Non-Spendable** | $ 714,448 | $ 67,857 | $ 782,305 |
| **Restricted for** | | | |
| Impact Fees/Capital Expansion | $ 2,757,347 | $ 68,950 | $ 2,826,297 |
| Animal Shelter | 100,000 | - | 100,000 |
| Debt Service | 427,277 | - | 427,277 |
| Building Permits | - | 936,449 | 936,449 |
| Housing Assistance | - | 584,711 | 584,711 |
| Redevelopment | - | 789,726 | 789,726 |
| **Total Restricted** | $ 3,284,624 | $ 2,379,836 | $ 5,664,460 |
| **Assigned for** | | | |
| Subsequent Year's Budget | $ 6,101,863 | $ - | $ 6,101,863 |
| Grants | - | 67,918 | 67,918 |
| Law Enforcement | - | 43,341 | 43,341 |
| Library | - | 2,913 | 2,913 |
| **Total Assigned** | $ 6,101,863 | $ 114,172 | $ 6,216,035 |

## Note 14 - Commitments and Contingencies

### Contracts

The City has contracted with CH2MHill, Inc. (CH2M) to operate, maintain, and manage the City's sewer treatment plant. Fees are payable monthly and are subject to adjustment on a regular basis. A new contract was signed for a five-year term commencing October 1, 2024. The agreement is set to automatically renew for another five-year term subsequent to the current term's expiration on September 30, 2029. The current contract established a base fee for fiscal year 2025 of $1,255,335. It also provides for electrical cost or consumption increases over an established amount ($237,000) to be shared equally by the City and CH2M, and sets annual caps on repair and chemical costs to CH2M of $25,000 and $60,000, respectively, after which the City will be expected to reimburse actual costs exceeding the caps. Total fees under the contract for the year ended September 30, 2025, were $1,264,641.

### Legal Matters

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

**Sanitation Collection**
In August 2023, the City contracted with Adams Sanitation Holding Company, LLC (Adams) for the collection and disposal of residential and commercial solid waste, yard refuse, and recycling to commence October 1, 2023. The non-exclusive franchise agreement will expire September 30, 2028, and contains one five-year renewal option. Under this contract, City is responsible for billings and collections related to the sanitation services and retains 6% of the collections as payment for managing the collections. The remainder of the collections are remitted to Adams Sanitation Holding Company, LLC. Net collections remitted to Adams amounted to $6,930,386 for the year ended September 30, 2025. As further discussed in Note 15, majority ownership of Adams was acquired by EcoSouth Services of Mobile, LLC subsequent to fiscal year-end, requiring City consent to assignment of the initial agreement. This consent was obtained and the agreement was assigned in April of 2026.

**Lease-Purchase Agreement**
On October 20, 2025, the City entered into a lease-purchase agreement with PNC Bank for the purchase of one Ascendant Aerial Tower (ladder truck) for the Fire Department in the amount of $2,105,676. Terms of the agreement require the City to make seven annual payments of $356,552. Interest on the loan was imputed at 4.44%. The anticipated delivery date is June 30, 2029; however, the City is required to make the first payment of $356,552 in October of 2026, prior to delivery.

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

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

**Note 15 - <u>Subsequent Events</u>**

Subsequent to year-end, the City entered into a new state revolving fund loan agreement with the State of Florida Department of Environmental Protection. The loan includes a clean water loan for installation of 4 rapid infiltration basin systems. The clean water loan was executed in the amount of $4,589,100, at an interest rate of 2.33%, and a repayment term of 20 years. As of the date of the auditor's report, no funds have been drawn on the loan.

Additionally, the City secured FMLC Revenue Bonds Series 2026 in the amount of $24,277,707 for the purposes of remodeling fire station #3, the purchase of a recreational facility, and the construction of a new public services facility. The bond has a repayment term of 30 years with a set annual interest rate that varies on an annual basis between a floor of 4.0% and a cap of 5.0%. The City received bond proceeds in the amount of $1,663,710 at closing for recent expenditures related to the recreational facility and the fire station #3 remodel.

Furthermore, a change in the majority ownership of the City's contracted sanitation provider, Adams, occurred subsequent to year-end. Pursuant to the terms of the franchise agreement between the City and Adams, the agreement may be assigned, subject to the City's consent and payment of a $500,000 assignment fee, provided no substantive changes are made to the terms of the agreement other than the identity of the contracted party. The City has interpreted these provisions to apply to changes in majority ownership of the contracted party. On April 16, 2026, the City Council approved the assignment of the franchise agreement to EcoSouth Services of Mobile, LLC, the new majority owner of Adams. The required assignment fee of $500,000 was remitted to the City on April 20, 2026. No other terms of the franchise agreement were modified as a result of the assignment.

# REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRESTVIEW, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 19,984,689 | $ 19,984,689 | $ 18,202,109 | $ (1,782,580) |
| License and Permits | 2,666,403 | 2,666,403 | 2,959,675 | 293,272 |
| Intergovernmental | 11,203,810 | 11,218,310 | 9,239,618 | (1,978,692) |
| Charges for Services | 595,433 | 595,433 | 631,645 | 36,212 |
| Fines and Forfeitures | 353,136 | 353,136 | 454,381 | 101,245 |
| Interest and Other Revenue | 2,153,412 | 2,335,922 | 1,730,950 | (604,972) |
| **Total Revenues** | 36,956,883 | 37,153,893 | 33,218,378 | (3,935,515) |
| **Expenditures** | | | | |
| Current: | | | | |
| General Government | 7,520,337 | 9,460,577 | 8,469,144 | 991,433 |
| Public Safety | 18,276,274 | 18,744,410 | 17,265,447 | 1,478,963 |
| Transportation | 6,394,971 | 7,480,993 | 5,748,235 | 1,732,758 |
| Human Services | 427,553 | 520,326 | 462,144 | 58,182 |
| Culture and Recreation | 4,011,440 | 6,455,327 | 4,290,244 | 2,165,083 |
| Debt Service: | | | | |
| Principal | 1,280,000 | 3,105,437 | 2,005,434 | 1,100,003 |
| Interest | 280,352 | 656,713 | 509,445 | 147,268 |
| **Total Expenditures** | 38,190,927 | 46,423,783 | 38,750,093 | 7,673,690 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | (1,234,044) | (9,269,890) | (5,531,715) | 3,738,175 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | 1,284,285 | 1,284,285 | 339,160 | (945,125) |
| Transfers (Out) | (273,556) | (273,556) | (273,556) | - |
| Installment Purchase | - | - | 1,604,094 | 1,604,094 |
| Lease Obligation | - | - | 791,432 | 791,432 |
| **Total Other Financing Sources (Uses)** | 1,010,729 | 1,010,729 | 2,461,130 | 1,450,401 |
| **Reserves** | 223,315 | 8,165,259 | - | (8,165,259) |
| **Net Change in Fund Balances** | - | (93,902) | (3,070,585) | (2,976,683) |
| **Fund Balance, Beginning of Year, as Previously Reported** | 18,219,685 | 18,219,685 | 18,219,685 | - |
| **Prior Period Restatements (See Note 1.H)** | - | - | 1,084,265 | 1,084,265 |
| **Fund Balance, Beginning of Year, as Restated** | 18,219,685 | 18,219,685 | 19,303,950 | 1,084,265 |
| **Fund Balance, End of Year** | $ 18,219,685 | $ 18,125,783 | $ 16,233,365 | $ (1,892,418) |

The accompanying notes are an integral part of this schedule (required supplementary information).

**Note 1 - Stewardship, Compliance, and Accountability**

**Budgets**

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

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

Prior to September 1 of each year, the City of Crestview, Florida (the City) Council prepares in detail and adopts a budget of anticipated revenues and expenditures for all City purposes of the ensuing year. Proposed budgets are advertised in a newspaper of general circulation in the City and detailed in the minutes of the Council. Public hearings are conducted for the purpose of receiving taxpayer comments. When the budget is adopted, it has the force and effect of appropriations for the various items and purposes specified.

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

A budget amendment shall be deemed to mean the act of increasing the total budgeted amount of a given fund as opposed to a transfer of a budgeted amount from one account to another within the same fund. Budgeted amounts are as originally adopted, or as amended with the approval of the City Council. In addition, certain significant purchases, which the budget was not amended for, were presented to and approved by City Council.

## CITY OF CRESTVIEW, FLORIDA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
## SEPTEMBER 30, 2025
## LAST 10 FISCAL YEARS*

| Reporting Period Ending | 9/30/2025 | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|---|---|---|---|---|---|---|---|---|
| Measurement Date | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 |
| **Total OPEB Liability** | | | | | | | | |
| Service Cost | $ 117,118 | $ 112,463 | $ 189,781 | $ 188,921 | $ 129,806 | $ 110,071 | $ 107,956 | $ 112,421 |
| Interest | 81,590 | 73,796 | 54,869 | 45,777 | 56,991 | 55,819 | 48,482 | 39,333 |
| Differences Between Expected and Actual Experience | 11,540 | - | (148,049) | - | (142,530) | - | (99,269) | - |
| Changes of Assumptions | (68,307) | (16,213) | (680,123) | (63,227) | 478,917 | 88,837 | (36,901) | (81,027) |
| Benefit Payments | (48,104) | (44,852) | (55,348) | (51,727) | (18,598) | (17,220) | (20,602) | (18,944) |
| **Net Change in Total OPEB Liability** | 93,837 | 125,194 | (638,870) | 119,744 | 504,586 | 237,507 | (334) | 51,783 |
| **Total OPEB Liability, Beginning of Year** | 1,581,992 | 1,456,798 | 2,095,668 | 1,975,924 | 1,471,338 | 1,233,831 | 1,234,165 | 1,182,382 |
| **Total OPEB Liability, End of Year** | $ 1,675,829 | $ 1,581,992 | $ 1,456,798 | $ 2,095,668 | $ 1,975,924 | $ 1,471,338 | $ 1,233,831 | $ 1,234,165 |
| **Covered Payroll (Projected)** | $ 15,238,955 | $ 12,740,384 | $ 12,011,298 | $ 10,313,701 | $ 9,749,221 | $ 10,002,787 | $ 9,414,388 | $ 9,803,788 |
| **Total OPEB Liability as a Percentage of Covered Employee Payroll** | 11.00% | 12.42% | 12.13% | 20.32% | 20.27% | 14.71% | 13.11% | 12.59% |

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

**Notes to Schedule:**

Differences between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2024.

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

| | |
|---|---|
| September 30, 2025: | 4.06% |
| September 30, 2024: | 4.87% |
| September 30, 2023: | 4.77% |
| September 30, 2022: | 2.43% |
| September 30, 2021: | 2.14% |
| September 30, 2020: | 3.58% |
| September 30, 2019: | 4.18% |
| September 30, 2018: | 3.64% |

Updated healthcare costs and premiums are also included as assumption changes.

Benefit Payments: The City did not provide actual net benefits for the fiscal year ended September 30, 2025. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | | | | | | |
| Service Cost | $ 970,427 | $ 930,621 | $ 801,972 | $ 738,764 | $ 682,347 | $ 667,898 | $ 611,990 | $ 555,982 | $ 522,311 | $ 565,716 |
| Interest | 2,075,200 | 1,926,565 | 1,822,389 | 1,707,653 | 1,622,464 | 1,555,250 | 1,518,916 | 1,462,086 | 1,336,940 | 1,310,682 |
| Differences Between Expected and Actual Experience | 1,559,002 | 571,712 | 416,261 | 715,508 | 13,985 | 368,023 | (197,435) | (407,213) | 557,747 | (372,488) |
| Changes in Assumptions | (104,318) | - | - | - | 1,055,199 | 32,218 | - | 570,521 | 585,568 | 152,935 |
| Changes in Benefit Terms | - | 552,243 | - | - | - | - | - | - | - | - |
| Benefit Payments, Including Refund of Employee Contributions | (2,022,901) | (1,772,301) | (1,589,750) | (1,582,358) | (1,245,998) | (2,175,488) | (800,956) | (761,657) | (823,522) | (668,726) |
| Net Change | 2,477,410 | 2,208,840 | 1,450,872 | 1,579,567 | 2,127,997 | 447,901 | 1,132,515 | 1,419,719 | 2,179,044 | 988,119 |
| **Total Pension Liability, Beginning** | 29,686,742 | 27,477,902 | 26,027,030 | 24,447,463 | 22,319,466 | 21,871,565 | 20,739,050 | 19,319,331 | 17,140,287 | 16,152,168 |
| **Total Pension Liability, Ending (a)** | $ 32,164,152 | $ 29,686,742 | $ 27,477,902 | $ 26,027,030 | $ 24,447,463 | $ 22,319,466 | $ 21,871,565 | $ 20,739,050 | $ 19,319,331 | $ 17,140,287 |
| **Plan Fiduciary Net Position** | | | | | | | | | | |
| Contributions - Employer | $ 1,255,623 | $ 1,089,378 | $ 871,678 | $ 772,579 | $ 669,775 | $ 629,053 | $ 455,980 | $ 343,359 | $ 248,704 | $ 298,505 |
| Contributions - Employee | 520,778 | 494,434 | 410,202 | 380,383 | 340,203 | 317,003 | 303,409 | 285,401 | 269,713 | 263,011 |
| Net Investment Income | 2,831,722 | 4,505,991 | 1,920,784 | (3,251,481) | 4,035,610 | 1,721,236 | 909,926 | 1,522,216 | 2,050,466 | 1,172,257 |
| Benefit Payments, Including Refund of Employee Contributions | (2,022,901) | (1,772,301) | (1,589,750) | (1,582,358) | (1,245,998) | (2,175,488) | (800,956) | (761,657) | (823,522) | (668,726) |
| Administrative Expense | (81,334) | (88,192) | (62,164) | (80,933) | (76,073) | (55,909) | (58,103) | (55,635) | (56,085) | (45,495) |
| Net Change | 2,503,888 | 4,229,310 | 1,550,750 | (3,761,810) | 3,723,517 | 435,895 | 810,256 | 1,333,684 | 1,689,276 | 1,019,552 |
| **Plan Fiduciary Net Position, Beginning** | 26,636,822 | 22,407,512 | 20,856,762 | 24,618,572 | 20,895,055 | 20,459,160 | 19,648,904 | 18,315,220 | 16,625,944 | 15,606,392 |
| **Plan Fiduciary Net Position, Ending (b)** | 29,140,710 | 26,636,822 | 22,407,512 | 20,856,762 | 24,618,572 | 20,895,055 | 20,459,160 | 19,648,904 | 18,315,220 | 16,625,944 |
| **Net Pension Liability, Ending (a) - (b)** | $ 3,023,442 | $ 3,049,920 | $ 5,070,390 | $ 5,170,268 | $ (171,109) | $ 1,424,411 | $ 1,412,405 | $ 1,090,146 | $ 1,004,111 | $ 514,343 |
| **Plan Fiduciary Net Position as a Percentage of the Total Pension Liability** | 90.60% | 89.73% | 81.55% | 80.14% | 100.70% | 93.62% | 93.54% | 94.74% | 94.80% | 97.00% |
| **Covered Employee Payroll** | $ 8,100,793 | $ 7,726,086 | $ 6,409,400 | $ 5,942,914 | $ 5,315,672 | $ 4,953,172 | $ 4,740,758 | $ 4,459,380 | $ 4,214,265 | $ 4,109,545 |
| **Net Pension Liability as a Percentage of Covered Employee Payroll** | 37.32% | 39.48% | 79.11% | 87.00% | -3.22% | 28.76% | 29.79% | 24.45% | 23.83% | 12.52% |

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

**Notes to Schedule:**

Changes of Assumptions:

Total Pension Liability as of the September 30, 2025 measurement date reflects the following assumption change:

1. As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman’s July 1, 2024, FRS valuation report for special risk employees.

For prior years, as a result of an Experience Study dated November 24, 2021, the Board has approved the following changes:

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

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | | | | | | |
| Service Cost | $ 1,252,185 | $ 1,061,160 | $ 874,088 | $ 865,242 | $ 855,640 | $ 829,996 | $ 810,126 | $ 781,326 | $ 736,601 | $ 675,767 |
| Interest | 2,581,170 | 2,318,959 | 2,093,924 | 1,946,306 | 1,760,744 | 1,630,907 | 1,557,188 | 1,494,147 | 1,401,536 | 1,205,985 |
| Differences Between Expected and Actual Experience | 1,906,898 | 1,609,757 | 188,867 | 140,783 | 485,335 | 211,677 | (355,584) | (254,535) | 226,022 | 293,542 |
| Changes of Benefit Terms | - | - | 1,021,745 | - | - | - | (3,124) | - | - | - |
| Contributions - Buy Back | - | - | - | - | - | - | - | 18,708 | - | - |
| Changes in Assumptions | 355,281 | - | - | - | 1,129,136 | (72,480) | - | 635,050 | 1,144,118 | 337,452 |
| Share Plan Allocation | - | - | - | 172,965 | 139,291 | 110,280 | 119,721 | 113,414 | 88,474 | 775,763 |
| Change in Excess State Money | - | - | - | - | - | - | - | - | (9,059) | (798,033) |
| Benefit Payments, Including Refund of Employee Contributions | (1,745,533) | (1,124,529) | (1,177,264) | (873,360) | (849,648) | (1,040,702) | (1,228,318) | (1,286,243) | (1,191,193) | (618,732) |
| Net Change | 4,350,001 | 3,865,347 | 3,001,360 | 2,251,936 | 3,520,498 | 1,669,678 | 900,009 | 1,501,867 | 2,396,499 | 1,871,744 |
| **Total Pension Liability, Beginning** | 36,494,446 | 32,629,099 | 29,627,739 | 27,375,803 | 23,855,305 | 22,185,627 | 21,285,618 | 19,783,751 | 17,387,252 | 15,515,508 |
| **Total Pension Liability, Ending (a)** | $ 40,844,447 | $ 36,494,446 | $ 32,629,099 | $ 29,627,739 | $ 27,375,803 | $ 23,855,305 | $ 22,185,627 | $ 21,285,618 | $ 19,783,751 | $ 17,387,252 |
| **Plan Fiduciary Net Position** | | | | | | | | | | |
| Contributions - Employer | $ 1,124,369 | $ 1,006,459 | $ 773,390 | $ 653,302 | $ 575,632 | $ 537,980 | $ 378,613 | $ 121,687 | $ 121,961 | $ 111,296 |
| Contributions - State | 611,566 | 583,719 | 515,326 | 423,143 | 378,243 | 339,563 | 352,151 | 343,741 | 310,487 | 300,086 |
| Contributions - Employee | 445,923 | 421,453 | 366,657 | 329,224 | 320,388 | 304,695 | 295,647 | 288,434 | 278,697 | 267,931 |
| Contributions - Buy Back | - | - | - | - | - | - | - | 18,708 | - | - |
| Net Investment Income | 3,655,585 | 5,456,308 | 2,326,885 | (3,579,721) | 4,307,665 | 1,661,513 | 778,906 | 1,519,422 | 2,132,311 | 1,072,929 |
| Benefit Payments, Including Refund of Employee Contributions | (1,745,533) | (1,124,529) | (1,177,264) | (873,360) | (849,648) | (1,040,702) | (1,228,318) | (1,286,243) | (1,191,193) | (618,732) |
| Administrative Expense | (76,037) | (83,187) | (76,206) | (94,360) | (74,336) | (69,573) | (62,363) | (66,003) | (70,281) | (47,835) |
| Net Change | 4,015,873 | 6,260,223 | 2,728,788 | (3,141,772) | 4,657,944 | 1,733,476 | 514,636 | 939,746 | 1,581,982 | 1,085,675 |
| **Plan Fiduciary Net Position, Beginning** | 32,764,103 | 26,503,880 | 23,775,092 | 26,916,864 | 22,258,920 | 20,525,444 | 20,010,808 | 19,071,062 | 17,489,080 | 16,403,405 |
| **Plan Fiduciary Net Position, Ending (b)** | 36,779,976 | 32,764,103 | 26,503,880 | 23,775,092 | 26,916,864 | 22,258,920 | 20,525,444 | 20,010,808 | 19,071,062 | 17,489,080 |
| **Net Pension Liability, Ending (a) - (b)** | $ 4,064,471 | $ 3,730,343 | $ 6,125,219 | $ 5,852,647 | $ 458,939 | $ 1,596,385 | $ 1,660,183 | $ 1,274,810 | $ 712,689 | $ (101,828) |
| **Plan Fiduciary Net Position as a Percentage of the Total Pension Liability** | 90.05% | 89.78% | 81.23% | 80.25% | 98.32% | 93.31% | 92.52% | 94.01% | 96.40% | 100.59% |
| **Covered Employee Payroll** | $ 6,975,401 | $ 6,586,356 | $ 5,727,857 | $ 5,144,131 | $ 5,006,067 | $ 4,760,860 | $ 4,619,494 | $ 4,506,775 | $ 4,354,635 | $ 4,186,426 |
| **Net Pension Liability as a Percentage of Covered Employee Payroll** | 58.27% | 56.64% | 106.94% | 113.77% | 9.17% | 33.53% | 35.94% | 28.29% | 16.37% | -2.43% |

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

**Notes to Schedule:**

Changes of Assumptions:

Total Pension Liability as of the September 30, 2025 measurement date reflects the following assumption change:

1. As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for special risk employees.

For prior years, as a result of an Experience Study dated November 24, 2021, the Board has approved the following changes:

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

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 1,255,623 | $ 1,089,378 | $ 871,678 | $ 772,579 | $ 669,775 | $ 629,053 | $ 497,780 | $ 379,047 | $ 248,242 | $ 304,106 |
| Contributions in Relation to the Actuarially Determined Contributions | 1,255,623 | 1,089,378 | 871,678 | 772,579 | 669,775 | 629,053 | 455,980 | 343,359 | 248,704 | 298,505 |
| Contributions Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ 41,800 | $ 35,688 | $ (462) | $ 5,601 |
| Covered Employee Payroll | $ 8,100,793 | $ 7,726,086 | $ 6,409,400 | $ 5,942,914 | $ 5,315,672 | $ 4,953,172 | $ 4,740,758 | $ 4,459,380 | $ 4,214,265 | $ 4,109,545 |
| Contributions as a Percentage of Covered Employee Payroll | 15.50% | 14.10% | 13.60% | 13.00% | 12.60% | 12.70% | 9.62% | 7.70% | 5.90% | 7.26% |

**Notes to Schedule:**

Valuation Date: October 1, 2023

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry age normal actuarial cost method.

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

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

Inflation: 2.5% per year.

Salary Increases:

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

Payroll Growth: 1.96% for purposes of amortizing the Unfunded Actuarial Accrued Liability.

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

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

Retirement Age

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

Early Retirement: None.

Termination Rates: See table below.

Disability Rates: See table below.

Mortality:
*Healthy Lives:*
Female: PubG.H-2010 for Employees/Healthy Retirees, set forward one year.
Male: PubG.H-2010 for Employees/Healthy Retirees, set forward one year.
*Disabled Lives:*
PubG.H-2010 for Disabled Retirees, set forward four years.

Other Information

**Termination Rates Table**

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

**Disability Rates Table**

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

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 1,736,875 | $ 1,521,449 | $ 1,042,470 | $ 900,223 | $ 815,989 | $ 785,542 | $ 632,870 | $ 432,650 | $ 326,598 | $ 322,355 |
| From Excess State Money Reserve | - | - | - | - | - | - | - | - | - | 102,941 |
| Contributions in Relation to the Actuarially Determined Contributions | 1,735,935 | 1,590,178 | 1,288,716 | 903,480 | 814,585 | 767,263 | 611,043 | 352,014 | 353,034 | 330,709 |
| Contributions Deficiency (Excess) | $ 940 | $ (68,729) | $ (246,246) | $ (3,257) | $ 1,404 | $ 18,279 | $ 21,827 | $ 80,636 | $ (26,436) | $ (111,295) |
| Covered Employee Payroll | $ 6,975,401 | $ 6,586,356 | $ 5,727,857 | $ 5,144,131 | $ 5,006,067 | $ 4,760,860 | $ 4,619,494 | $ 4,506,775 | $ 4,354,635 | $ 4,186,726 |
| Contributions as a Percentage of Covered Employee Payroll | 24.89% | 24.14% | 22.50% | 17.56% | 16.27% | 16.12% | 13.23% | 7.81% | 8.11% | 7.90% |

**Notes to Schedule:**

Valuation Date: October 1, 2023

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry age actuarial cost method.

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

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

Inflation: 2.5% per year.

Salary Increases:

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

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

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

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

Normal Retirement Age

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

| % Retiring During the Year (>25 Years of Service) | |
|---|---|
| **Age** | **Rate** |
| All Ages | 100.0% |

Termination Rates — See table below.

Disability Rates — See table below.

Mortality — *Healthy Lives:*
Female: PubS.H-2010 (Below Median) for Employees/Healthy Retirees, set forward one year.
Male: PubS.H-2010 (Below Median) for Employees/Healthy Retirees, set forward one year.
*Disabled Lives:*
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

Other Information

**Termination and Disability Rates Table**

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

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

| For the Year Ended September 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual Money Weighted Rate of Return, Net of Investment Expense | 10.74% | 20.20% | 9.28% | -13.31% | 19.42% | 8.65% | 4.64% | 8.35% | 12.40% | 7.54% |

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

| **For the Year Ended September 30,** | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual Money Weighted Rate of Return, Net of Investment Expense | 11.18% | 20.45% | 9.83% | -13.30% | 19.40% | 8.12% | 3.94% | 8.12% | 12.45% | 6.60% |

# COMBINING FINANCIAL STATEMENTS

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

## SPECIAL REVENUE FUNDS

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

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

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

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

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

**Mobility Fee Fund**—To account for revenues derived from and associated expenditures of mobility fees assessed to help mitigate transportation impacts and fund vital infrastructure required as a result of new development and redevelopment projects.

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

## PERMANENT FUND

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

**Library Fund—**To account for a donation to the City of Crestview, Florida (the City) to purchase library books. The interest is used to purchase books for the City's public library.

# CITY OF CRESTVIEW, FLORIDA
# COMBINING BALANCE SHEET
# NON-MAJOR GOVERNMENTAL FUNDS
# SEPTEMBER 30, 2025

| | Special Revenue Funds | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Law Enforcement Trust | Community Redevelopment Agency | CDBG | Building and Permitting | Mobility Fee | Housing Assistance Trust (SHIP) | Debt Service | Permanent Fund | Total |
| **Assets** | | | | | | | | | |
| Cash and Cash Equivalents | $ 43,341 | $ 789,726 | $ - | $ 951,442 | $ 68,950 | $ 584,711 | $ - | $ 2,913 | $ 2,441,083 |
| Investments | - | - | - | - | - | - | - | 54,357 | 54,357 |
| Prepaids | - | 13,500 | - | - | - | - | - | - | 13,500 |
| Due from Other Governments | - | - | 138,015 | - | - | - | - | - | - 138,015 |
| **Total Assets** | 43,341 | 803,226 | 138,015 | 951,442 | 68,950 | 584,711 | - | 57,270 | 2,646,955 |
| **Liabilities** | | | | | | | | | |
| Accounts Payable | - | - | 9,050 | 2,115 | - | - | - | - | 11,165 |
| Other Accrued Liabilities | - | - | - | 12,878 | - | - | - | - | 12,878 |
| Interfund Payables | - | - | 61,047 | - | - | - | - | - | 61,047 |
| **Total Liabilities** | - | - | 70,097 | 14,993 | - | - | - | - | 85,090 |
| **Fund Balances** | | | | | | | | | |
| Non-Spendable | - | 13,500 | - | - | - | - | - | 54,357 | 67,857 |
| Restricted | - | 789,726 | - | 936,449 | 68,950 | 584,711 | - | - | 2,379,836 |
| Assigned | 43,341 | - | 67,918 | - | - | - | - | 2,913 | 114,172 |
| **Total Fund Balances** | 43,341 | 803,226 | 67,918 | 936,449 | 68,950 | 584,711 | - | 57,270 | 2,561,865 |
| **Total Liabilities and Fund Balances** | $ 43,341 | $ 803,226 | $ 138,015 | $ 951,442 | $ 68,950 | $ 584,711 | $ - | $ 57,270 | $ 2,646,955 |

# CITY OF CRESTVIEW, FLORIDA
# COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
# NON-MAJOR GOVERNMENTAL FUNDS
# FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | Special Revenue Funds | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Law Enforcement Trust | Community Redevelopment Agency | CDBG | Building and Permitting | Mobility Fee | Housing Assistance Trust (SHIP) | Debt Service | Permanent Fund | Total |
| **Revenues** | | | | | | | | | |
| Taxes | $ - | $ 126,047 | $ - | $ - | $ - | $ - | $ - | $ - | $ 126,047 |
| Licenses and Permits | - | - | - | 533,783 | - | - | - | - | 533,783 |
| Intergovernmental | - | - | 171,581 | - | - | 215,771 | - | - | 387,352 |
| Charges for Services | | - | - | - | 68,950 | - | - | - | 68,950 |
| Fines and Forfeitures | 24,422 | - | - | - | - | - | - | - | 24,422 |
| Miscellaneous | - | 664 | - | 2,734 | - | - | - | 485 | 3,883 |
| **Total Revenues** | 24,422 | 126,711 | 171,581 | 536,517 | 68,950 | 215,771 | - | 485 | 1,144,437 |
| **Expenditures** | | | | | | | | | |
| Current: | | | | | | | | | |
| General Government | - | 158,934 | - | - | - | - | - | - | 158,934 |
| Public Safety | 12,421 | - | - | 1,025,560 | - | - | - | - | 1,037,981 |
| Human Services | - | - | 138,015 | - | - | - | - | - | 138,015 |
| Debt Service: | | | | | | | | | |
| Principal | - | - | - | 16,212 | - | - | - | - | 16,212 |
| Interest | - | - | - | 4,002 | - | - | - | - | 4,002 |
| **Total Expenditures** | (12,421) | (158,934) | (138,015) | (1,045,774) | - | - | - | - | (1,355,144) |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 12,001 | (32,223) | 33,566 | (509,257) | 68,950 | 215,771 | - | 485 | (210,707) |
| **Other Financing Sources (Uses)** | | | | | | | | | |
| Transfers in | - | 221,897 | - | - | - | - | - | - | 221,897 |
| Transfers out | - | (24,000) | (33,566) | (141,884) | - | - | - | - | (199,450) |
| Lease Obligation | - | - | - | 111,843 | - | - | - | - | 111,843 |
| **Total Other Financing Sources (Uses)** | - | 197,897 | (33,566) | (30,041) | - | - | - | - | 134,290 |
| **Net Change in Fund Balances** | 12,001 | 165,674 | - | (539,298) | 68,950 | 215,771 | - | 485 | (76,417) |
| **Fund Balances, Beginning of Year, as Previously Reported** | 31,340 | 637,552 | 67,918 | 1,475,747 | - | 368,940 | 307,327 | 56,785 | 2,945,609 |
| **Prior Period Restatements (See Note 1.H)** | - | - | - | - | - | - | (307,327) | - | (307,327) |
| **Fund Balances, Beginning of Year, as Restated** | 31,340 | 637,552 | 67,918 | 1,475,747 | - | 368,940 | - | 56,785 | 2,638,282 |
| **Fund Balances, End of Year** | $ 43,341 | $ 803,226 | $ 67,918 | $ 936,449 | $ 68,950 | $ 584,711 | $ - | $ 57,270 | $ 2,561,865 |

**CITY OF CRESTVIEW, FLORIDA**
**COMBINING STATEMENT OF NET POSITION**
**NON-MAJOR ENTERPRISE FUNDS**
**SEPTEMBER 30, 2025**

| | Stormwater Fund | Crestview Unlimited | Total |
|---|---|---|---|
| **Assets** | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | $ 530,641 | $ 44,336 | $ 574,977 |
| Accounts Receivable, Net | 30,068 | 9,211 | 39,279 |
| Inventories | - | 155,767 | 155,767 |
| Deposits | - | 916 | 916 |
| Total Current Assets | 560,709 | 210,230 | 770,939 |
| Non-Current Assets: | | | |
| Capital Assets: | | | |
| Buildings and Improvements | - | 5,861 | 5,861 |
| Equipment | 536,315 | 78,914 | 615,229 |
| Total Non-Current Assets | 536,315 | 84,775 | 621,090 |
| (Accumulated Depreciation) | (100,650) | (5,481) | (106,131) |
| Total Capital Assets (Net of Accumulated Depreciation) | 435,665 | 79,294 | 514,959 |
| **Total Assets** | 996,374 | 289,524 | 1,285,898 |
| | | | |
| **Deferred Outflows of Resources** | | | |
| Other Postemployment Benefits | 1,971 | - | 1,971 |
| Pensions | 32,478 | - | 32,478 |
| **Total Deferred Outflows of Resources** | 34,449 | - | 34,449 |
| | | | |
| **Liabilities** | | | |
| Current Liabilities: | | | |
| Accounts Payable | 893 | 70,255 | 71,148 |
| Accrued Expenses | 4,610 | 24,298 | 28,908 |
| Due to Other Funds | - | 127,067 | 127,067 |
| Unearned Revenue | - | 9,390 | 9,390 |
| Current Portion of Long-Term Debt: | | | |
| Compensated Absences | 2,379 | - | 2,379 |
| Revenue Bonds, Notes, and Capital Leases Payable | 5,080 | 8,878 | 13,958 |
| Total Current Liabilities | 12,962 | 239,888 | 252,850 |
| Non-Current Liabilities: | | | |
| Revenue Bonds, Notes, and Leases Payable | - | 39,544 | 39,544 |
| Other Postemployment Benefits Obligation | 12,972 | - | 12,972 |
| Compensated Absences | 7,137 | 11,978 | 19,115 |
| Net Pension Liability | 51,686 | - | 51,686 |
| Total Non-Current Liabilities | 71,795 | 51,522 | 123,317 |
| **Total Liabilities** | 84,757 | 291,410 | 376,167 |
| | | | |
| **Deferred Inflows of Resources** | | | |
| Other Postemployment Benefits | 5,361 | - | 5,361 |
| Pensions | 31,331 | - | 31,331 |
| **Total Deferred Inflows of Resources** | 36,692 | - | 36,692 |
| | | | |
| **Net Position** | | | |
| Net Investment in Capital Assets | 430,585 | 30,872 | 461,457 |
| Unrestricted | 478,789 | (32,758) | 446,031 |
| **Total Net Position** | $ 909,374 | $ (1,886) | $ 907,488 |

# CITY OF CRESTVIEW, FLORIDA
## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
## NON-MAJOR ENTERPRISE FUNDS
## FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | Stormwater Fund | Crestview Unlimited | Total |
|---|---|---|---|
| **Operating Revenue** | | | |
| Charges for Service | $ 432,670 | $ 1,340,043 | $ 1,772,713 |
| Other | 1,309 | 15 | 1,324 |
| **Total Operating Revenue** | 433,979 | 1,340,058 | 1,774,037 |
| **Operating Expenses** | | | |
| Personnel Expenses | 220,713 | 662,198 | 882,911 |
| Purchased Services | - | 106,438 | 106,438 |
| Repairs and Maintenance | 22,970 | 47,844 | 70,814 |
| Depreciation and Amortization | 43,531 | 5,481 | 49,012 |
| Materials and Supplies | 40,268 | 216,354 | 256,622 |
| Other Expenses | 19,159 | 235,866 | 255,025 |
| **Total Operating Expenses** | 346,641 | 1,274,181 | 1,620,822 |
| **Operating Income** | 87,338 | 65,877 | 153,215 |
| **Non-Operating Revenue and Expense** | | | |
| Interest Expense | (575) | (11,965) | (12,540) |
| **Total Non-Operating Revenues and Expenses** | (575) | (11,965) | (12,540) |
| **Income Before Operating Transfers** | 86,763 | 53,912 | 140,675 |
| **Transfers** | | | |
| Transfers in | 51,659 | - | 51,659 |
| **Total Transfers** | 51,659 | - | 51,659 |
| **Change in Net Position** | 138,422 | 53,912 | 192,334 |
| **Net Position, Beginning of Year** | 770,952 | (55,798) | 715,154 |
| **Net Position, End of Year** | $ 909,374 | $ (1,886) | $ 907,488 |

# CITY OF CRESTVIEW, FLORIDA
# COMBINING STATEMENT OF CASH FLOWS
# NON-MAJOR ENTERPRISE FUNDS
# FOR THE YEAR ENDED SEPTEMBER 30, 2025

| | Stormwater Fund | Crestview Unlimited | Total |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Cash Received from Customers | $ 430,271 | $ 1,356,815 | $ 1,787,086 |
| Cash Paid to Suppliers for Goods and Services | (87,845) | (634,512) | (722,357) |
| Cash Paid to Employees for Services | (220,347) | (662,198) | (882,545) |
| **Net Cash Provided by Operating Activities** | 122,079 | 60,105 | 182,184 |
| **Cash Flows from Non-Capital Financing Activities** | | | |
| Due to/from Other Funds | - | 4,929 | 4,929 |
| Transfers from Other Funds (in) | 51,659 | - | 51,659 |
| **Net Cash Flows from Non-Capital Financing Activities** | 51,659 | 4,929 | 56,588 |
| **Cash Flows from Capital and Related Financing Activities** | | | |
| Acquisition and Construction of Capital Assets | - | (34,232) | (34,232) |
| Interest Paid | (575) | (11,965) | (12,540) |
| Principal Payment of Bonds, Notes and Capital Leases | (7,228) | (2,121) | (9,349) |
| **Net Cash Used in Capital and Related Financing Activities** | (7,803) | (48,318) | (56,121) |
| **Net Change in Cash and Cash Equivalents** | 165,935 | 16,716 | 182,651 |
| **Cash and Cash Equivalents, Beginning of Year** | 364,706 | 27,620 | 392,326 |
| **Cash and Cash Equivalents, End of Year** | $ 530,641 | $ 44,336 | $ 574,977 |
| **Reconciliation of Operating Income to Net Cash** | | | |
| Operating Income | $ 87,338 | $ 65,877 | $ 153,215 |
| Operating Activities: | | | |
| Depreciation and Amortization Expense | 43,531 | 5,481 | 49,012 |
| Changes in Operating Assets and Liabilities: | | | |
| Accounts Receivable and Unbilled Revenue | (3,708) | 15,587 | 11,879 |
| Inventories | - | (80,523) | (80,523) |
| Accounts Payable and Accrued Expenses | (5,448) | 52,513 | 47,065 |
| Unearned Revenue | - | 1,170 | 1,170 |
| Compensated Absences | (540) | - | (540) |
| Other Postemployment Benefits and Related Deferred Inflows and Outflows | 164 | - | 164 |
| Net Pension Liability and Related Deferred Inflows and Outflows | 742 | - | 742 |
| Total Adjustments | 34,741 | (5,772) | 28,969 |
| **Net Cash Provided by Operating Activities** | $ 122,079 | $ 60,105 | $ 182,184 |
| **Supplemental Schedule of Non-Cash Activities** | | | |
| Acquisition of Assets Under Capital Leases | $ - | $ 50,543 | $ 50,543 |

# COMPLIANCE SECTION

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

Honorable Mayor and City Council
City of Crestview, 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 Crestview, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Purvis Gray*

June 24, 2026
Tallahassee, Florida

**MANAGEMENT LETTER**

Honorable Mayor and City Council
City of Crestview, Florida

**Report on the Financial Statements**

We have audited the financial statements of the City of Crestview, Florida (the City) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 24, 2026.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 24, 2026, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no such findings noted in the preceding financial audit report.

**Official Title and Legal Authority**

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

**Financial Condition and Management**

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

Honorable Mayor and City Council
City of Crestview, Florida

**MANAGEMENT LETTER**

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*, the City must state as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. In connection with our audit, a PACE program 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 non-compliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

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

*Purvis Gray*

June 24, 2026
Tallahassee, Florida

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

Honorable Mayor and City Council
City of Crestview, Florida

We have examined the City of Crestview, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2025. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the 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 judgment, including as assessment of risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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 fiscal year ended September 30, 2025.

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

*Purvis Gray*

June 24, 2026
Tallahassee, Florida

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

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