

2021

City of Crestview, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2021

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

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

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

SEPTEMBER 30, 2021

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

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

SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Honorable Mayor and City Council
City of Crestview
Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

Opinions

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other 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 combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



June 21, 2022
Tallahassee, Florida

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(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, 2021. 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 \$66.3 million (net position) and represents an increase of approximately \$5.8 million in net position from the prior year. Of this amount, approximately \$41.8 million represents the net investment in capital assets (e.g., land, infrastructure, building, machinery and equipment), \$4.5 million is restricted for future obligations, and \$19.9 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The governmental net position increased by approximately \$4.3 million from the prior year.
- The net position of the business-type activities of the City increased by approximately \$1.6 million from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16.9 million, or 73% 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 liabilities, with the difference between the two reported as net position. The statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the City of Crestview.

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

CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)

Both of the government-wide financial statements distinguish functions of the City of Crestview that are principally supported by taxes and inter-governmental 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 and non-departmental expenses), public safety (police and fire), public works (administration and engineering), transportation (streets and right-of-way), 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 newly formed entity Crestview Unlimited will operate the City's golf operation. 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 can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

FUNDS

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

Such information may be useful in evaluating a government's near-term financial requirements. Found on pages 19-23 of this report are the basic governmental fund financial statements.

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

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

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Utilities Fund and Sanitation Fund are both considered major proprietary funds. Data from the other two enterprise funds (Stormwater and CV Unlimited) are combined into a single, aggregated presentation. The proprietary fund financial statements are found on pages 24-28 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Crestview's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements are found on pages 29-30 of this report.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the notes to the financial statements. The combining and individual fund statements and schedules are found on pages 71-75 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 exceeded liabilities by \$66.3 million (net position) for the fiscal year ended 2021 as reported in Table 1.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

**TABLE 1
CITY OF CRESTVIEW, FLORIDA
NET POSITION
AS OF SEPTEMBER 30, 2021 AND 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Total assets, excluding capital assets	\$ 23,362,150	\$ 31,019,836	\$ 10,802,751	\$ 9,870,445	\$ 34,164,901	\$ 40,890,281
Capital assets, net of depreciation	30,399,718	28,083,250	42,453,594	40,874,459	72,853,312	68,957,709
Total assets	<u>53,761,868</u>	<u>59,103,086</u>	<u>53,256,345</u>	<u>50,744,904</u>	<u>107,018,213</u>	<u>109,847,990</u>
Deferred outflows of resources	<u>3,240,449</u>	<u>2,249,771</u>	<u>1,230,848</u>	<u>1,232,752</u>	<u>4,471,297</u>	<u>3,482,523</u>
Total assets and deferred outflows	<u>\$ 57,002,317</u>	<u>\$ 61,352,857</u>	<u>\$ 54,487,193</u>	<u>\$ 51,977,656</u>	<u>\$ 111,489,510</u>	<u>\$ 113,330,513</u>
Total liabilities, excluding long-term liabilities	\$ 3,009,634	\$ 10,458,085	\$ 4,579,360	\$ 1,804,448	\$ 7,588,994	\$ 12,262,533
Long-term liabilities	14,188,161	18,039,334	18,685,234	20,958,246	32,873,395	38,997,580
Total liabilities	<u>17,197,795</u>	<u>28,497,419</u>	<u>23,264,594</u>	<u>22,762,694</u>	<u>40,462,389</u>	<u>51,260,113</u>
Deferred inflows of resources	<u>4,056,780</u>	<u>1,394,774</u>	<u>692,691</u>	<u>241,167</u>	<u>4,749,471</u>	<u>1,635,941</u>
Net position:						
Net investment in capital assets	17,913,413	14,871,971	23,899,384	21,405,074	41,812,797	36,277,045
Restricted	2,691,908	2,175,915	1,841,497	1,506,789	4,533,405	3,682,704
Unrestricted	15,142,421	14,412,778	4,789,027	6,061,932	19,931,448	20,474,710
Total net position	<u>35,747,742</u>	<u>31,460,664</u>	<u>30,529,908</u>	<u>28,973,795</u>	<u>66,277,650</u>	<u>60,434,459</u>
Total liabilities, deferred inflows and net position	<u>\$ 57,002,317</u>	<u>\$ 61,352,857</u>	<u>\$ 54,487,193</u>	<u>\$ 51,977,656</u>	<u>\$ 111,489,510</u>	<u>\$ 113,330,513</u>

By far the largest portion of the City of Crestview's net position, approximately \$41.8 million (or 63%), represent the investment in capital assets (e.g., land, infrastructure, building, machinery and equipment).

An additional portion of the City of Crestview's net position, approximately \$4.5 million (or 18%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$19.9 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 \$5.8 million during FY 2021.

Governmental Activities - Governmental activities increased the City of Crestview's net position by \$4.3 million and business-type activities increased the City's net position by \$1.6 million. Reported in Table 2 are the key elements of these changes.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

**TABLE 2
CITY OF CRESTVIEW, FLORIDA
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 1,336,259	\$ 1,163,097	\$ 12,586,031	\$ 12,195,718	\$ 13,922,290	\$ 13,358,815
Operating grants and contributions	226,034	4,305,524	28,083	-	254,117	4,305,524
Capital grants and contributions	300,000	20,808	-	-	300,000	20,808
General revenues:						
Property taxes	8,827,803	8,149,046	-	-	8,827,803	8,149,046
Other taxes	6,216,544	5,804,946	-	-	6,216,544	5,804,946
Other revenues	8,063,127	6,330,712	3,728	200,928	8,066,855	6,531,640
Total revenues	24,969,767	25,774,133	12,617,842	12,396,646	37,587,609	38,170,779
Expenses:						
General government	5,207,463	5,340,050	-	-	5,207,463	5,340,050
Public safety	11,026,288	10,152,718	-	-	11,026,288	10,152,718
Economic Environment	77,778	-	-	-	77,778	-
Transportation	1,775,117	1,725,466	-	-	1,775,117	1,725,466
Culture and recreation	1,778,176	1,796,051	-	-	1,778,176	1,796,051
Interest on long-term debt	338,124	316,558	-	-	338,124	316,558
Utilities fund	-	-	7,276,115	7,563,268	7,276,115	7,563,268
Sanitation fund	-	-	3,918,647	3,916,718	3,918,647	3,916,718
Stormwater fund	-	-	346,710	-	346,710	-
Total expenses	20,202,946	19,330,843	11,541,472	11,479,986	31,744,418	30,810,829
Increase (decrease) in net assets before transfers	4,766,821	6,443,290	1,076,370	916,660	5,843,191	7,359,950
Transfers	(479,743)	(74,030)	479,743	74,030	-	-
Increase (decrease) in net position	\$ 4,287,078	\$ 6,369,260	\$ 1,556,113	\$ 990,690	\$ 5,843,191	\$ 7,359,950

Financial Impacts

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

Revenues

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

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

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

Expenses

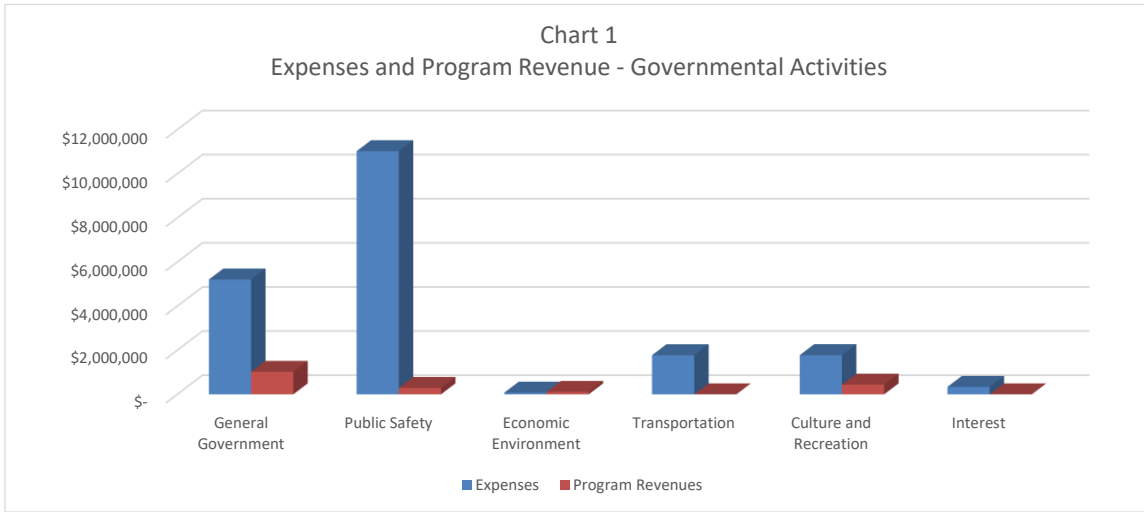
- Introduction of New Programs - Within functional expense categories, (police, fire, public works, community development, parks and recreation, etc.) individual programs may be added or deleted to meet changing community needs.
- Authorized Position Adjustments - Changes in service demand may cause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

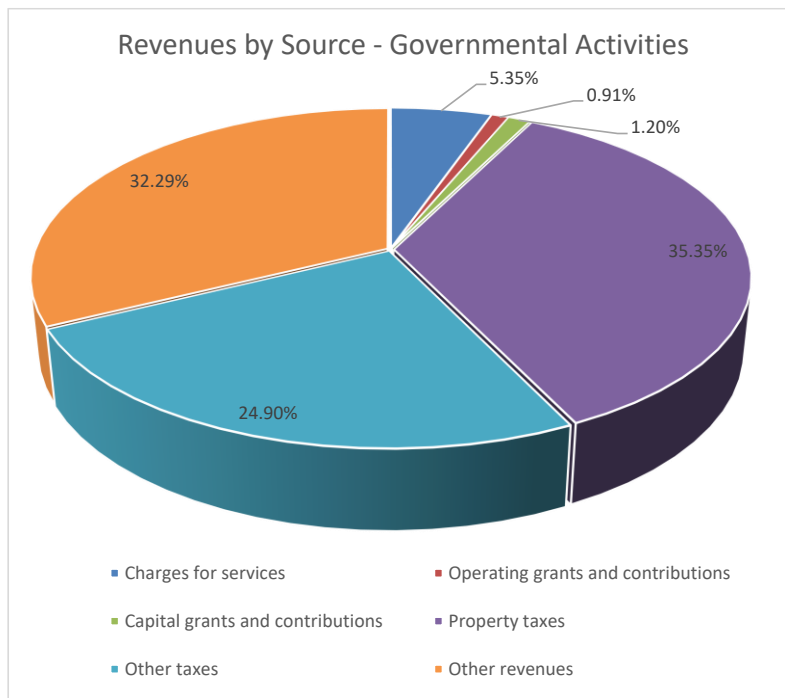
- Net position in the Governmental Activities increased by approximately \$6.4 million in the prior year and increased approximately \$4.3 million in the current year. Total revenues in the governmental activities decreased by approximately \$804 thousand and expenditures increased approximately \$872 thousand.
- Property taxes increased by approximately \$679 thousand (or 8%) due to improving property values.
- Other taxes which include Franchise fees, utility and fuel taxes increased by approximately \$412 thousand (or 7%) due to improving current economic conditions.
- Other revenues which include state shared revenues increased by approximately \$1.7 million (or 27%) due to improving economic conditions in the City and the State of Florida.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

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



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



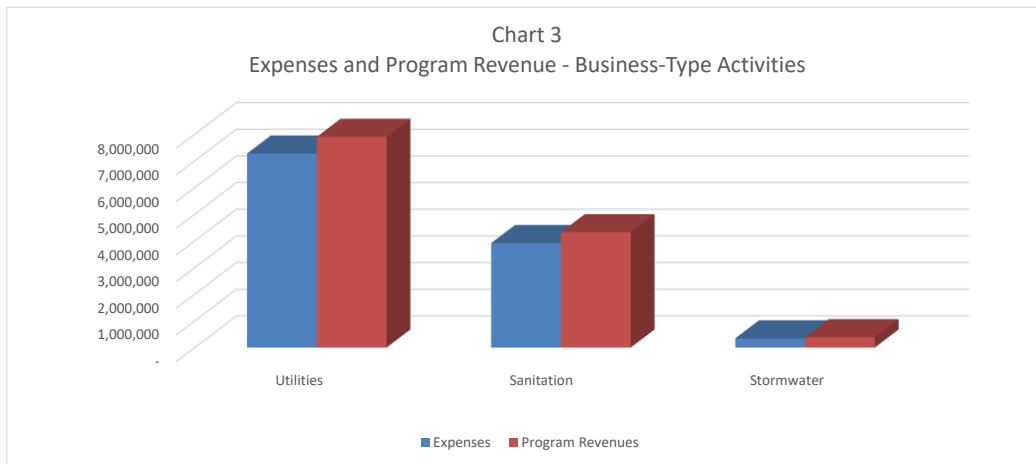
**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

Business-Type Activities

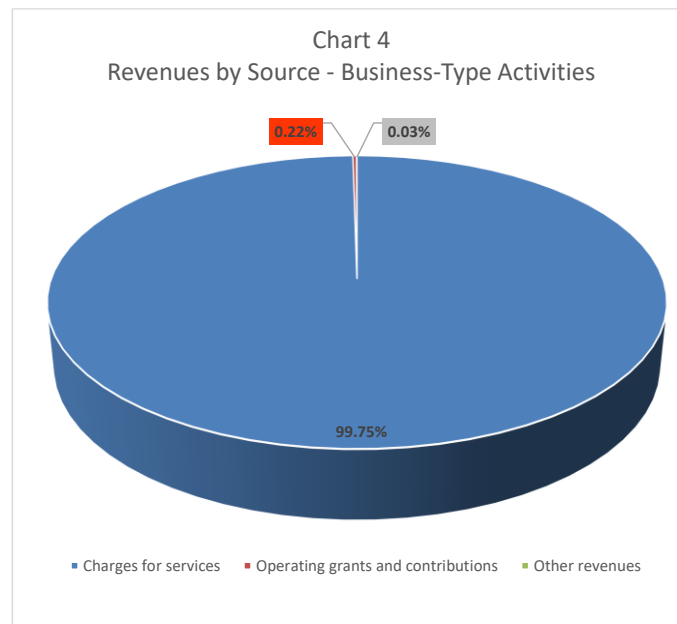
The net position from business-type activities increased by approximately \$1.6 million.

- Charges for services for business-type activities increased by approximately \$390,000 (or 3%).
- Total operating expenses increased by approximately \$61,000 (less than 1%).

The following chart compares the program revenues from the City'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's business-type activities.



**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City of Crestview's governmental funds reported combined ending fund balance of \$21.8 million, an increase of \$1.2 million in comparison with the prior year. Approximately 78% of this total amount (\$16.9 million) constitutes unassigned fund balance in the General Fund, which is available for spending at the City Council's discretion. The remainder of fund balance is not available for general spending because it has already been assigned by the City (\$2.5 million).

The General Fund is the chief operating fund of the City of Crestview. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16.9 million, while total fund balance reached \$19.4 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 73% of the total General Fund expenditures, while total fund balance represents 83% 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 \$4.8 million at the end of the year; of that the Utilities Fund amounted to \$1 million, the Sanitation Fund totaled \$3.2 million, and the non-major funds totaled 548 thousand. The net position for this fiscal year in the proprietary funds increased by approximately \$1.6 million. Other factors concerning the finances of these two 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's budget was amended to correctly reflect capital lease payments in the general fund budget.

Revenues for the year were less than budget by approximately \$698,000. Expenditures were less than budgeted amounts by approximately \$4.2 million.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Crestview's investments in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$119.4 million (\$71.8 million net of accumulated depreciation). This investment in capital assets includes land, buildings, water, wastewater and drainage systems improvements, machinery and equipment, park facilities, roads, and highways, etc. The total increase in the City of Crestview's gross capital assets for the current fiscal year were \$6.1 million or 5% overall, and is summarized as follows:

- Land purchases (\$1,927,852).
- Construction in progress (\$1,957,353).
- Improvements to highways and streets and other infrastructure (\$436,871) and water and sewer system (\$785,792).
- Purchases of equipment and vehicles for the police, fire, streets, permitting and utility departments (\$1,038,506).
- Intangible assets (\$117,416).

**TABLE 3
CITY OF CRESTVIEW CAPITAL ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,758,127	\$ 2,325,326	\$ 2,711,370	\$ 2,216,319	\$ 6,469,497	\$ 4,541,645
Construction in progress	8,490,490	8,048,026	6,042,657	4,527,768	14,533,147	12,575,794
Buildings	8,394,828	8,394,828	8,954,298	8,954,298	17,349,126	17,349,126
Improvements	8,203,676	7,766,805	3,635,890	3,513,032	11,839,566	11,279,837
Infrastructure	15,071,839	15,071,839	36,401,111	35,738,177	51,472,950	50,810,016
Machinery and equipment	9,002,301	8,842,403	7,149,636	6,884,367	16,151,937	15,726,770
Capital lease equipment	1,591,177	977,838	-	-	1,591,177	977,838
Intangible Assets	1,007,202	889,786	-	-	1,007,202	889,786
Total prior to depreciation	55,519,640	52,316,851	64,894,962	61,833,961	120,414,602	114,150,812
Less accumulation depreciation	25,119,922	23,847,430	22,441,368	20,959,502	47,561,290	44,806,932
Total	\$ 30,399,718	\$ 28,469,421	\$ 42,453,594	\$ 40,874,459	\$ 72,853,312	\$ 69,343,880

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

Long-Term Debt

At the end of the current fiscal year, the City of Crestview had total long-term debt outstanding of \$31.8 million. The City of Crestview's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds), state revolving loans, and capital leases. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts, greater than one year, the City is required to conduct a voter referendum process for approval of this type of debt. The City has no general obligation debts greater than one year as of September 30, 2021.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes payable	\$ -	\$ -	\$ 8,518,775	\$ 9,262,411	\$ 8,518,775	\$ 9,262,411
Capital leases	936,328	692,472	95,027	-	1,031,355	692,472
Revenue bonds	11,549,977	12,904,978	10,728,850	11,052,313	22,278,827	23,957,291
Total	\$ 12,486,305	\$ 13,597,450	\$ 19,342,652	\$ 20,314,724	\$ 31,828,957	\$ 33,912,174

Net of deferred outflows related to losses on bond refunding, total long-term debt decreased by approximately \$2 million during the 2021 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'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 and surrounding area continues to experience growth, the City places great emphasis on forecasting the needs of the future to ensure the continued financial and economic health of our community.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

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

The City 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'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's website address is www.cityofcrestview.org. Inquiries may also be sent via email to the Finance Department at ginatoussiant@cityofcrestview.org.

BASIC FINANCIAL STATEMENTS

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 21,033,280	\$ 6,547,462	\$ 27,580,742
Investments	53,125	-	53,125
Accounts Receivable, Net	482,392	1,529,067	2,011,459
Due from Other Governments	903,209	-	903,209
Prepaid Expenses	5,535	-	5,535
Restricted Assets:			
Cash and Cash Equivalents	764,962	2,414,495	3,179,457
Investments	-	260,265	260,265
Net Pension Asset	119,647	51,462	171,109
Capital Assets:			
Assets not Being Depreciated	12,248,617	8,754,027	21,002,644
Assets Being Depreciated, Net	18,151,101	33,699,567	51,850,668
Total Assets	53,761,868	53,256,345	107,018,213
Deferred Outflows of Resources			
Deferred Loss on Bond Refunding	-	788,442	788,442
Other Postemployment Benefits	468,092	78,614	546,706
Pensions	2,772,357	363,792	3,136,149
Total Deferred Outflows of Resources	3,240,449	1,230,848	4,471,297
Liabilities			
Accounts Payable	587,846	463,092	1,050,938
Accrued Expenses	344,108	50,688	394,796
Unearned Revenue	54,761	1,936,085	1,990,846
Due to Other Governments	493,623	-	493,623
Accrued Interest	79,373	74,728	154,101
Customer Deposits	7,961	885,807	893,768
Non-Current Liabilities:			
Due Within One Year	1,441,962	1,168,960	2,610,922
Due in More Than One Year	14,188,161	18,685,234	32,873,395
Total Liabilities	17,197,795	23,264,594	40,462,389
Deferred Inflows of Resource			
Other Postemployment Benefits	214,336	35,997	250,333
Pensions	3,842,444	656,694	4,499,138
Total Deferred Inflows of Resources	4,056,780	692,691	4,749,471
Net Position			
Net Investment in Capital Assets	17,913,413	23,899,384	41,812,797
Restricted for:			
Non-Spendable	53,125	-	53,125
Impact Fees	293,233	1,242,781	1,536,014
Debt Service	471,730	348,716	820,446
Reserve and Replacement	-	250,000	250,000
Building Permits	964,970	-	964,970
Redevelopment	908,850	-	908,850
Unrestricted	15,142,421	4,789,027	19,931,448
Total Net Position	\$ 35,747,742	\$ 30,529,908	\$ 66,277,650

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

**CITY OF CRESTVIEW, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General Government	\$ 5,207,463	\$ 716,689	\$ 3,148	\$ 300,000
Public Safety	11,026,288	279,948	12,208	-
Economic Environment	77,778	-	110,678	-
Transportation	1,775,117	-	-	-
Culture and Recreation	1,778,176	339,622	100,000	-
Interest	338,124	-	-	-
Total Governmental Activities	<u>20,202,946</u>	<u>1,336,259</u>	<u>226,034</u>	<u>300,000</u>
Business-Type Activities				
Utilities	7,276,115	7,902,735	-	-
Sanitation	3,918,647	4,295,561	28,083	-
Stormwater	346,710	387,735	-	-
Total Business-Type Activities	<u>11,541,472</u>	<u>12,586,031</u>	<u>28,083</u>	<u>-</u>
Total	<u>\$ 31,744,418</u>	<u>\$ 13,922,290</u>	<u>\$ 254,117</u>	<u>\$ 300,000</u>

General Revenues

Taxes:

Property Taxes

Franchise and Utility Taxes

Communication Service Tax

Fuel Taxes

Other Taxes

State-Shared Revenues

Other Intergovernmental Revenue

Investment Earnings

Miscellaneous Revenue

Transfers

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

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

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

Governmental Activities	Business-Type Activities	Total
\$ (4,187,626)	\$ -	\$ (4,187,626)
(10,734,132)	-	(10,734,132)
32,900	-	32,900
(1,775,117)	-	(1,775,117)
(1,338,554)	-	(1,338,554)
(338,124)	-	(338,124)
<u>(18,340,653)</u>	<u>-</u>	<u>(18,340,653)</u>
-	626,620	626,620
-	404,997	404,997
-	41,025	41,025
<u>-</u>	<u>1,072,642</u>	<u>1,072,642</u>
<u>(18,340,653)</u>	<u>1,072,642</u>	<u>(17,268,011)</u>
8,827,803	-	8,827,803
4,527,918	-	4,527,918
766,804	-	766,804
794,456	-	794,456
127,366	-	127,366
7,768,083	-	7,768,083
58,830	-	58,830
14,247	3,728	17,975
221,967	-	221,967
(479,743)	479,743	-
<u>22,627,731</u>	<u>483,471</u>	<u>23,111,202</u>
4,287,078	1,556,113	5,843,191
31,460,664	28,973,795	60,434,459
<u>\$ 35,747,742</u>	<u>\$ 30,529,908</u>	<u>\$ 66,277,650</u>

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

CITY OF CRESTVIEW, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 18,919,866	\$ 2,113,414	\$ 21,033,280
Cash and Cash Equivalents - Restricted	622,770	142,192	764,962
Investments	-	53,125	53,125
Accounts Receivable - Other	482,392	-	482,392
Interfund Receivables	110,678	-	110,678
Due from Other Governments	792,531	110,678	903,209
Prepaid Expenses	5,535	-	5,535
Total Assets	<u>\$ 20,933,772</u>	<u>\$ 2,419,409</u>	<u>\$ 23,353,181</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities			
Accounts Payable	\$ 585,423	\$ 2,423	\$ 587,846
Accrued Expenses	328,249	15,859	344,108
Customer Deposits	7,961	-	7,961
Due to Other Governments	493,623	-	493,623
Interfund Payables	-	110,678	110,678
Unearned Revenue	54,761	-	54,761
Total Liabilities	<u>1,470,017</u>	<u>128,960</u>	<u>1,598,977</u>
Fund Balances			
Non-Spendable	5,535	53,125	58,660
Restricted	622,771	2,016,012	2,638,783
Assigned	1,880,909	221,312	2,102,221
Unassigned	16,954,540	-	16,954,540
Total Fund Balances	<u>19,463,755</u>	<u>2,290,449</u>	<u>21,754,204</u>
Total Liabilities and Fund Balances	<u>\$ 20,933,772</u>	<u>\$ 2,419,409</u>	<u>\$ 23,353,181</u>

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

**CITY OF CRESTVIEW, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

Total Funds Balances - Governmental Funds	\$	21,754,204
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	\$ 55,712,367	
Less Accumulated Depreciation	<u>(25,312,649)</u>	30,399,718
Certain pension and other postemployment benefits are being deferred and amortized over a period of years:		
Deferred Outflows Related to Pensions and OPEB	3,240,449	
Deferred Inflows Related to Pensions and OPEB	<u>(4,056,780)</u>	(816,331)
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	(79,373)	
Bonds, Notes and Capital Leases	(12,486,305)	
Net Pension Liability (Asset)	(339,292)	
Compensated Absences	(993,084)	
Other Postemployment Benefit Obligation	<u>(1,691,795)</u>	<u>(15,589,849)</u>
Total Net Position - Governmental Activities	\$	<u><u>35,747,742</u></u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 13,025,675	\$ -	\$ 13,025,675
License and Permits	1,979,272	677,071	2,656,343
Intergovernmental	7,842,269	110,678	7,952,947
Charges for Services	354,805	-	354,805
Fines and Forfeitures	243,250	-	243,250
Miscellaneous	1,234,351	2,396	1,236,747
Total Revenues	<u>24,679,622</u>	<u>790,145</u>	<u>25,469,767</u>
Expenditures			
Current:			
General Government	5,970,093	283,881	6,253,974
Public Safety	10,825,248	470,561	11,295,809
Transportation	1,468,242	-	1,468,242
Economic Environment	-	77,778	77,778
Culture and Recreation	3,197,760	-	3,197,760
Debt Service:			
Principal	1,512,336	209,928	1,722,264
Interest	375,062	83,818	458,880
Total Expenditures	<u>23,348,741</u>	<u>1,125,966</u>	<u>24,474,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,330,881</u>	<u>(335,821)</u>	<u>995,060</u>
Other Financing Sources (Uses)			
Transfers in	882,500	522,853	1,405,353
Transfers (out)	(1,727,596)	(157,500)	(1,885,096)
Capital Lease Obligation	532,830	80,509	613,339
Total Other Financing Sources (Uses)	<u>(312,266)</u>	<u>445,862</u>	<u>133,596</u>
Net Changes in Fund Balances	1,018,615	110,041	1,128,656
Fund Balance, Beginning of Year	<u>18,445,140</u>	<u>2,180,408</u>	<u>20,625,548</u>
Fund Balance, End of Year	<u>\$ 19,463,755</u>	<u>\$ 2,290,449</u>	<u>\$ 21,754,204</u>

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

**CITY OF CRESTVIEW, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ 1,128,656

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	\$ 1,722,264	
Capital Lease Obligation	(613,339)	
Amortization of Bond Premium	<u>2,220</u>	1,111,145

Capital outlays are reported in the general fund 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	3,095,516	
Donation of Capital Assets	300,000	
(Current Year Depreciation)	<u>(1,465,219)</u>	1,930,297

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	118,536	
Change in Accrued Compensated Absences	(119,073)	
Change in Net Pension Liability (Asset)	268,888	
Change in Other Postemployment Benefits	<u>(151,371)</u>	<u>116,980</u>

Change in Net Position - Governmental Activities \$ 4,287,078

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Taxes	\$ 12,602,691	\$ 12,602,691	\$ 13,025,675	\$ 422,984
License and Permits	1,445,500	1,445,500	1,979,272	533,772
Intergovernmental	5,888,900	10,421,329	7,842,269	(2,579,060)
Charges for Services	225,010	225,010	354,805	129,795
Fines and Forfeitures	290,500	290,500	243,250	(47,250)
Miscellaneous	234,300	392,292	1,234,351	842,059
Total Revenues	<u>20,686,901</u>	<u>25,377,322</u>	<u>24,679,622</u>	<u>(697,700)</u>
Expenditures				
Current:				
General Government	4,998,444	10,311,889	5,970,093	4,341,796
Public Safety	11,133,806	11,277,109	10,825,248	451,861
Transportation	2,343,529	2,343,529	1,468,242	875,287
Culture and Recreation	2,250,307	3,532,270	3,197,760	334,510
Debt Service:				
Principal	94,091	94,091	1,512,336	(1,418,245)
Interest	15,499	15,499	375,062	(359,563)
Total Expenditures	<u>20,835,676</u>	<u>27,574,387</u>	<u>23,348,741</u>	<u>4,225,646</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(148,775)</u>	<u>(2,197,065)</u>	<u>1,330,881</u>	<u>3,527,946</u>
Other Financing Sources (Uses)				
Transfers in	882,500	882,500	882,500	-
Transfers (out)	(1,751,986)	(1,751,986)	(1,727,596)	24,390
Capital Lease Obligation			532,830	532,830
Total Other Financing Sources (Uses)	<u>(869,486)</u>	<u>(869,486)</u>	<u>(312,266)</u>	<u>557,220</u>
Reserves	<u>1,018,261</u>	<u>3,066,551</u>	<u>18,445,140</u>	<u>15,378,589</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,463,755</u>	<u>\$ 19,463,755</u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 3,014,207	\$ 2,952,970	\$ 580,285	\$ 6,547,462
Accounts Receivable, Net	971,334	533,914	23,819	1,529,067
Total Current Assets	<u>3,985,541</u>	<u>3,486,884</u>	<u>604,104</u>	<u>8,076,529</u>
Non-Current Assets:				
Restricted Assets:				
Cash and Cash Equivalents	2,414,495	-	-	2,414,495
Investments	260,265	-	-	260,265
Net Pension Asset	46,778	-	4,684	51,462
Capital Assets:				
Assets not Being Depreciated	8,754,027	-	-	8,754,027
Assets Being Depreciated, Net	33,699,567	-	-	33,699,567
Total Non-Current Assets	<u>45,175,132</u>	<u>-</u>	<u>4,684</u>	<u>45,179,816</u>
Total Assets	<u>49,160,673</u>	<u>3,486,884</u>	<u>608,788</u>	<u>53,256,345</u>
Deferred Outflows of Resources				
Deferred Loss on Bonding Refunding	788,442	-	-	788,442
Other Postemployment Benefits	71,458	-	7,156	78,614
Pensions	330,678	-	33,114	363,792
Total Deferred Outflows of Resources	<u>1,190,578</u>	<u>-</u>	<u>40,270</u>	<u>1,230,848</u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 179,494	\$ 281,834	\$ 1,764	\$ 463,092
Accrued Expenses	47,824	-	2,864	50,688
Accrued Interest	74,728	-	-	74,728
Unearned Revenue	1,936,085	-	-	1,936,085
Customer Deposits	885,807	-	-	885,807
Revenue Bonds, Notes and Capital Leases Payable	1,155,205	-	-	1,155,205
Compensated Absences	13,755	-	-	13,755
Total Current Liabilities	<u>4,292,898</u>	<u>281,834</u>	<u>4,628</u>	<u>4,579,360</u>
Non-Current Liabilities:				
Other Postemployment Benefits Obligation	258,267	-	25,862	284,129
Compensated Absences	206,438	-	7,220	213,658
Revenue Bonds, Notes and Capital Leases Payable	18,187,447	-	-	18,187,447
Total Non-Current Liabilities	<u>18,652,152</u>	<u>-</u>	<u>33,082</u>	<u>18,685,234</u>
Total Liabilities	<u>22,945,050</u>	<u>281,834</u>	<u>37,710</u>	<u>23,264,594</u>
Deferred Inflows of Resources				
Other Postemployment Benefits	32,720	-	3,277	35,997
Pensions	596,919	-	59,775	656,694
Total Deferred Inflows of Resources	<u>629,639</u>	<u>-</u>	<u>63,052</u>	<u>692,691</u>
Net Position				
Net Investment in Capital Assets, Net of Related Debt	23,899,384	-	-	23,899,384
Restricted	1,841,497	-	-	1,841,497
Unrestricted	1,035,681	3,205,050	548,296	4,789,027
Total Net Position	<u>\$ 26,776,562</u>	<u>\$ 3,205,050</u>	<u>\$ 548,296</u>	<u>\$ 30,529,908</u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Operating Revenue				
Charges for Service	\$ 7,574,230	\$ 4,295,561	\$ 387,735	\$ 12,257,526
Other	328,505	-	-	328,505
Total Operating Revenue	<u>7,902,735</u>	<u>4,295,561</u>	<u>387,735</u>	<u>12,586,031</u>
Operating Expenses				
Personnel Expenses	2,018,267	-	276,128	2,294,395
Purchased Services	1,250,853	3,895,996	-	5,146,849
Repairs and Maintenance	221,891	-	24,490	246,381
Depreciation and Amortization	1,481,866	-	-	1,481,866
Materials and Supplies	319,539	-	31,650	351,189
Other Expenses	1,313,000	22,651	14,442	1,350,093
Total Operating Expenses	<u>6,605,416</u>	<u>3,918,647</u>	<u>346,710</u>	<u>10,870,773</u>
Operating Income	<u>1,297,319</u>	<u>376,914</u>	<u>41,025</u>	<u>1,715,258</u>
Non-Operating Revenue and Expense				
Interest Earnings	3,728	-	-	3,728
Interest Expense	(670,699)	-	-	(670,699)
Intergovernmental Revenue	-	28,083	-	28,083
Total Non-Operating Revenues and Expenses	<u>(666,971)</u>	<u>28,083</u>	<u>-</u>	<u>(638,888)</u>
Income Before Operating Transfers	<u>630,348</u>	<u>404,997</u>	<u>41,025</u>	<u>1,076,370</u>
Transfers				
Transfers in	698,292	-	507,271	1,205,563
Transfers (out)	(625,820)	(100,000)	-	(725,820)
Total Transfers	<u>72,472</u>	<u>(100,000)</u>	<u>507,271</u>	<u>479,743</u>
Change in Net Position	702,820	304,997	548,296	1,556,113
Net Position, Beginning of Year	<u>26,073,742</u>	<u>2,900,053</u>	<u>-</u>	<u>28,973,795</u>
Net Position, End of Year	<u>\$ 26,776,562</u>	<u>\$ 3,205,050</u>	<u>\$ 548,296</u>	<u>\$ 30,529,908</u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 9,705,530	\$ 4,242,745	\$ 363,916	\$ 14,312,191
Cash Paid to Suppliers for Goods and Services	(3,105,701)	(3,886,762)	(65,954)	(7,058,417)
Cash Paid to Employees for Services	(2,147,176)	-	(224,948)	(2,372,124)
Net Cash Provided by Operating Activities	<u>4,452,653</u>	<u>355,983</u>	<u>73,014</u>	<u>4,881,650</u>
Cash Flows from Non-Capital Financing Activities				
Transfers to Other Funds	(625,820)	(100,000)	-	(725,820)
Transfers from Other Funds	698,292	-	507,271	1,205,563
Intergovernmental Revenue	-	28,083	-	28,083
Net Cash Provided by Non-Capital Financing Activities	<u>72,472</u>	<u>(71,917)</u>	<u>507,271</u>	<u>507,826</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(2,939,727)	-	-	(2,939,727)
Interest Paid	(602,807)	-	-	(602,807)
Principal Payment of Bonds, Notes and Capital Leases	(1,112,102)	-	-	(1,112,102)
Net Cash Used in Capital and Related Financing Activities	<u>(4,654,636)</u>	<u>-</u>	<u>-</u>	<u>(4,654,636)</u>
Cash Flows from Investing Activities				
Proceeds from Maturities of Investments	99,367	-	-	99,367
Purchases of Investments	(844)	-	-	(844)
Interest Received	3,728	-	-	3,728
Net Cash Provided by Investing Activities	<u>102,251</u>	<u>-</u>	<u>-</u>	<u>102,251</u>
Net Change in Cash and Cash Equivalents	(27,260)	284,066	580,285	837,091
Cash and Cash Equivalents, Beginning of Year	<u>5,455,962</u>	<u>2,668,904</u>	<u>-</u>	<u>8,124,866</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,428,702</u>	<u>\$ 2,952,970</u>	<u>\$ 580,285</u>	<u>\$ 8,961,957</u>

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

**CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021**

	Business-Type Activities			
	Enterprise Funds			Total
	Utilities Fund	Sanitation Fund	Other Funds	
Displayed as				
Cash and Cash Equivalents	\$ 3,014,207	\$ 2,952,970	\$ 580,285	\$ 6,547,462
Restricted Cash and Cash Equivalents	2,414,495	-	-	2,414,495
Total	\$ 5,428,702	\$ 2,952,970	\$ 580,285	\$ 8,961,957
Reconciliation of Operating Income to Net Cash				
Operating Income	\$ 1,297,319	\$ 376,914	\$ 41,025	\$ 1,715,258
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Expense	1,481,866	-	-	1,481,866
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(132,508)	(52,816)	(23,819)	(209,143)
Prepaid Expenses	66,867	-	-	66,867
Accounts Payable and Accrued Expenses	(157,285)	31,885	4,628	(120,772)
Unearned Revenues	1,936,085	-	-	1,936,085
Customer Deposits	(782)	-	-	(782)
Compensated Absences	48,055	-	7,220	55,275
Other Postemployment Benefits and Related Deferred Inflows and Outflows	(17,580)	-	21,983	4,403
Net Pension Liability and Related Deferred Inflows and Outflows	(69,384)	-	21,977	(47,407)
Total Adjustments	3,155,334	(20,931)	31,989	3,166,392
Net Cash Provided by Operating Activities	\$ 4,452,653	\$ 355,983	\$ 73,014	\$ 4,881,650
Supplemental Schedule of Non-Cash Activities				
Capital Lease Obligation	\$ 121,274	\$ -	\$ -	\$ 121,274
Amortization of Bond (Premium)/Discount	18,756	-	-	18,756
Amortization of Refunding Loss	56,897	-	-	56,897

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2021

	Fiduciary Funds		Total
	General Employees Retirement Plans	Police Officers/ Firefighters Plan	
Assets			
Cash and Cash Equivalents	\$ 148,540	\$ 407,719	\$ 556,259
Accrued Interest	2,933	-	2,933
Contributions Receivable	35,938	395,855	431,793
Investments:			
Fixed Income Securities	6,396,269	8,187,325	14,583,594
Common Stock and Equity Funds	14,950,027	14,795,859	29,745,886
Real Estate	3,119,968	3,171,862	6,291,830
Total Investments	<u>24,466,264</u>	<u>26,155,046</u>	<u>50,621,310</u>
Total Assets	<u><u>24,653,675</u></u>	<u><u>26,958,620</u></u>	<u><u>51,612,295</u></u>
Liabilities			
Accounts Payable and Accrued Expenses	<u>35,103</u>	<u>41,756</u>	<u>76,859</u>
Net Position			
Net Position Restricted for Pensions	<u><u>\$ 24,618,572</u></u>	<u><u>\$ 26,916,864</u></u>	<u><u>\$ 51,535,436</u></u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Fiduciary Funds		Total
	General Employees Retirement Plans	Police Officers/ Firefighters Plan	
Additions			
Contributions:			
Contributions - Employee	\$ 340,203	\$ 326,315	\$ 666,518
Contributions - City	669,775	575,189	1,244,964
Contributions - State	-	378,243	378,243
Total Contributions	<u>1,009,978</u>	<u>1,279,747</u>	<u>2,289,725</u>
Investment Income:			
Investment Earnings	4,124,050	4,424,450	8,548,500
(Investment Expenses)	(83,932)	(105,716)	(189,648)
Net Investment Income	<u>4,040,118</u>	<u>4,318,734</u>	<u>8,358,852</u>
Total Additions	<u>5,050,096</u>	<u>5,598,481</u>	<u>10,648,577</u>
Deductions			
Benefits Paid	1,229,788	835,170	2,064,958
Refunds of Contributions	21,416	14,479	35,895
Administrative Expenses	79,123	79,586	158,709
Total Deductions	<u>1,330,327</u>	<u>929,235</u>	<u>2,259,562</u>
Changes in Net Position	3,719,769	4,669,246	8,389,015
Net Position, Beginning of Year, As Restated	<u>20,898,803</u>	<u>22,247,618</u>	<u>43,146,421</u>
Net Position, End of Year	<u>\$ 24,618,572</u>	<u>\$ 26,916,864</u>	<u>\$ 51,535,436</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 1 - Summary of Significant Accounting Policies

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

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

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

A. Reporting Entity

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

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

As of September 30, 2021, 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, FL 32536.

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

C. Measurement Focus and Basis of Accounting

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

The following is the current property tax calendar:

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

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

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

D. Basis of Presentation

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

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

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

■ **Governmental Funds**

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

The City reports the following major governmental fund:

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

■ **Proprietary Funds**

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

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

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

■ **Fiduciary Funds**

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

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

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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”. The City maintains a cash pool available for use by all funds. Earnings from the pool are allocated to the respective funds based on applicable cash participation by each fund.

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

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

At September 30, 2021, the City’s investments in the Local Government Surplus Funds Trust Fund A (“Florida PRIME”), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which approximates amortized cost.

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

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”.

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2020, the allowance for doubtful accounts for proprietary funds totaled \$70,000.

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Deferred Outflows/Inflows of Resources

The City has implemented the provisions of GASB Statement Nos. 63 and 65. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as an acquisition or consumption, respectively, of net assets applicable to a future reporting period. Further, GASB Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*, reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of four financial statement elements: (1) deferred outflows of resources, (2) outflows of resources, (3) deferred inflows of resources, and (4) inflows of resources. GASB Concepts Statement No. 4 requires that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. GASB Statement No. 65 provides that guidance.

The City reports increases and decreases in net position that relate to future periods as deferred inflows and outflows of resources in separate sections of the statement of net position. The City's three deferred outflows of resources reported in the government-wide financial statements are related to deferred loss on bond refunding, pensions and other postemployment benefits (OPEB). The City's two deferred inflows of resources reported in the government-wide financial statements are related to pensions and other postemployment benefits (OPEB). The deferred loss on bond refunding is further discussed in Note 8. The deferred outflows and inflows of resources related to pensions and OPEB are further discussed in Note 9 and 10, respectively.

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of deferred outflows at September 30, 2021. The deferred outflows of resources arising from the refunding of bonds is being amortized over the remaining life of the refunding bonds, and the deferred outflow of resources related to pension expense and OPEB are discussed below.

In addition to liabilities, the statement of net position and/or balance sheet-governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2020, the City does not have any of this type of item, other than for pensions and OPEB as discussed below.

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.

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

Other Postemployment Benefits (OPEB)

The measurement of net OPEB obligation, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense are described in more detail in Note 10. Additions to/deductions have been determined on the same basis as they have been reported by the OPEB plan. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms.

Compensated Absences

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

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

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

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

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

Long-Term Obligations

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

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

Classification of Fund Balance

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

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

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

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

Net Position

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

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

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F. Estimates

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

G. Budgets

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

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

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

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

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

A budget amendment shall be deemed to mean the act of increasing the total budgeted amount of a given fund as opposed to a transfer of a budgeted amount from one account to another within the same fund. Budgeted amounts are as originally adopted, or as amended with the approval of the City Council. During the year ended September 30, 2021, the City did not amend the General Fund's original budget to prevent actual expenditures from exceeding budgeted expenditures. Significant purchases, which the budget was not amended for, were presented to and approved by City Council.

H. Upcoming Accounting Pronouncements

GASB Statement No. 87, *Leases*, must be implemented for the City's fiscal year ending September 30, 2022. This statement establishes a single model for lease accounting based on the principle that leases are the financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby, enhancing the relevance and consistency of information about a government's leasing activities. The City is still evaluating the impact the implementation of this standard will have on its financial statements.

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I. Restatement

Beginning net position in the Pension Trust Funds was restated to properly account for certain items that were previously reported as liabilities that are now reported as Net Position under the provisions of GASB Statement No. 67, *Financial Reporting For Pension Plans*. The restatement of beginning Net Position, Restricted for Pensions consisted of the following:

	<u>General Employees Retirement Plan</u>	<u>Police Officer's and Firefighters Retirement Plan</u>
Net Position, Beginning of Year, As Originally Reported	\$ 20,418,189	\$ 22,150,024
Prior Period Adjustment:		
Remove DROP Liability	480,614	-
Remove Prepaid Contribution Liability	-	97,594
Net Position, Beginning of Year, As Restated	\$ 20,898,803	\$ 22,247,618

Note 2 - Deposits and Investments

Deposits

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

All Qualified Public Depositories 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 Qualified Public Depositories. 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, 2021, 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*:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Local Government Investment Pool (*)	\$ 757,898	< One Year	AAAm
Certificates of Deposit	313,390	< 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.

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As of September 30, 2021, the City's Pension Funds held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Equities	\$ 29,745,886
Fixed Income Securities	14,583,594
Real Estate Investment Fund	<u>6,291,830</u>
Total	<u>\$ 50,621,310</u>

Interest Rate Risk

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

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

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

	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 Years</u>
General Employees' Plan:					
Bond Mutual Funds	\$ 6,396,269	\$ 6,396,269	\$ -	\$ -	\$ -
Police Officers/Firefighters Plan:					
Asset Backed Securities	484,541	44,184	-	-	440,357
Foreign Bonds	343,427	-	180,263	139,827	23,337
Government Backed Securities	2,209,146	195	-	51,066	2,157,885
US Treasuries	1,205,934	-	602,513	603,421	-
Corporate Bonds	2,617,467	775,874	1,102,545	652,844	86,204
Bond Mutual Funds	1,326,810	1,326,810	-	-	-
Total	<u>\$ 14,583,594</u>	<u>\$ 8,543,332</u>	<u>\$ 1,885,321</u>	<u>\$ 1,447,158</u>	<u>\$ 2,707,783</u>

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:

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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 State 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, 2021, the City’s investment in the Florida PRIME is rated AAAM by Standard & Poor’s.

As of September 30, 2021, 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, 2021, 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). The portfolio also consisted of corporate and non-corporate bonds with ratings ranging from Aaa to Ba1. In addition, there are certain bond mutual funds held in the portfolio that are not rated by Moody’s.

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:

<u>Security</u>	<u>General Employees’ Retirement Plan</u>	<u>Police Officers’ and Firefighters’ Retirement Plan</u>
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

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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, 2021. 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, 2021.

Investment Type	General Employee Retirement Plan			
	Amount	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 14,950,027	\$ 14,950,027	\$ -	\$ -
Fixed Income	6,396,269	-	6,396,269	-
Total Investments Measured at Fair Value	\$ 21,346,296	\$ 14,950,027	\$ 6,396,269	\$ -

Investments Measured at the Net Asset Value (NAV)	Amount
Real Estate Fund	\$ 3,119,968
Total Investments	\$ 24,466,264

The following table present the POFRP assets carried at fair value at September 30, 2021.

Investment Type	Police Officers' and Firefighters' Employee Retirement Plan			
	Amount	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 14,795,859	\$ 14,795,859	\$ -	\$ -
Fixed Income	8,187,325	-	8,187,325	-
Total Investments Measured at Fair Value	\$ 22,983,184	\$ 14,795,859	\$ 8,187,325	\$ -

Investments Measured at the Net Asset Value (NAV)	Amount
Real Estate Fund	\$ 3,171,862
Total Investments	\$ 26,155,046

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 in the correct fund. The following presents the interfund transfers for the year ended September 30, 2021:

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	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 882,500	\$ 1,727,596
Other Governmental Funds	522,853	157,500
Utilities Fund	698,292	625,820
Sanitation Fund	-	100,000
Stormwater Fund	7,271	-
Crestview Unlimited	500,000	-
Total	<u>\$ 2,610,916</u>	<u>\$ 2,610,916</u>

Interfund receivables and payables include the following at September 30, 2021:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 110,678	\$ -
CDBG Fund	-	110,678

This represents a short-term borrowing by the CDBG fund for funds that were expended in advance of receiving reimbursement from the granting agency.

Note 4 - Receivables

Receivables at September 30, 2021, were as follows:

	Governmental Activities		Business-Type Activities		Total
	General Fund	Utilities Fund	Sanitation Fund	Stormwater Fund	
	Fund	Fund	Fund	Fund	
Franchise Fees	\$ 176,687	\$ -	\$ -	\$ -	\$ 176,687
Utility Services	227,612	-	-	-	227,612
Accounts Receivable	58,830	500,840	281,340	23,819	864,829
Unbilled Receivables	-	515,494	277,574	-	793,068
Less: Allowance for Doubtful Accounts	-	(45,000)	(25,000)	-	(70,000)
Other	19,263	-	-	-	19,263
Receivables, Net	<u>\$ 482,392</u>	<u>\$ 971,334</u>	<u>\$ 533,914</u>	<u>\$ 23,819</u>	<u>\$ 2,011,459</u>

Note 5 - Capital Assets

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

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 2,325,326	\$ 1,432,801	\$ -	\$ 3,758,127
Construction in Progress	8,048,026	1,259,847	(817,383)	8,490,490
Total Capital Assets Not Being Depreciated	<u>10,373,352</u>	<u>2,692,648</u>	<u>(817,383)</u>	<u>12,248,617</u>
Capital Assets Being Depreciated:				
Buildings	8,394,828	-	-	8,394,828
Improvements Other than Buildings	7,766,805	436,871	-	8,203,676
Infrastructure	15,071,839	-	-	15,071,839
Machinery and Equipment	8,842,403	352,625	(192,727)	9,002,301
Equipment Under Capital Lease	977,838	613,339	-	1,591,177
Intangible Assets - Software	889,786	117,416	-	1,007,202
Total Capital Assets Being Depreciated	<u>41,943,499</u>	<u>1,520,251</u>	<u>(192,727)</u>	<u>43,271,023</u>
Less Accumulated Depreciation:				
Buildings	(3,056,262)	(162,502)	-	(3,218,764)
Improvements Other than Buildings	(5,133,018)	(254,548)	-	(5,387,566)
Infrastructure	(8,627,494)	(338,776)	-	(8,966,270)
Machinery and Equipment	(6,189,061)	(444,957)	192,727	(6,441,291)
Equipment Under Capital Lease	(337,980)	(183,862)	-	(521,842)
Intangible Assets - Software	(503,615)	(80,574)	-	(584,189)
Total Accumulated Depreciation	<u>(23,847,430)</u>	<u>(1,465,219)</u>	<u>192,727</u>	<u>(25,119,922)</u>
Total Capital Assets Being Depreciated, Net	<u>18,096,069</u>	<u>55,032</u>	<u>-</u>	<u>18,151,101</u>
Governmental Activities Capital Depreciated, Net	<u>\$ 28,469,421</u>	<u>\$ 2,747,680</u>	<u>\$ (817,383)</u>	<u>\$ 30,399,718</u>

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Primary Government	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 2,216,319	\$ 495,051	\$ -	\$ 2,711,370
Construction in Progress	4,527,768	1,514,889	-	6,042,657
Total Capital Assets Not Being Depreciated	6,744,087	2,009,940	-	8,754,027
Capital Assets Being Depreciated:				
Buildings	8,954,298	-	-	8,954,298
Improvements Other than Buildings	3,513,032	122,858	-	3,635,890
Infrastructure	35,738,177	662,934	-	36,401,111
Machinery and Equipment	6,884,367	265,269	-	7,149,636
Total Capital Assets Being Depreciated	55,089,874	1,051,061	-	56,140,935
Less Accumulated Depreciation:				
Buildings	(4,664,747)	(185,009)	-	(4,849,756)
Improvements Other than Buildings	(1,393,344)	(182,525)	-	(1,575,869)
Infrastructure	(10,707,409)	(721,845)	-	(11,429,254)
Machinery and Equipment	(4,194,002)	(392,487)	-	(4,586,489)
Total Accumulated Depreciation	(20,959,502)	(1,481,866)	-	(22,441,368)
Total Capital Assets Being Depreciated, Net	34,130,372	(430,805)	-	33,699,567
Total Business-Type Activities Capital Assets, Net	\$ 40,874,459	\$ 1,579,135	\$ -	\$ 42,453,594

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

Governmental Activities	
General Government	\$ 289,464
Public Safety	576,790
Transportation	402,271
Culture and Recreation	196,694
Total Depreciation Expenses Governmental Activities	\$ 1,465,219
Business-Type Activities – Utilities	\$ 1,481,866

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:					
Capital Leases	\$ 692,472	\$ 613,339	\$ (369,483)	\$ 936,328	\$ 252,176
Other Debt:					
Revenue Bonds	12,858,358	-	(1,352,781)	11,505,577	1,158,390
Plus Deferred Amounts for Issuance					
Premium	46,620	-	(2,220)	44,400	-
Compensated Absences	934,691	58,393	-	993,084	31,396
Other Postemployment Benefits	1,242,702	449,093	-	1,691,795	-
Net Pension Liability - POFRP	2,577,230	-	(2,118,291)	458,939	-
Total Governmental Activities	\$ 18,352,073	\$ 1,120,825	\$ (3,842,775)	\$ 15,630,123	\$ 1,441,962

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	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Direct Borrowings:					
State Revolving Loans	\$ 9,262,411	\$ -	\$ (743,636)	\$ 8,518,775	\$ 762,775
Capital Leases	-	121,274	(26,247)	95,027	30,820
Other Debt:					
Revenue Bonds	11,316,642	-	(342,219)	10,974,423	361,610
Less Deferred Amounts for Issuance					
Discount	(264,329)	18,756	-	(245,573)	-
Compensated Absences	172,138	55,275	-	227,413	13,755
Other Postemployment Benefits	228,636	55,493	-	284,129	-
Net Pension Liability	443,566	-	(443,566)	-	-
Total Business-Type Activities	\$ 21,159,064	\$ 250,798	\$ (1,555,668)	\$ 19,854,194	\$ 1,168,960

Description of Long-Term Debt and Other Liabilities Outstanding:

Governmental Activities

	Current	Long-Term	Total
Revenue Bonds			
<u>Public Improvement Refunding Bonds, Series 2015</u>			
Issued \$3,165,000, interest ranges from 1.2% to 4%. Principal and interest payments due annually on March 1, matures in September 2041. Secured and payable from the public service taxes, franchise fees, communication services taxes and the local government half-cent sales tax. Funds used for the purpose of retiring the City's Public Improvement Revenue Bonds, Series 2001 and Series 2008.	\$ 205,000	\$ 2,105,000	\$ 2,310,000
<u>Capital Improvement Revenue Bonds, Series 2020</u>			
Issues \$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.	953,390	8,242,187	9,195,577
Unamortized Premium on Bond Refunding	-	44,400	44,400
Total Revenue Bonds – Governmental Activities	1,158,390	10,391,587	11,549,977

Capital Leases – Other Debt – Direct Borrowings

Capital lease with Pierce Manufacturing for two fire trucks; due in annual installments of \$126,472; payments through June 2023; bearing an interest rate of 2.89%; secured by the equipment; net book value at September 30, 2021 \$578,664.	96,205	360,280	456,485
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CITY OF CRESTVIEW, FLORIDA
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	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Capital leases with Enterprise for 22 vehicles; due in monthly installments of \$13,774; due at various times over 48 months; bearing interest rates between 3.042 and 3.167%; secured by vehicles; net book value at September 30, 2021 of \$490,671.	\$ 155,971	\$ 323,872	\$ 479,843
Total Capital Leases – Governmental Activities	<u>252,176</u>	<u>684,152</u>	<u>936,328</u>
Total Governmental Activities	<u>\$ 1,410,566</u>	<u>\$ 11,075,739</u>	<u>\$ 12,486,305</u>
Business-Type Activities			
State Revolving Loans – Direct Borrowings			
State revolving loan payable (2008) of \$7,068,015, due in semi-annual payments of \$230,172, through June 15, 2028, bearing an interest rate of 2.53%, secured by anticipated net water and sewer system revenues.	\$ 388,499	\$ 2,547,755	\$ 2,936,254
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.	43,458	509,739	553,197
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.	<u>330,818</u>	<u>4,698,506</u>	<u>5,029,324</u>
Total Revolving Loans – Business-Type Activities	<u>762,775</u>	<u>7,756,000</u>	<u>8,518,775</u>
Revenue Bonds			
<u>Water and Sewer Refunding and Improvement</u>			
<u>Revenue Bonds, Series 2015</u>			
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.	<u>70,000</u>	<u>6,300,000</u>	<u>6,370,000</u>

**CITY OF CRESTVIEW, FLORIDA
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SEPTEMBER 30, 2021**

	Current	Long-Term	Total
<u>Water and Sewer Refunding and Improvement</u>			
<u>Revenue Bonds, Series 2016</u>			
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.	\$ 250,000	\$ 3,940,000	\$ 4,190,000
<u>Capital Improvement Revenue Bonds, Series 2020</u>			
Issued \$451,652 bearing an interest rate of 2.15%. Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2030. Secured and payable from the local government half-cent sales tax and non-advalorem 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.	41,610	372,813	414,423
Unamortized Discount on Bond Refunding	-	(245,573)	(245,573)
Total Revenue Bonds – Business-Type Activities	361,610	10,367,240	10,728,850
Capital Leases – Other Debt – Direct Borrowings			
Capital leases with Enterprise for 5 vehicles; due in monthly installments of \$2,720; due at various times over 48 months; bearing interest rates between 3.042 and 3.167%; secured by vehicles; net book value at September 30, 2021 of \$123,145	30,820	64,207	95,027
Total Business-Type Activities	\$ 1,155,205	\$ 18,187,447	\$ 19,342,652

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except compensated absences and other postemployment benefits as of September 30, 2021, are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,410,566	\$ 305,664	\$ 1,155,205	\$ 576,713	\$ 3,448,148
2023	1,708,464	274,775	1,185,884	544,716	3,713,839
2024	1,230,876	233,587	1,222,067	511,101	3,197,631
2025	1,152,457	202,248	1,226,772	474,755	3,056,232
2026	1,153,372	176,556	1,261,021	438,946	3,029,895
2027-2031	4,601,170	495,795	6,747,790	1,654,384	13,499,139
2032-2036	535,000	179,401	5,424,486	667,960	6,806,847
2037-2041	650,000	68,150	1,365,000	217,058	2,300,208
TOTAL	\$ 12,441,905	\$ 1,936,176	\$ 19,588,225	\$ 5,085,633	\$ 39,051,939

CITY OF CRESTVIEW, FLORIDA
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Default Provisions

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

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, 2021 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	\$ 2,936,254	\$ 460,344		
	State Revolving Loan - 2010	2032	890,026	553,197	58,972		
	State Revolving Loan - 2013	2034	7,283,055	5,029,324	456,970		
	Water and Sewer Refunding Revenue Bonds, Series 2015	2033	6,650,000	6,370,000	326,970		
	Water and Sewer Refunding Revenue Bonds, Series 2016	2038	5,450,000	4,190,000	417,122		
				1,720,378		2,730,206	63.0%
Public Service Taxes, Franchise Fees, Communications Services Taxes, 1/2 Cent Sales Tax	Public Improvement Refunding, Series 2015	2041	3,165,000	2,310,000	286,741	5,293,721	5.4%
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	9,195,577	1,470,477	3,105,062	47.4%
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	414,423	50,193	135,520	37.0%

Note 7 - Refundings of Debt

Advance Refunding of Debt

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

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

CITY OF CRESTVIEW, FLORIDA
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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, 2021, the City has \$8,680,000 of bonds outstanding that are considered to be defeased.

Note 8 - Defined Benefit Pension Plans

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

General Employees' Retirement Plan (GERP)

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

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

The Plan includes a provision for a deferred retirement option plan (DROP). A member becomes eligible when normal retirement requirements are satisfied. The member may not participate in the DROP for more than 60 months. The average daily balance in a member's DROP account shall be credited or debited at a rate equal to the actual net rate of investment return, net of brokerage commissions, transaction costs and management fees. Upon entering the DROP, the members shall not accrue any additional credited service or additional benefits and shall not be permitted to again contribute to the System. All benefits payable to a member from the DROP shall be paid from the assets of the member's DROP account and neither the City nor the Board shall have a duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law. The DROP balances as of September 30, 2021 were \$657,019.

**CITY OF CRESTVIEW, FLORIDA
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SEPTEMBER 30, 2021**

Police Officers’ and Firefighters’ Retirement Plan (POFRP)

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

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

The Plan includes a provision for a deferred retirement option plan (DROP). A member becomes eligible when normal retirement requirements are satisfied. The member may not participate in the DROP for more than 60 months. An eligible member which elects to enter the DROP can select either 1) actual net rate of investment return, net of brokerage commissions, transaction costs and management fees or 2) interest at an effective rate of 6.5% per annum compounded monthly on the prior month’s ending balance. Upon entering the DROP, the member shall not accrue any additional credited service or additional benefits and shall not be permitted to again contribute to the System. All benefits payable to a member from the DROP shall be paid only from the assets of the member’s DROP account and neither the City nor the Board shall have a duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law. The DROP balances as of September 30, 2021 were \$85,492.

Membership of each plan consisted of the following on September 30, 2021, the date of the latest actuarial report.

	GERP	POFRP
Active Plan Members	112	88
Inactive Plan Members:		
Receiving Benefits	60	28
Entitled to but not Receiving Benefits	29	9
Total	201	125

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, 2021:

**CITY OF CRESTVIEW, FLORIDA
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<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	42.5%
International Equity	15.0%
Broad Market Fixed Income	22.5%
Fixed Income (Non-Core)	2.5%
Global Fixed Income	2.5%
Real Estate	10.0%
Alternative	5.0%
	<u>100%</u>

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

For the year ended September 30, 2021, the annual money-weighted rate of return on the GERP and POFRP investments, net of pension plan investment expenses, was 19.42% percent and 19.40% percent, respectively.

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

Net Pension Asset (Liability) of the Sponsor

The components of the net pension asset (liability) of the sponsor on September 30, 2021 were as follows:

	<u>GERP</u>	<u>POFRP</u>
Total Pension Liability	\$ 24,447,463	\$ 27,375,803
Plan Fiduciary Net Position	<u>(24,618,572)</u>	<u>(26,916,864)</u>
Sponsor's Net Pension Asset (Liability)	<u>(171,109)</u>	<u>458,939</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>100.70%</u>	<u>98.32%</u>

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

For the year ended September 30, 2021, the City recognized pension expense of \$405,391 for the GERP and \$901,964 for the POFRP. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>GERP</u>		<u>POFRP</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 232,003	\$ 160,417	\$ 583,235	\$ 262,638	\$ 815,238	\$ 423,055
Changes in Assumptions	977,596	-	1,343,315	48,320	2,320,911	48,320
Difference Between Projected and Actual Earnings on Investments	-	2,023,075	-	2,004,688	-	4,027,763
Balance as of September 30, 2021	<u>\$ 1,209,599</u>	<u>\$ 2,183,492</u>	<u>\$ 1,926,550</u>	<u>\$ 2,315,646</u>	<u>\$ 3,136,149</u>	<u>\$ 4,499,138</u>

CITY OF CRESTVIEW, FLORIDA
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The outcome of the deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability each year. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>GERP</u>	<u>POFRP</u>
2022	\$ (205,182)	\$ 64,682
2023	(206,714)	(141,508)
2024	(269,428)	(337,387)
2025	(292,569)	(243,961)
2026	-	269,078

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2021 using the following actuarial assumptions applied to all measurements periods.

	<u>GERP</u>	<u>POFRP</u>
Inflation	2.50%	2.50%
Invested Rate of Return	7.00%	7.00%
Projected Salary Increases	Service based	Age based

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

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

The actuarial assumptions used in the October 1, 2019 valuation were based on the results of an actuarial experience study dated August 29, 2016.

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, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>GERP</u>	<u>POFRP</u>
Domestic Equity	7.50%	7.50%
International Equity	8.50%	8.50%
Broad Market Fixed Income	2.50%	2.50%
Global Fixed Income	2.50%	3.50%
Real Estate	4.50%	4.50%
Alternative	5.92%	5.92%

CITY OF CRESTVIEW, FLORIDA
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Discount Rate

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

	GERP	POFRP
1% Decrease of Discount Rate to 6.00% for GERP and POFRP	\$ 2,978,917	\$ 4,151,597
Current Discount Rate of 7.00% for GERP and POFRP	(171,109)	458,939
1% Increase of Discount Rate to 8.00% for GERP and POFRP	(2,771,458)	(2,575,605)

Changes in Net Pension Liability – GERP

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at September 30, 2021	\$ 22,319,466	\$ 20,895,055	\$ 1,424,411
Changes for the Year:			
Service Cost	682,347	-	682,347
Interest	1,622,464	-	1,622,464
Difference Between Expected and Actual Experience	13,985	-	13,985
Changes of Assumptions	1,055,199	-	1,055,199
Contribution - Employer	-	669,775	(669,775)
Contribution - Employee	-	340,203	(340,203)
Net Investment Income	-	4,035,610	(4,035,610)
Benefit Payments, Including Refunds of Employee Contributions	(1,245,998)	(1,245,998)	-
Administration Expense	-	(76,073)	76,073
Balance at September 30, 2021	\$ 24,447,463	\$ 24,618,572	\$ (171,109)

Change in Net Pension Liability – POFRP

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2021	\$ 23,855,305	\$ 22,258,920	\$ 1,596,385
Changes for the Year:			
Service Cost	855,640	-	855,640
Interest	1,760,744	-	1,760,744
Share Plan Allocation	139,291	-	139,291
Difference Between Expected and Actual Experience	485,335	-	485,335
Changes of Assumptions	1,129,136	-	1,129,136
Contribution - Employer	-	575,632	(575,632)
Contribution - State	-	378,243	(378,243)
Contribution - Employee	-	320,388	(320,388)
Net Investment Income	-	4,307,665	(4,307,665)
Benefit Payments, Including Refunds of Employee Contributions	(849,648)	(849,648)	-
Administration Expense	-	(74,336)	74,336
Balance at September 30, 2021	\$ 27,375,803	\$ 26,916,864	\$ 458,939

CITY OF CRESTVIEW, FLORIDA
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The City has allocated the net pension (asset) liabilities above across funds based on payroll costs of each fund. The City's net pension (asset) liabilities are reports as follows:

	GERP Net Pension (Asset)	POFRP Net Pension Liability
Governmental Activities	\$ (119,647)	\$ 458,939
Business-Type Activities	(51,462)	-
Total	\$ (171,109)	\$ 458,939

Pension expense for the year ending September 30, 2021, was a follows:

Governmental Activities	\$ 405,391
Business-Type Activities	901,964
Total	\$ 1,307,355

Note 9 - Other Postemployment Benefit Plan

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

Plan Description

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

Employees Covered by Benefit Terms

At September 30, 2019 (the most recent actuarial valuation), the following employees were covered by the benefit terms:

Active Plan Members	207
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	4
Inactive Plan Members Entitled to but no yet Receiving Benefits	-
Total	211

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.

**CITY OF CRESTVIEW, FLORIDA
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Total OPEB Liability

At September 30, 2021, the City reported total OPEB liability of \$1,975,924 for the single-employer plan. Total OPEB liability was measured as of September 30, 2020. The measurement period for OPEB expense was October 1, 2019 through September 30, 2020.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies by Service
Discount Rate	2.14%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

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

For general employees, mortality rates were based on the PubG-2010 tables. For female lives, 100% of the white-collar table was used. For active lives, headcount weighted employee mortality with male rates set back one year, projected generationally with Scale MP-2018. For healthy inactive lives and beneficiaries, headcount weighted healthy retiree mortality with male rates set back one year, projected generationally with Scale MP-2018. For disabled lives, weighted mortality with male and female rates set forward three years, projected generationally with Scale MP-2018.

For police and fire employees, mortality rates were also based on PubS-2010 tables. For female lives, 100% of the white-collar table was used. For active lives, 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, headcount weighted healthy retiree mortality with both male and female rates set forward one year, projected generationally with Scale MP-2018. For beneficiaries, headcount weighted healthy retiree mortality with male rates set back one year, projected generationally with Scale MP-2018. For disabled lives, headcount weighted disabled retiree tables and 20% of PubS-2010 headcount weighted disabled retiree tables, projected generationally with Scale MP-2021.

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 2.14%. 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.

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	Increase (Decrease in Total OPEB Liability)
Balance as of October 1, 2020	\$ 1,471,338
Changes for the Year:	
Service Cost	129,806
Interest	56,991
Differences Between Expected and Actual Experience	(142,530)
Changes of Assumptions	478,917
Benefit Payments	(18,598)
Balance as of September 30, 2021	<u>\$ 1,975,924</u>

Changes of assumptions reflect a change in the discount rate from 3.58% for the reporting period ended September 30, 2020 to 2.14% for the reporting period ended September 30, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current discount rate.

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB Liability	\$ 2,191,482	\$ 1,975,924	\$ 1,782,738

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current discount rate.

	1% Decrease (3%-6.5%)	Current Discount Rate (4%-7.5%)	1% Increase (5%-8.5%)
Total OPEB Liability	\$ 1,719,070	\$ 1,975,924	\$ 2,284,943

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$216,801. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 186,756
Changes in Assumptions	485,679	63,577
Employer Contributions Subsequent to the Measurement Date	61,027	-
Total	<u>\$ 546,706</u>	<u>\$ 250,333</u>

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

Year Ended September 30,		
2022	\$	26,004
2023		26,004
2024		26,004
2025		26,001
2026		36,138
Thereafter		95,195
Total	\$	235,346

Note 10 - 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 noncompliance 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 11 - Fund Equity

Restricted Net Position

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

	Utilities
Restricted for Impact Fees	\$ 1,242,781
Restricted for Reserve and Replacement	250,000
Restricted for Debt Service	348,716
Total	\$ 1,841,497

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, consist of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Non-Spendable			
Prepaid Expenditures	\$ 5,535	\$ -	\$ 5,535
Permanent Fund	-	53,125	53,125
Total Non-Spendable	\$ 5,535	\$ 53,125	\$ 58,660
Restricted For			
Impact Fees	\$ 245,213	\$ 48,020	\$ 293,233
Debt Service	377,558	94,172	471,730
Building Permits	-	964,970	964,970
Redevelopment	-	908,850	908,850
Total Restricted	\$ 622,771	\$ 2,016,012	\$ 2,638,783
Assigned For			
Subsequent Year's Budget	\$ 1,880,909	\$ -	\$ 1,880,909
Debt Service	-	213,906	213,906
Law Enforcement	-	4,493	4,493
Library	-	2,913	2,913
Total Assigned	\$ 1,880,909	\$ 221,312	\$ 2,102,221

Note 12 - Commitments and Contingencies

Contracts

The City has contracted with CH2MHill, Inc. (CH2M) to operate, maintain and manage the City's sewer treatment plant. Fees are payable monthly and are subject to adjustment on a regular basis. A new contract was signed for a five-year term commencing October 1, 2019. The agreement will automatically renew for another five-year term ending September 30, 2024. The latest contract established a base fee for fiscal year 2020 of \$1,045,028. It also provides for electrical cost or consumption increases over an established amount (\$192,000) to be shared equally by the City and CH2M. Total fees under the contract for the year ended September 30, 2021 were \$1,102,766.

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 September 2013, the City contracted with Waste Pro of Florida, Inc. for the collection and disposal of residential and commercial solid waste, yard refuse and recycling. The non-exclusive franchise agreement expired September 30, 2018. The contract was renewed and is effective through September 30, 2023. The City is responsible for billings and collections related to the sanitation services and retains 6% of the

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

collections as payment for managing the collections. The remainder of the collections are remitted to Waste Pro of Florida, Inc. Collections remitted to Waste Pro of Florida amounted to \$3,828,524 million for the year ended September 30, 2021.

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 13 - Subsequent Events

On December 17, 2021, the City issued Water and Sewer Revenue Bonds, Series 2021 in the amount of \$5,075,000. The purpose of the issuance is to finance capital improvements to the City's sewer system. Annual debt service payments will be required until September 1, 2042 including interest at 2.09%. The debt service payments are secured by net revenues of the water and sewer system.

On January 7, 2022, the City issued Capital Improvement Revenue Bonds, Series 2022 in the amount of \$2,575,000. The purpose of the issuance is to finance the acquisition, construction and equipping of various capital improvements to the golf course. Annual debt service payments will be required until June 1, 2042 including interest at 3.07%. The debt service payments are secured by non-ad valorem revenues as identified in Resolution 2022-5 adopted by the City Council on December 13, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2021
LAST 10 FISCAL YEARS*

Reporting Period Ending Measurement Date	9/30/2021 9/30/2020	9/30/2020 9/30/2019	9/30/2019 9/30/2018	9/30/2018 9/30/2017
Total OPEB Liability				
Service Cost	\$ 129,806	\$ 110,071	\$ 107,956	\$ 112,421
Interest	56,991	55,819	48,482	39,333
Differences Between Expected and Actual Experience	(142,530)	-	(99,269)	-
Changes of Assumptions	478,917	88,837	(36,901)	(81,027)
Benefit Payments	(18,598)	(17,220)	(20,602)	(18,944)
Net Change in Total OPEB Liability	504,586	237,507	(334)	51,783
Total OPEB Liability - Beginning of Year	1,471,338	1,233,831	1,234,165	1,182,382
Total OPEB Liability - End of Year	\$ 1,975,924	\$ 1,471,338	\$ 1,233,831	\$ 1,234,165
Covered Payroll (Projected)	\$ 9,749,221	\$ 10,002,787	\$ 9,414,388	\$ 9,803,788
Total OPEB Liability as a Percentage of Covered Employee Payroll	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, 2020.

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, 2021:	2.14%
September 30, 2020:	3.58%
September 30, 2019:	4.18%
September 30, 2018:	3.64%

Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, updated spousal participation rates, and updated mortality, termination, retirement, disability, and salary scale increase rates.

The City did not provide actual net benefits for the fiscal year ended on September 30, 2021. 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*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Pension Liability									
Service Cost	\$ 682,347	\$ 667,898	\$ 611,990	\$ 555,982	\$ 522,311	\$ 565,716	\$ 536,574	\$ 538,171	\$ 498,306
Interest	1,622,464	1,555,250	1,518,916	1,462,086	1,336,940	1,310,682	1,240,902	1,163,671	1,085,340
Differences Between Expected and Actual Experience	13,985	368,023	(197,435)	(407,213)	557,747	(372,488)	(196,887)	-	-
Changes in Assumptions	1,055,199	32,218	-	570,521	585,568	152,935	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(1,245,998)	(2,175,488)	(800,956)	(761,657)	(823,522)	(668,726)	(806,243)	(663,463)	(625,281)
Net Change	2,127,997	447,901	1,132,515	1,419,719	2,179,044	988,119	774,346	1,038,379	958,365
Total Pension Liability, Beginning	<u>22,319,466</u>	<u>21,871,565</u>	<u>20,739,050</u>	<u>19,319,331</u>	<u>17,140,287</u>	<u>16,152,168</u>	<u>15,377,822</u>	<u>14,339,443</u>	<u>13,381,078</u>
Total Pension Liability, Ending (a)	<u>\$ 24,447,463</u>	<u>\$ 22,319,466</u>	<u>\$ 21,871,565</u>	<u>\$ 20,739,050</u>	<u>\$ 19,319,331</u>	<u>\$ 17,140,287</u>	<u>\$ 16,152,168</u>	<u>\$ 15,377,822</u>	<u>\$ 14,339,443</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 669,775	\$ 629,053	\$ 455,980	\$ 343,359	\$ 248,704	\$ 298,505	\$ 556,922	\$ 756,791	\$ 779,531
Contributions - Employee	340,203	317,003	303,409	285,401	269,713	263,011	246,579	240,968	242,185
Net Investment Income	4,035,610	1,721,236	909,926	1,522,216	2,050,466	1,172,257	(319,164)	1,396,846	1,537,348
Benefit Payments, Including Refund of Employee Contributions	(1,245,998)	(2,175,488)	(800,956)	(761,657)	(823,522)	(668,726)	(806,243)	(663,463)	(625,281)
Administrative Expense	(76,073)	(55,909)	(58,103)	(55,635)	(56,085)	(45,495)	(43,915)	(35,530)	(31,453)
Other	-	-	-	-	-	-	-	44,105	-
Net Change	3,723,517	435,895	810,256	1,333,684	1,689,276	1,019,552	(365,821)	1,739,717	1,902,330
Plan Fiduciary Net Position, Beginning	<u>20,895,055</u>	<u>20,459,160</u>	<u>19,648,904</u>	<u>18,315,220</u>	<u>16,625,944</u>	<u>15,606,392</u>	<u>15,972,213</u>	<u>14,232,496</u>	<u>12,330,166</u>
Plan Fiduciary Net Position, Ending (b)	<u>24,618,572</u>	<u>20,895,055</u>	<u>20,459,160</u>	<u>19,648,904</u>	<u>18,315,220</u>	<u>16,625,944</u>	<u>15,606,392</u>	<u>15,972,213</u>	<u>14,232,496</u>
Net Pension Liability, Ending (a) - (b)	<u>\$ (171,109)</u>	<u>\$ 1,424,411</u>	<u>\$ 1,412,405</u>	<u>\$ 1,090,146</u>	<u>\$ 1,004,111</u>	<u>\$ 514,343</u>	<u>\$ 545,776</u>	<u>\$ (594,391)</u>	<u>\$ 106,947</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.70%	93.62%	93.54%	94.74%	94.80%	97.00%	96.62%	103.87%	99.25%
Covered Employee Payroll	\$ 5,315,672	\$ 4,953,172	\$ 4,740,758	\$ 4,459,380	\$ 4,214,265	\$ 4,109,545	\$ 3,852,802	\$ 3,765,128	\$ 3,784,133
Net Pension Liability as a Percentage of Covered Employee Payroll	-3.22%	28.76%	29.79%	24.45%	23.83%	12.52%	14.17%	-15.79%	2.83%

*Information provided above was obtained from an actuarial valuation. Information prior to fiscal year 2013 was not available.

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*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability									
Service Cost	\$ 855,640	\$ 829,996	\$ 810,126	\$ 781,326	\$ 736,601	\$ 675,767	\$ 650,319	\$ 704,926	\$ 645,804
Interest	1,760,744	1,630,907	1,557,188	1,494,147	1,401,536	1,205,985	1,207,893	1,142,097	1,050,053
Differences Between Expected and Actual Experience	485,335	211,677	(355,584)	(254,535)	226,022	293,542	(1,131,354)	-	-
Changes of Benefit Terms	-	-	(3,124)	-	-	-	-	102,466	-
Contributions - Buy Back	-	-	-	18,708	-	-	-	-	-
Changes in Assumptions	1,129,136	(72,480)	-	635,050	1,144,118	337,452	-	-	-
Share Plan Allocation	139,291	110,280	119,721	113,414	88,474	775,763	-	-	-
Other	-	-	-	-	-	-	-	36,400	-
Change in Excess State Money	-	-	-	-	(9,059)	(798,033)	102,691	110,979	-
Benefit Payments, Including Refund of Employee Contributions	(849,648)	(1,040,702)	(1,228,318)	(1,286,243)	(1,191,193)	(618,732)	(933,578)	(1,079,145)	(334,643)
Net Change	3,520,498	1,669,678	900,009	1,501,867	2,396,499	1,871,744	(104,029)	1,017,723	1,361,214
Total Pension Liability, Beginning	23,855,305	22,185,627	21,285,618	19,783,751	17,387,252	15,515,508	15,619,537	14,601,814	13,240,600
Total Pension Liability, Ending (a)	\$ 27,375,803	\$ 23,855,305	\$ 22,185,627	\$ 21,285,618	\$ 19,783,751	\$ 17,387,252	\$ 15,515,508	\$ 15,619,537	\$ 14,601,814
Plan Fiduciary Net Position									
Contributions - Employer	\$ 575,632	\$ 537,980	\$ 378,613	\$ 121,687	\$ 121,961	\$ 111,296	\$ 429,649	\$ 576,763	\$ 746,119
Contributions - State	378,243	339,563	352,151	343,741	310,487	300,086	296,275	296,686	291,738
Contributions - Employee	320,388	304,695	295,647	288,434	278,697	267,931	255,354	235,503	264,486
Contributions - Buy Back	-	-	-	18,708	-	-	-	-	-
Net Investment Income	4,307,665	1,661,513	778,906	1,519,422	2,132,311	1,072,929	(374,169)	1,512,913	1,596,346
Benefit Payments, Including Refund of Employee Contributions	(849,648)	(1,040,702)	(1,228,318)	(1,286,243)	(1,191,193)	(618,732)	(933,578)	(1,079,145)	(334,643)
Administrative Expense	(74,336)	(69,573)	(62,363)	(66,003)	(70,281)	(47,835)	(46,407)	(37,041)	(30,354)
Other	-	-	-	-	-	-	-	(44,105)	-
Net Change	4,657,944	1,733,476	514,636	939,746	1,581,982	1,085,675	(372,876)	1,461,574	2,533,692
Plan Fiduciary Net Position, Beginning	22,258,920	20,525,444	20,010,808	19,071,062	17,489,080	16,403,405	16,776,281	15,314,707	12,781,015
Plan Fiduciary Net Position, Ending (b)	26,916,864	22,258,920	20,525,444	20,010,808	19,071,062	17,489,080	16,403,405	16,776,281	15,314,707
Net Pension Liability, Ending (a) - (b)	\$ 458,939	\$ 1,596,385	\$ 1,660,183	\$ 1,274,810	\$ 712,689	\$ (101,828)	\$ (887,897)	\$ (1,156,744)	\$ (712,893)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.32%	93.31%	92.52%	94.01%	96.40%	100.59%	105.72%	107.41%	104.88%
Covered Employee Payroll	\$ 5,006,067	\$ 4,760,860	\$ 4,619,494	\$ 4,506,775	\$ 4,354,635	\$ 4,186,426	\$ 3,989,908	\$ 3,701,314	\$ 4,132,599
Net Pension Liability as a Percentage of Covered Employee Payroll	9.17%	33.53%	35.94%	28.29%	16.37%	-2.43%	-22.25%	-31.25%	-17.25%

*Information provided above was obtained from an actuarial valuation. Information prior to fiscal year 2013 was not available.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 669,775	\$ 629,053	\$ 497,780	\$ 379,047	\$ 248,242	\$ 304,106	\$ 473,895	\$ 756,791	\$ 779,531
Contributions in Relation to the Actuarially Determined Contributions	669,775	629,053	455,980	343,359	248,704	298,505	556,922	756,791	779,531
Contributions Deficiency (Excess)	<u>\$ 1,339,550</u>	<u>\$ -</u>	<u>\$ 41,800</u>	<u>\$ 35,688</u>	<u>\$ (462)</u>	<u>\$ 5,601</u>	<u>\$ (83,027)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 5,315,672	\$ 4,953,172	\$ 4,740,758	\$ 4,459,380	\$ 4,214,265	\$ 4,109,545	\$ 3,852,802	\$ 3,765,128	\$ 3,784,133
Contributions as a Percentage of Covered Employee Payroll	12.60%	12.70%	9.62%	7.70%	5.90%	7.26%	14.45%	20.10%	20.60%

*Information provided above was obtained from an actuarial valuation. Information prior to fiscal year 2013 was not available.

Notes to Schedule:

Valuation Date October 1, 2019

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 Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Amortization Method Level of percentage of pay, closed.

Remaining Amortization Period 20 years (as of October 1, 2016).

Inflation 2.5% per year.

Salary Increases	Service	Increase
	0	10.0%
	1 - 2	7.5%
	3 - 10	6.0%
	11 - 19	5.0%
	20+	4.0%

Payroll Growth 3% per year.

Interest Rate 7.75% 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 - 57	20.0%
58 - 64	25.0%
65+	100.0%

Early Retirement

None.

Termination Rates

See table below.

Disability Rates

See table below.

Mortality

Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward 2 years.

Male: 100% RP2000 Disabled Male set back 4 years.

Other Information

Termination Rates Table	
Service	Rate
0 - 1	25.0%
2	20.0%
3	15.0%
4	10.0%
5	9.5%
6	9.0%
7	8.5%
8	8.0%
9	7.5%
10	7.0%
11	6.5%
12	6.0%
13	5.5%
14	5.0%
15	4.5%
16+	4.0%

Disability Rates Table	
Service	Rate
20	0.026%
30	0.029%
40	0.061%
50	0.251%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 815,989	\$ 785,542	\$ 632,870	\$ 432,650	\$ 326,598	\$ 322,355	\$ 542,628	\$ 762,470	\$ 929,835
From Excess State Money Reserve	-	-	-	-	-	102,941	-	-	-
Contributions in Relation to the Actuarially Determined Contributions	814,585	767,263	611,043	352,014	353,034	330,709	623,233	762,470	929,835
Contributions Deficiency (Excess)	<u>\$ 1,404</u>	<u>\$ 18,279</u>	<u>\$ 21,827</u>	<u>\$ 80,636</u>	<u>\$ (26,436)</u>	<u>\$ (111,295)</u>	<u>\$ (80,605)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 5,006,067	\$ 4,760,860	\$ 4,619,494	\$ 4,506,775	\$ 4,354,635	\$ 4,186,726	\$ 3,989,908	\$ 3,701,314	\$ 4,132,599
Contributions as a Percentage of Covered Employee Payroll	16.27%	16.12%	13.23%	7.81%	8.11%	7.90%	15.62%	20.60%	22.50%

*Information provided above was obtained from an actuarial valuation. Information prior to fiscal year 2013 was not available.

Notes to Schedule:

Valuation Date October 1, 2019

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 Frozen entry age actuarial cost method.

Actuarial Asset Method Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Amortization Method Level of percentage of pay, closed.

Remaining Amortization Period 20 years (as of October 1, 2016).

Inflation 2.5% per year.

Salary Increases 6.5% per year until the assumed retirement age.

Payroll Growth 3% per year.

Interest Rate 8% per year compounded annually, net of investment related expenses.

Retirement Age Earlier of age 55 and 10 years of service or age 52 and 25 years of service.
Any member who has reached normal retirement age on the valuation date is assumed to continue employment for one additional year.

Early Retirement Commencing with the earliest retirement age (45). Members are assumed to retire with immediate subsidized benefit at the rate of 5% per year.

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

Termination Rates

See table below.

Disability Rates

See table below.

Mortality

Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward 2 years / 40\$ Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male set back 4 years / 40% Annuitant White Collar with no setback, no projection scale.

Other Information

Termination and Disability Rates Table

Age	% Termination	% Becoming Disabled During the Year
20	15.0%	0.14%
30	12.5%	0.18%
40	6.5%	0.30%
50	2.0%	1.00%

**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,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money Weighted Rate of Return, Net of Investment Expense	19.42%	8.65%	4.64%	8.35%	12.40%	7.54%	-1.99%	9.70%	12.28%

*Information provided above was obtained from an actuarial valuation. Information prior to fiscal year 2013 was not available.

**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,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money Weighted Rate of Return, Net of Investment Expense	19.40%	8.12%	3.94%	8.12%	12.45%	6.60%	-2.25%	9.92%	12.04%

*Information provided above was obtained from an actuarial valuation. Information prior to fiscal year 2013 was not available.

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.

DEBT SERVICE FUND

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

PERMANENT FUND

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

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

**CITY OF CRESTVIEW, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds						Total
	Law Enforcement Trust	Community Redevelopment Agency	CDBG	Building and Permitting	Debt Service	Permanent Fund	
Assets							
Cash and Cash Equivalents	\$ 4,493	\$ 909,188	\$ -	\$ 982,914	\$ 213,906	\$ 2,913	\$ 2,113,414
Cash and Cash Equivalents - Restricted	-	-	-	-	142,192	-	142,192
Investments	-	-	-	-	-	53,125	53,125
Due from Other Governments	-	-	110,678	-	-	-	110,678
Total Assets	<u>4,493</u>	<u>909,188</u>	<u>110,678</u>	<u>982,914</u>	<u>356,098</u>	<u>56,038</u>	<u>2,419,409</u>
Liabilities							
Accounts Payable	-	338	-	2,085	-	-	2,423
Accrued Expenses	-	-	-	15,859	-	-	15,859
Interfund Payables	-	-	110,678	-	-	-	110,678
Total Liabilities	<u>-</u>	<u>338</u>	<u>110,678</u>	<u>17,944</u>	<u>-</u>	<u>-</u>	<u>128,960</u>
Fund Balances							
Non-Spendable	-	-	-	-	-	53,125	53,125
Restricted	-	908,850	-	964,970	356,098	-	2,229,918
Assigned	4,493	-	-	-	-	2,913	7,406
Total Fund Balances	<u>4,493</u>	<u>908,850</u>	<u>-</u>	<u>964,970</u>	<u>356,098</u>	<u>56,038</u>	<u>2,290,449</u>
Total Liabilities and Fund Balances	<u>\$ 4,493</u>	<u>\$ 909,188</u>	<u>\$ 110,678</u>	<u>\$ 982,914</u>	<u>\$ 356,098</u>	<u>\$ 56,038</u>	<u>\$ 2,419,409</u>

**CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds						Total
	Law Enforcement Trust	Community Redevelopment Agency	CDBG	Building and Permitting	Debt Service	Permanent Fund	
Revenues							
Taxes	\$ -	\$ 82,570	\$ -	\$ -	\$ -	\$ -	\$ 82,570
Licenses and Permits	-	-	-	594,501	-	-	594,501
Intergovernmental	-	-	110,678	-	-	-	110,678
Miscellaneous	-	1,870	-	-	-	526	2,396
Total Assets	-	84,440	110,678	594,501	-	526	790,145
Expenditures							
Current:							
General Government	-	283,881	-	-	-	-	283,881
Public Safety	-	-	-	470,561	-	-	470,561
Economic Environment	-	-	77,778	-	-	-	77,778
Debt Service:							
Principal	-	-	-	9,928	200,000	-	209,928
Interest	-	-	-	2,469	81,349	-	83,818
Total Expenditures	-	283,881	77,778	482,958	281,349	-	1,125,966
Excess (Deficiency) Revenues Over (Under) Expenditures	-	(199,441)	32,900	111,543	(281,349)	526	(335,821)
Other Financing Sources (Uses)							
Transfers in	-	194,600	-	2,706	325,547	-	522,853
Transfers out	-	(39,600)	(32,900)	(85,000)	-	-	(157,500)
Capital Lease Obligation	-	-	-	80,509	-	-	80,509
Total Other Financing Sources (Uses)	-	155,000	(32,900)	(1,785)	325,547	-	445,862
Net Change in Fund Balances	-	(44,441)	-	109,758	44,198	526	110,041
Fund Balances, Beginning of Year	4,493	953,291	-	855,212	311,900	55,512	2,180,408
Fund Balances, End of Year	\$ 4,493	\$ 908,850	\$ -	\$ 964,970	\$ 356,098	\$ 56,038	\$ 2,290,449

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2021

	<u>Stormwater Fund</u>	<u>Crestview Unlimited</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 80,285	\$ 500,000	\$ 580,285
Accounts Receivable, Net	23,819	-	23,819
Total Current Assets	<u>104,104</u>	<u>500,000</u>	<u>604,104</u>
Non-Current Assets:			
Net Pension Asset	4,684	-	4,684
Total Non-Current Assets	<u>4,684</u>	<u>-</u>	<u>4,684</u>
Total Assets	<u>108,788</u>	<u>500,000</u>	<u>608,788</u>
Deferred Outflows of Resources			
Other Postemployment Benefits	7,156	-	7,156
Pensions	33,114	-	33,114
Total Deferred Outflows of Resources	<u>40,270</u>	<u>-</u>	<u>40,270</u>
Total Assets and Deferred Outflows	<u>149,058</u>	<u>500,000</u>	<u>649,058</u>
Liabilities			
Current Liabilities:			
Accounts Payable	1,764	-	1,764
Accrued Expenses	2,864	-	2,864
Total Current Liabilities	<u>4,628</u>	<u>-</u>	<u>4,628</u>
Non-Current Liabilities:			
Other Postemployment Benefits Obligation	25,862	-	25,862
Compensated Absences	7,220	-	7,220
Total Non-Current Liabilities	<u>33,082</u>	<u>-</u>	<u>33,082</u>
Total Liabilities	<u>37,710</u>	<u>-</u>	<u>37,710</u>
Deferred Inflows of Resources			
Other Postemployment Benefits	3,277	-	3,277
Pensions	59,775	-	59,775
Total Deferred Inflows of Resources	<u>63,052</u>	<u>-</u>	<u>63,052</u>
Net Position			
Unrestricted	<u>\$ 48,296</u>	<u>\$ 500,000</u>	<u>\$ 548,296</u>

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	<u>Stormwater Fund</u>	<u>Crestview Unlimited</u>	<u>Total</u>
Operating Revenue			
Charges for Service	\$ 387,735	\$ -	\$ 387,735
Operating Expenses			
Personnel Expenses	276,128	-	276,128
Repairs and Maintenance	24,490	-	24,490
Materials and Supplies	31,650	-	31,650
Other Expenses	14,442	-	14,442
Total Operating Expenses	<u>346,710</u>	<u>-</u>	<u>346,710</u>
Operating Income	<u>41,025</u>	<u>-</u>	<u>41,025</u>
Transfers			
Transfers in	<u>7,271</u>	<u>500,000</u>	<u>507,271</u>
Change in Net Position	48,296	500,000	548,296
Net Position, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, End of Year	<u>\$ 48,296</u>	<u>\$ 500,000</u>	<u>\$ 548,296</u>

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Stormwater Fund	Crestview Unlimited	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 363,916	\$ -	\$ 363,916
Cash Paid to Suppliers for Goods and Services	(65,954)	-	(65,954)
Cash Paid to Employees for Services	(224,948)	-	(224,948)
Net Cash Provided by Operating Activities	<u>73,014</u>	<u>-</u>	<u>73,014</u>
Cash Flows from Non-Capital Financing Activities			
Transfers to Other Funds	7,271	500,000	507,271
Net Change in Cash and Cash Equivalents	80,285	500,000	580,285
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 80,285</u>	<u>\$ 500,000</u>	<u>\$ 580,285</u>
Reconciliation of Operating Income to Net Cash			
Operating Income	\$ 41,025	\$ -	\$ 41,025
Changes in Operating Assets and Liabilities:			
Accounts Receivable	(23,819)	-	(23,819)
Accounts Payable and Accrued Expenses	4,628	-	4,628
Compensated Absences	7,220	-	7,220
Other Postemployment Benefits and Related Deferred Inflows and Outflows	21,983	-	21,983
Net Pension Liability and Related Deferred Inflows and Outflows	21,977	-	21,977
Total Adjustments	<u>31,989</u>	<u>-</u>	<u>31,989</u>
Net Cash Provided by Operating Activities	<u>\$ 73,014</u>	<u>\$ -</u>	<u>\$ 73,014</u>

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
Crestview, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Crestview, Florida (the City), as of and for the year ended September 30, 2021, 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 21, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below that we consider to be a material weakness.

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City of Crestview
Crestview, Florida

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

2021-01 - Financial Reporting

Criteria: To maintain a well-functioning and accurate internal and external financial reporting framework, financial information must be documented, recorded, and, when applicable, provided to third-party preparers in a timely manner and at appropriate amounts.

Condition: A significant number of audit adjustments were needed to properly record transactions in accordance with generally accepted accounting principles (GAAP) in the following areas:

- Pension plan reporting of year-end balances. Due to delays in financial reporting of pension plan balances, the City's actuaries were unable to provide timely actuarial reports necessary for the City to prepare the pension and other postemployment benefit adjustments within a reasonable time after year-end. In addition, significant adjustments were needed to properly reflect year-end balances in accordance with GAAP in the pension plans.
- Reporting of fixed asset balances and depreciation expense. The City currently uses excel spreadsheets for tracking and maintaining fixed asset depreciation schedules. Errors were identified in the depreciation schedule related to depreciation expense and accumulated depreciation. The use of this technology lends itself to manual errors.
- Over statements of accounts payable at year-end. The cutoff of accounts payable related to certain construction projects that crossed fiscal years required material adjustments.
- Month-end reconciliations between the utility billing system and the general ledger are not currently being performed. As such, adjustments were needed to accurately reflect accounts receivable balances.

Effect: By not maintaining an adequate framework for timely, accurate, and complete financial reporting, the City's financial records required significant and material audit adjustments in order to create accurate financial statements in accordance with GAAP.

Recommendation: We recommend that the City implement processes, procedures, and, where necessary, technology appropriate for the level of transactional activity occurring within the City's financial reporting and recordkeeping function and makes an effort to implement periodic reconciliation procedures sufficient to verify the accuracy of the underlying financial data on an ongoing and timely basis.

Management's Response: Beginning with the fiscal year 2022, the City's financial services division will assume responsibility for the financial reporting of the City's two retirement plans. This service has historically been provided by an outside source; however, to streamline the process, the accounting services will be provided internally by the finance team.

The finance department has discussed for some time the need to import the depreciation Excel spreadsheet to a more suitable program. With the assistance of our audit team, we are currently in the process of reviewing programs.

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

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

The City has numerous major projects that are often on-going at fiscal year-end. Certain projects with expenditures in the current fiscal year (21/22) were inadvertently accrued at fiscal year-end. Discussion amongst staff ensued regarding methods to determine if services have been provided at fiscal year-end.

Accounts receivables are generally reconciled at fiscal year-end. However, to reflect the information more accurately and to detect errors if they exist, staff will perform a monthly reconciliation.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Response to Findings

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

Purpose of this Report

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



June 21, 2022
Tallahassee, Florida

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Crestview, Florida (the City), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 21, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 21, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

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City of Crestview
Crestview, Florida

MANAGEMENT LETTER

Financial Condition and Management

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

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

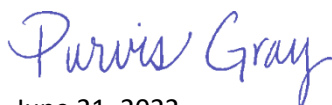
Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



June 21, 2022
Tallahassee, Florida

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

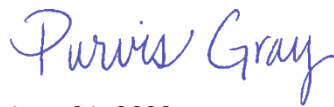
Honorable Mayor and City Council
City of Crestview
Crestview, Florida

We have examined the City of Crestview, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material misstatement, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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



June 21, 2022
Tallahassee, Florida

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