

CITY OF CRYSTAL RIVER, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT
SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

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 respective budgetary comparisons for the General Fund and the Community Redevelopment 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 on pages 3 through 13 and the required supplementary information on pages 46 through 50 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements of the City.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 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.

Bradenton, Florida
June 24, 2022



CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

As management of the City of Crystal River, Florida, (the "City") we offer readers of the City of Crystal River, Florida's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 14 through 16 of this report.

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

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

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

The basic governmental fund financial statements can be found on pages 17 through 22 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 23 through 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 45 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements can be found on pages 51 and 52 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53,811,925 at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 73%, reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

City of Crystal River, Florida's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 11,037,959	\$ 9,012,587	\$ 7,954,907	\$ 8,096,287	\$ 18,992,866	\$ 17,108,874
Capital assets	17,375,778	17,260,261	27,931,395	26,541,090	45,307,173	43,801,351
Total assets	<u>28,413,737</u>	<u>26,272,848</u>	<u>35,886,302</u>	<u>34,637,377</u>	<u>64,300,039</u>	<u>60,910,225</u>
Total deferred outflows of resources	<u>721,683</u>	<u>1,012,715</u>	<u>220,389</u>	<u>301,985</u>	<u>942,072</u>	<u>1,314,700</u>
Other liabilities	1,267,688	299,925	686,898	789,853	1,954,586	1,089,778
Long-term liabilities	4,298,012	6,113,514	3,393,762	4,335,181	7,691,774	10,448,695
Total liabilities	<u>5,565,700</u>	<u>6,413,439</u>	<u>4,080,660</u>	<u>5,125,034</u>	<u>9,646,360</u>	<u>11,538,473</u>
Total deferred inflows of resources	<u>1,414,522</u>	<u>125,122</u>	<u>369,304</u>	<u>7,582</u>	<u>1,783,826</u>	<u>132,704</u>
Net position:						
Net investment in capital assets	14,295,580	14,048,516	24,798,130	22,916,525	39,093,710	36,965,041
Restricted	3,441,056	3,179,550	95,092	88,120	3,536,148	3,267,670
Unrestricted	4,418,562	3,518,936	6,763,505	6,802,101	11,182,067	10,321,037
Total net position	<u>\$ 22,155,198</u>	<u>\$ 20,747,002</u>	<u>\$ 31,656,727</u>	<u>\$ 29,806,746</u>	<u>\$ 53,811,925</u>	<u>\$ 50,553,748</u>

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining \$10,321,037 balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

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

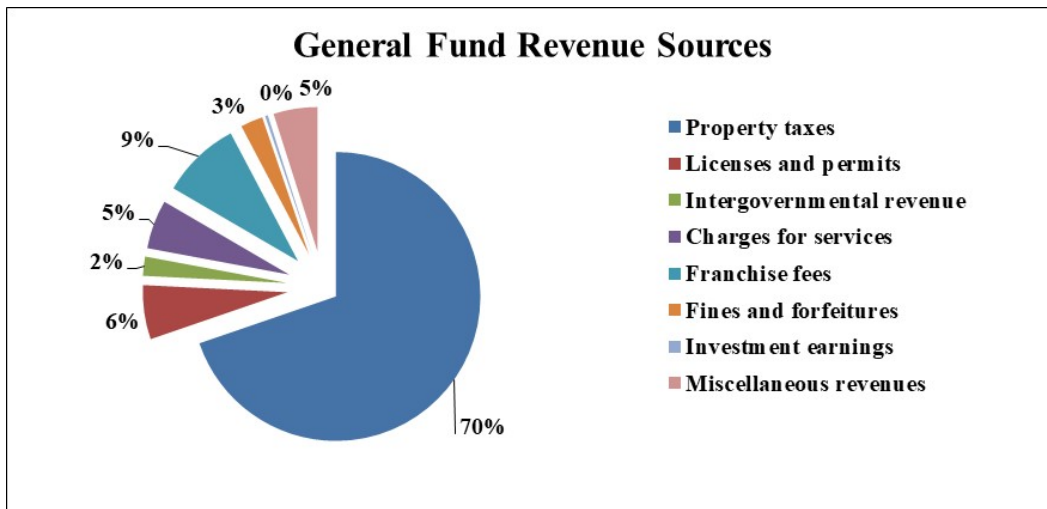
Governmental activities. Governmental activities increased the City's net position by \$1,408,196.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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

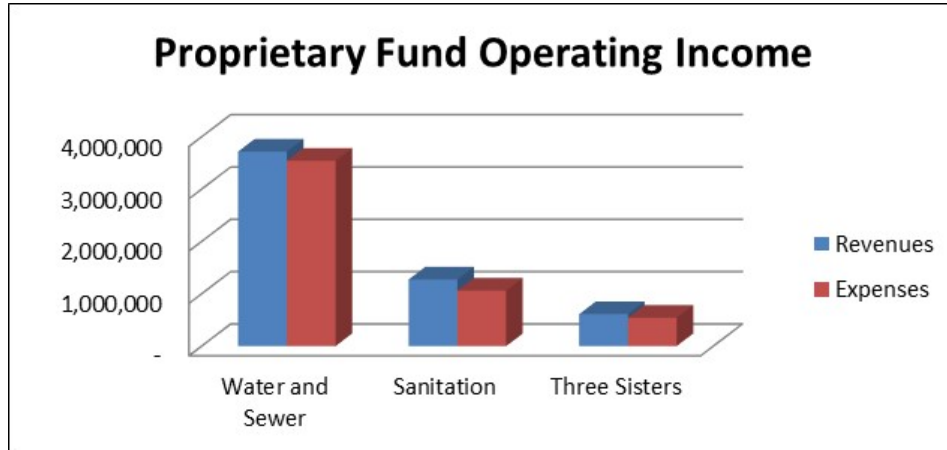
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 747,219	\$ 615,601	\$ 5,605,598	\$ 5,276,387	\$ 6,352,817	\$ 5,891,988
Operating grants and contributions	931,658	-	-	-	931,658	-
Capital grants and contributions	40,038	-	1,753,399	346,069	1,793,437	346,069
General revenues:						
Property taxes	4,300,234	4,110,405	-	-	4,300,234	4,110,405
Other taxes	736,752	730,014	-	-	736,752	730,014
Other	286,823	115,355	33,992	69,984	320,815	185,339
Total revenues	7,042,724	5,571,375	7,392,989	5,692,440	14,435,713	11,263,815
Operating expenses:						
General government	2,245,046	1,901,933	-	-	2,245,046	1,901,933
Public safety	1,302,307	1,301,220	-	-	1,302,307	1,301,220
Highways and streets	856,186	1,101,492	-	-	856,186	1,101,492
Physical environment	634,910	692,324	-	-	634,910	692,324
Culture and recreation	448,954	379,886	-	-	448,954	379,886
Economic development	360,058	317,925	-	-	360,058	317,925
Interest	98,014	140,605	-	-	98,014	140,605
Water and sewer	-	-	3,627,522	3,651,196	3,627,522	3,651,196
Sanitation	-	-	1,061,870	990,071	1,061,870	990,071
Three Sisters	-	-	542,669	618,400	542,669	618,400
Total operating expenses	5,945,475	5,835,385	5,232,061	5,259,667	11,177,536	11,095,052
Increase in net position before transfers	1,097,249	(264,010)	2,160,928	432,773	3,258,177	168,763
Transfers	310,947	307,930	(310,947)	(307,930)	-	-
Change in net position	1,408,196	43,920	1,849,981	124,843	3,258,177	168,763
Net position, beginning	20,747,002	20,703,082	29,806,746	29,681,903	50,553,748	50,384,985
Net position, ending	\$ 22,155,198	\$ 20,747,002	\$ 31,656,727	\$ 29,806,746	\$ 53,811,925	\$ 50,553,748



CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

Business-type activities. Business-type activities increased the City's net position by \$1,849,981.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,285,247 an increase of \$815,231 in comparison with the prior year. Of the total, \$3,339,175 or 36% constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *non-spendable, restricted or committed* to indicate that it is not available for new spending because it has already been restricted or committed for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,339,175 while total fund balance increased to \$5,955,348. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 75% of total General Fund expenditures, while total fund balance represents 134% of that same amount.

The fund balance of the City's General Fund increased \$664,885 during the current fiscal year as shown on page 21 compared to a \$177,779 increase for fiscal year 2020. This increase was attributable to both revenue and expenditure variances. Fiscal year 2021 continued to be a different year for all businesses – both private and public due to the on-going COVID-19 pandemic and economic uncertainties. Both revenues and expenditures were impacted by all types of businesses – some positive and some negative. Fiscal year 2021 reflects revenue receipts 9.5% less than budgeted and expenditures 13.2% less than budgeted.

On the revenue side, unfortunately, for the public sector some of our revenue sources come from the state where they previously in fiscal year 2020 imposed cuts due to the uncertainties of the COVID-19 pandemic; many municipalities remained conservative in fiscal year 2021 as the economic condition remained unclear. The City chose to remain conservative. Fortunately, our state revenue collections were approximately \$111,356 more or 18% more than budgeted. With the pandemic came more employees working from home; the City continues to see an increase with regards to electric service tax and electric franchise fees; we collected over \$183,850 more or almost 20% more than budgeted.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

Also, building permits and zoning fees were over \$28,086 more than projected; however, this was considerably lower than fiscal year 2020 that saw an excess of \$101,000. The City also received CARES safety funding and COVID-19 expense reimbursement totaling \$74,500 along with collection of some code enforcement cases over \$92,000 and parking meter collections far exceeded budget by over \$75,000. Management's conservative revenue budgeting strategy along with other revenue sources continues to compliment a positive cash flow for the City.

On the expenditure side, the City continued to remain conservative with their spending due to the economic uncertainties. The City Civic Master Plan was delayed until near year-end due to the pandemic accounting for approximately \$40,000 less in expenditures. Like both the government and private sector, the City experienced several vacant positions for months accounting for approximately \$155,000 less in expenditures. A few operating expenditures came in less than budget accounting for approximately an additional \$20,000 savings. Overall, expenditures came in approximately \$675,000 less than budgeted – a 13.2% overall savings for the City. The net result of these revenue and expenditure variances did increase the City's General Fund balance at the close of the year by \$664,885.

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

The City parking meter project continues to prove to be financially prudent to our General Fund since its inception in 2016. Management recognized the ongoing maintenance and future of our parks would become a potential increase to our taxpayers if an additional source of funding was not established for parks' redevelopment after the almost \$2 million redevelopment of the Hunter Springs Park which took place in 2016. Several years ago, parking meters were installed within several of the City parks as an additional revenue source to assist with the parks' operating expenditures of which our residents as well as the many tourists that visit our City benefit from. Many returning tourists to our City do not like this fee; however, the majority understand the necessity to extend City parks' operation costs to everyone that benefits from the use of the City parks versus just the City residents through their tax bill. Management continues to see the positive cash flow it has generated and the capability to fund a renewal and replacement fund for excess revenues for the benefit of future park improvements. Fiscal year 2021 exceeded our budget by \$75,290, a 51% increase.

Overall, the General Fund revenues collected were in line with expectations and operating expenditures were not as high as projected.

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

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

The Water and Sewer Fund shows revenues less than expenditures for the year. Revenues for this fund primarily are derived from water and sewer utility billings – 91% of total revenues. The City also receives funds monthly from Duke Energy for reclaimed water; the City pumps reclaimed water to the Duke Energy Crystal River Power Plant for electricity. The effluent water is used in lieu of operation of two coal plants CR4 and CR5. The City received a total of \$27,608 from Duke Energy for fiscal year 2021. The overall fund balance for the water and sewer operating and construction funds is over \$30 million. In fiscal year 2021, staff continued the preparation stages of the U.S. Highway 19 utility relocations in connection with the Florida Department of Transportation road widening project along with the preparation to add another extension of the sewer line system within Indian Shores at an estimated cost of \$7 million and a full water meter replacement project at an estimated cost of \$3.2 million. Both projects are receiving assistance through partial grant funding and a loan forgiveness program through the state.

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

Sanitation continues to hold its own as an enterprise fund. Garbage pickup has been contracted to an outside carrier for years to retain lower rates for the City customers. Management continues to monitor the activity.

Crystal River has become a worldwide tourist destination, with about 340,000 visitors annually. Forty-five thousand people alone visit the Three Sisters Springs units of the Crystal River National Wildlife Refuge yearly. The Three Sister Springs entered its sixth year of operations in 2021 to continue to provide the community and tourists the opportunity to share an experience with the manatee and enjoy one of the most beautiful and memorable sites of the City of Crystal River. The City serves as the official concessionaire for land access to the Three Sisters Springs Unit of the Crystal River National Wildlife Refuge. The Three Sisters Springs Center provides valuable information to visitors to Crystal River about Three Sisters Springs, manatee eco-tourism, shopping, dining, entertainment and other points of interest that the City and Citrus County has to offer. 2021 was the fourth year for the site to remain open year-round. Manatee season runs from November 15 through March 31; however, the Center and Refuge are still open seven days a week and closed for a few select holidays. City personnel staff the Refuge and the Welcome Center, and a trolley service is provided to transport visitors to and from the Center and Refuge as well as make various stops throughout the City to assist in promoting the local businesses. The City purchased a trolley in 2017 and 14 passenger van in 2018. In fiscal year 2019, management and staff had worked to develop a capital improvement plan to complete various infrastructure projects. This enterprise fund continues to prosper as a business and be self-sufficient fund. The City continues to work with U.S. Fish and Wildlife to work through a desirable management plan for all parties involved.

Capital Improvements Fund Budgetary Highlights

During the year there was an increase between the original budget and the final amended budget due to a few projects that began in prior years and were not completed; as a result the remaining budget was rolled forward to 2021. Such projects included the Linear Park/Splash Pad, implementation of the Bayside Master Plan, the continuous U.S. 19 Road Widening/Utility Relocation and Sliplining project along with the fruition of the two new sewer expansion projects within the Indian Waters area of the City.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2021, amounts to \$45,307,173 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities and roads. The total decrease in the City's investment in capital assets for the current fiscal year was 3.4% (a .7% increase for governmental activities and a 5.2% decrease for business-type activities). Major capital asset events during the current fiscal year included the following:

We added \$1,501,214 of Construction in Progress for the governmental and business type funds, primarily due to the Splash Pad, Bayside Master Plan, and the Indian Waters Sewer Expansion Project, Kings Bay Paddlecraft Franchise Program along with more work on the Riverwalk and U.S. 19 Road Widening/Utility Relocation project. The City also finalized and began capitalization of \$61,426 CRA Main Street Program and the Legrone Park Improvements.

Town Square Phase 2 – Linear Park/Splash Pad

Crystal River opened its first splash pad park in November 2021. This park makes up another component of the City's plans to better weave the businesses and amenities along Citrus Avenue. A \$450,000 state grant from 2019 and a \$350,000 pledge from the City funded the 1,000-square-foot splash pad with a dozen underground fountains, which jet streams water into the air along with rings of light at the base of each fountain shining colors into the water with the press of a button, turning an evening at the City Park into a dazzling, luminescent show. A shaded area, shower, sidewalks and landscaping were also installed around the splash pad, along with a concrete patio underneath the water tower to provide space for businesses the option to rent out the historic and renovated pump house from the City. The Special Events Director has been holding First Fridays monthly at this new City Park along with our annual Christmas Festival. The City received numerous compliments suggesting the City looked like a Hallmark Movie. The linear park serves as a recreational hub for the community that previously was limited on a centralized public event/gathering place. The City's vision is to get people downtown and that ultimately helps the commercial district.

Civic Master Plan

The City's fiscal year 2020 budget included \$215,000 for a community-wide Civic Master Plan; the Bayside Master Plan will be the City's blueprint for development and redevelopment in Crystal River for the next 50 years. Council approved a contract in May 2020 for Dover, Kohl and Partners to maximize the planning process, promote community outreach and engagement and create three conceptual street designs for SR-44 and its surrounding parcels. Dover Kohl and Partners is a national recognized firm focused on revitalizing traditional towns, building great new places, growing neighborhoods and fixing sprawl by design. They created a report that discussed the pros and cons for each of the scenarios and highlighted the community's preferred scenario. The consultant was instrumental in a weeklong, in person charrette conducted in June 2021. Over 400 City residents and stakeholders met and provided feedback to create the comprehensive and illustrative 228-page document, which covered a variety of development topics such as transportation, parking, waterfronts, shopping centers, wildlife and historical preservation. A small portion of the plan was to address an immediate issue with the pending SR-44 resurfacing project currently under design by FDOT. SR-44 is a major thoroughfare in Citrus County; it is comprised of national and local businesses, a park, an elementary school, and a traditional grid of streets. This area has the components of a "main street" corridor. Dover and Kohl along with City staff continue to participate in discussions with FDOT, providing recommendations for the desired scenarios as well as future Land Use and Comprehensive Plan changes. The consultant is expected to release their final plan soon. Once the Bayside Master Plan is complete, the process will move on to the redevelopment of the City's land development code to shape the City over the upcoming decades.

Kings Bay Park Paddlecraft Franchise Program

Near the close of fiscal year 2020, Council and management desired to explore options to navigate the King's Bay congestion and ease the impact of watercraft overcrowding in King's Bay. Many kayak/paddlecraft businesses had been utilizing the City parks to conduct their business at the expense of the City assets for

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

years. The City of Crystal River Bayside Conceptual Master Plan promoted a new concept – a Regional Kings Bay Park Paddlecraft Launch Center. The site promotes six commercial paddlecraft launch facilities, along with a welcome and educational center for the public. All commercial paddle-craft launching has been moved to Kings Bay Park; previously many were utilizing the Hunter Springs Park. Hunter Springs Park kayak/paddlecraft launching is now for individual use only – no commercial launching. The program commenced February 2021. Businesses who desires to enter into this agreement will pay a \$750 per month Kayak Corral Lease fee in exchange for Franchisee's exclusive possession and use of a "kayak corral" within Kings Bay Park during the Park's hours of operation for the orderly storage of paddlecraft. The Franchisee shall pay \$5 per launch for each paddlecraft launched at Kings Bay Park using wristbands that can be purchased in bulk with the City. The program initiation also included a reorganization of some City Staff. A full-time Waterfronts and Recreation Supervisor position was created for assisting the Director of Visitor Services in developing the paddlecraft franchise program as well as its daily operation. The position also manages the established Park Ranger program that also added two additional part-time park rangers along with the potential of more as the newly established Paddlecraft Franchise Program grows. An Ordinance was adopted in October 2020 concerning the conduct of business at city parks and providing for the awareness of franchise to commercial paddlecraft businesses. Management continues to create a long-term redevelopment plan for Kings Bay so the City can better handle and move the increased traffic Crystal River continues to experience as it grows.

U.S. 19 Road Widening

The City once again was required to contribute additional escrow funding to the on-going U.S. 19 Road Widening-Utility Relocation project. The Florida Department of Transportation had been contemplating widening a section of U.S. 19. The City was contacted by FDOT in 2011/2012 to begin preparing to design the relocation of sewer and water lines within the proposed widened area. Then, the scheduling of the work had been moved as it was not anticipated until approximately 2030. The City halted all work on the project. In 2015, FDOT had advised the City the project was now going forward and being expedited. Construction was then anticipated to begin in 2018 which resulted with the City being required to move quickly with the design plans for the relocation of the water and sewer lines. The utility relocation plans were to be incorporated into the FDOT widening plans for construction. The actual construction work will be completed by FDOT; however, the City will have to bear the cost, including costs increases experienced worldwide. The City was required to enter into a third-party escrow agreement with FDOT and State of Florida Department of Financial Services, Division of Treasury requiring the City to deposit funds into an interest bearing escrow account established for the purpose of the project. This escrow agreement is a procedural mechanism which allows for the UWHCA arrangements. As costs increase, the City is required to deposit additional funds. In early 2020, it was discovered that an area of the forcemain was requiring an unexpected relocation resulting in an additional cost; the City deposited an additional \$263,731.59 to the escrow in November 2020. As of the close of this year, the City had deposited \$993,360.90 into the escrow since February 2018. The City continues to earn interest on these funds. Costs to date incurred for the construction part of the project per FDOT reports total \$418,132.59. The City has expended over \$150,000 for the design portion of the project and expected to incur an additional \$15,000 - \$25,000 as of this date. Unfortunately, the City must adhere to the state guidelines, scheduling of this project as well as additional funding requests by the state due to unexpected relocation work.

Indian Waters and Southern Sewer Expansion Projects

In September 2016, City staff identified the possibility of expanding the existing Indian Waters Sewer Project that included 103 canal front residents, all outside the City's limits, served by septic systems and Crystal River State Park for an approximate cost of \$1,850,000. The second phase of the project would add 287 additional residents for approximately \$4 million bringing the total investment to \$5,850,000. The City was originally awarded a \$997,000 Florida Department of Environmental Protection Springs Initiative grant for Phase 1 and the City committed \$100,000 from the Water and Sewer Enterprise Fund. Unfortunately, construction costs have significantly increased since development of the original 2015 cost estimate that formed the basis of the grant award. Costs have increased to \$2.15 million for Phase 1 and almost \$5 million for Phase 2. The project will not cost City taxpayers as the benefitting property owners will absorb the cost differential between actual total projects costs less the grant funding and less the City commitment through the levy of a special

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

assessment to their property taxes. Several assessment workshops were held to explain the full process and financial impact to those property owners. At the start of the workshops, property owners were tentatively facing either an upfront charge of \$10,304 or an annual payment of \$861 on their tax bill for the next twenty years. Before a final assessment was to be set in September, City staff obtained an additional \$500,000 state grant funding to help offset the increased project costs. The final assessment options were reduced to either a \$5,976 prepay charge or an annual assessment of \$832 over ten years. Council approved a construction contract in September 2021 for Phase 1. This project will expand the City’s sewer system outside of City limits and take over eighty septic tanks offline to reduce their harm on groundwater.

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,952,789	\$ 2,952,789	\$ 616,898	\$ 616,898	\$ 3,569,687	\$ 3,569,687
Construction in progress	3,899,159	3,449,720	1,165,861	352,723	5,065,020	3,802,443
Buildings and improvements	5,326,027	5,589,426	8,541,066	9,209,663	13,867,093	14,799,089
Equipment and vehicles	635,726	609,181	3,020,052	1,277,655	3,655,778	1,886,836
Infrastructure	4,562,077	4,659,145	14,587,518	15,084,151	19,149,595	19,743,296
Total capital assets	<u>\$ 17,375,778</u>	<u>\$ 17,260,261</u>	<u>\$ 27,931,395</u>	<u>\$ 26,541,090</u>	<u>\$ 45,307,173</u>	<u>\$ 43,801,351</u>

Additional information on the City of Crystal River, Florida’s capital assets can be found in Note 5 on pages 35 and 36 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$2,015,000 and notes payable of \$4,229,392. The bonds payable represent bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also had state revolving loan debt outstanding of \$1,149,194 for the sewer expansion project and had refinanced the CRA note payable of \$3,167,344 and begun to make principal payments this year. Additional information can be found in Note 6 on pages 37 and 38.

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Total OPEB liability	\$ 252,426	\$ 204,974	\$ -	\$ -	\$ 252,426	\$ 204,974
Compensated absences	146,675	136,303	-	-	146,675	136,303
Net pension liability	818,713	2,560,492	229,568	671,954	1,048,281	3,232,446
Bonds payable	-	-	2,015,000	2,434,000	2,015,000	2,434,000
Notes payable	3,080,198	3,211,745	1,149,194	1,229,227	4,229,392	4,440,972
Total debt	<u>\$ 4,298,012</u>	<u>\$ 6,113,514</u>	<u>\$ 3,393,762</u>	<u>\$ 4,335,181</u>	<u>\$ 7,691,774</u>	<u>\$ 10,448,695</u>

Economic Factors

- The City of Crystal River continued to thrive through the pandemic primarily due to tourism. Businesses benefited from the City’s location; Crystal River provides access to the water and outdoors. This outdoor environment continues to bring many visitors to our City which means many people are visiting our businesses.
- Utility rate increases for water and sewer usage were implemented in 2013 and were increased 3% each year through the year 2016 based on a rate study completed in 2012. The City continues to take steps to begin pursuing another rate study as rates have not been adjusted for four years and management recognizes if this continues, expenditures will continue to exceed revenues as reflected this year and ultimately will impact fund balance. The City’s Utility Operations Management contract is indexed and staff has recommended the rates be indexed in futures years and are moving forward.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

- Ad Valorem tax variances impact our General Fund revenues every year – they comprise almost 50% of the General Fund revenue sources. The County indicated taxable values had increased approximately 4.709%; however, City staff only saw approximately a 3.88% increase. Over the last few years, the final certified taxable value has reflected a decrease of half to almost 2% less than originally reported.
- Health care insurance premiums increased approximately .5% compared to the 8.7% increase in fiscal year 2020; this increase resulted in slightly over \$49 per employee per year accounting for an increase of a little over \$1,300 in just the General Fund. The FRS pension requirements for the City increased slightly as well for fiscal year 2021 equating to over a \$27,350 impact to in General Fund.
- Interest rates continued to decrease over this last year on money placed on deposit with SBA and local bank accounts. In fiscal year 2020, the City had restructured some investment funds by renewal of some certificates of deposit into three CD's totaling over \$2.2 million with the ladder approach for their maturity. This approach provided the City the opportunity to earn a slightly higher rate of interest on funds versus the lower rates on the regular operating checking accounts. May 2021 management reviewed the current interest rates and chose not to renew the CD's since the interest rate was the same as the checking account interest rate. Management saw no benefit of renewal; the funds were deposited back into a regular operating checking account until the City could evaluate options to receive the best rate of return for our funds and continue to monitor the market.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,532,429	\$ 5,747,646	\$ 15,280,075
Investments	97,928	61,304	159,232
Accounts receivables, net	774,614	1,253,993	2,028,607
Notes receivable	-	206,984	206,984
Due from other governments	-	136	136
Internal balances	530,551	(530,551)	-
Prepaid items	102,437	639,590	742,027
Inventory	-	250,363	250,363
Restricted assets, cash and cash equivalents	-	325,442	325,442
Capital assets			
Non-depreciable	6,851,948	1,782,759	8,634,707
Depreciable, net	10,523,830	26,148,636	36,672,466
Total assets	28,413,737	35,886,302	64,300,039
Deferred outflows of resources			
Deferred outflows - pension	675,674	189,460	865,134
Deferred outflows - OPEB	46,009	-	46,009
Deferred charge on refunding	-	30,929	30,929
Total deferred outflows	721,683	220,389	942,072
Liabilities			
Accounts payable	418,399	404,731	823,130
Accrued liabilities	39,724	9,091	48,815
Due to other governments	11,705	-	11,705
Accrued interest payable	-	33,745	33,745
Customer deposits payable	-	239,331	239,331
Unearned revenue	797,860	-	797,860
Noncurrent liabilities			
Due within one year	273,016	510,206	783,222
Due in more than one year	4,024,996	2,883,556	6,908,552
Total liabilities	5,565,700	4,080,660	9,646,360
Deferred inflows of resources			
Deferred inflows - pension	1,317,055	369,304	1,686,359
Deferred inflows - OPEB	97,467	-	97,467
Total deferred inflows	1,414,522	369,304	1,783,826
Net position			
Net investment in capital assets	14,295,580	24,798,130	39,093,710
Restricted for			
Capital improvements	2,133,143	-	2,133,143
Community development	1,170,960	-	1,170,960
Public safety	89,604	-	89,604
Cemetery	47,349	-	47,349
Debt service	-	95,092	95,092
Unrestricted	4,418,562	6,763,505	11,182,067
Total net position	\$ 22,155,198	\$ 31,656,727	\$ 53,811,925

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,245,046	\$ 612,162	\$ -	\$ -
Public safety	1,302,307	132,341	-	-
Highways and streets	856,186	2,716	931,658	40,038
Physical environment	634,910	-	-	-
Culture/recreation	448,954	-	-	-
Economic development	360,058	-	-	-
Interest on long-term debt	98,014	-	-	-
Total governmental activities	<u>5,945,475</u>	<u>747,219</u>	<u>931,658</u>	<u>40,038</u>
Business-type activities:				
Water and sewer	3,627,522	3,718,288	-	1,753,399
Sanitation	1,061,870	1,274,829	-	-
Three Sisters	542,669	612,481	-	-
Total business-type activities	<u>5,232,061</u>	<u>5,605,598</u>	<u>-</u>	<u>1,753,399</u>
Total primary government	<u>\$ 11,177,536</u>	<u>\$ 6,352,817</u>	<u>\$ 931,658</u>	<u>\$ 1,793,437</u>

General revenues
Property taxes
Gas taxes
Sales taxes
Franchise fees
Investment earnings
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position

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

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,632,884)	\$ -	\$ (1,632,884)
(1,169,966)	-	(1,169,966)
118,226	-	118,226
(634,910)	-	(634,910)
(448,954)	-	(448,954)
(360,058)	-	(360,058)
(98,014)	-	(98,014)
<u>(4,226,560)</u>	<u>-</u>	<u>(4,226,560)</u>
-	1,844,165	1,844,165
-	212,959	212,959
-	69,812	69,812
-	<u>2,126,936</u>	<u>2,126,936</u>
<u>(4,226,560)</u>	<u>2,126,936</u>	<u>(2,099,624)</u>
4,300,234	-	4,300,234
221,826	-	221,826
44,028	-	44,028
470,898	-	470,898
25,418	33,992	59,410
261,405	-	261,405
310,947	(310,947)	-
<u>5,634,756</u>	<u>(276,955)</u>	<u>5,357,801</u>
1,408,196	1,849,981	3,258,177
20,747,002	29,806,746	50,553,748
<u>\$ 22,155,198</u>	<u>\$ 31,656,727</u>	<u>\$ 53,811,925</u>

CITY OF CRYSTAL RIVER, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	Capital Improvements Fund	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,283,143	\$ 1,947,818	\$ 1,270,450	\$ 31,018	\$ 9,532,429
Investments	74,932	10,808	12,188	-	97,928
Accounts receivable, net	497,684	270,484	-	6,446	774,614
Due from other funds	225,195	308,118	-	-	533,313
Prepaid items	102,434	-	3	-	102,437
Total assets	<u>\$ 7,183,388</u>	<u>\$ 2,537,228</u>	<u>\$ 1,282,641</u>	<u>\$ 37,464</u>	<u>\$ 11,040,721</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 155,730	\$ 147,502	\$ 115,167	\$ -	\$ 418,399
Accrued liabilities	23,175	-	2,137	-	25,312
Unearned revenue	797,860	-	-	-	797,860
Due to other governments	8,422	-	-	3,283	11,705
Due to other funds	-	-	-	2,762	2,762
Total liabilities	<u>985,187</u>	<u>147,502</u>	<u>117,304</u>	<u>6,045</u>	<u>1,256,038</u>
Deferred inflows of resources					
Unavailable revenue	<u>242,853</u>	<u>256,583</u>	<u>-</u>	<u>-</u>	<u>499,436</u>
Fund balances					
Nonspendable	102,434	-	3	-	102,437
Restricted					
Capital improvements	-	2,133,143	-	-	2,133,143
Community development	-	-	1,165,334	5,626	1,170,960
Public safety	63,811	-	-	25,793	89,604
Cemetery	47,349	-	-	-	47,349
Committed					
Capital improvements	902,579	-	-	-	902,579
Emergency reserves	1,500,000	-	-	-	1,500,000
Unassigned	3,339,175	-	-	-	3,339,175
Total fund balances	<u>5,955,348</u>	<u>2,133,143</u>	<u>1,165,337</u>	<u>31,419</u>	<u>9,285,247</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,183,388</u>	<u>\$ 2,537,228</u>	<u>\$ 1,282,641</u>	<u>\$ 37,464</u>	<u>\$ 11,040,721</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

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

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

Total fund balances - governmental funds		\$ 9,285,247
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 27,396,712	
Accumulated depreciation	<u>(10,020,934)</u>	17,375,778
Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds.		
		499,436
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pension	675,674	
Deferred inflows - pension	(1,317,055)	
Deferred outflows - OPEB	46,009	
Deferred inflows - OPEB	(97,467)	
Total OPEB liability	(252,426)	
Net pension liability	<u>(818,713)</u>	(1,763,978)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Compensated absences	(146,675)	
Accrued interest	(14,412)	
Note payable	<u>(3,080,198)</u>	(3,241,285)
Net position of governmental activities		<u>\$ 22,155,198</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 3,703,817	\$ -	\$ 596,417	\$ -	\$ 4,300,234
Other taxes	-	221,826	-	-	221,826
Licenses and permits	321,241	-	-	-	321,241
Intergovernmental revenues	113,823	84,066	566,666	-	764,555
Charges for services	290,921	-	-	-	290,921
Franchise fees	470,898	-	-	-	470,898
Fines and forfeitures	132,341	-	-	-	132,341
Impact fees	-	-	-	2,716	2,716
Investment earnings	16,472	5,109	3,806	31	25,418
Miscellaneous revenues	261,405	-	-	-	261,405
Total revenues	<u>5,310,918</u>	<u>311,001</u>	<u>1,166,889</u>	<u>2,747</u>	<u>6,791,555</u>
Expenditures					
Current					
General government	1,915,126	164,066	-	-	2,079,192
Public safety	1,226,558	15,691	-	-	1,242,249
Highways and streets	220,671	12,123	-	-	232,794
Physical environment	655,680	-	-	-	655,680
Economic development	4,990	155	312,161	-	317,306
Culture/recreation	395,649	35,171	-	-	430,820
Debt service					
Principal retirement	-	-	3,298,891	-	3,298,891
Interest	-	-	89,223	-	89,223
Capital outlay	15,140	502,519	590,801	-	1,108,460
Total expenditures	<u>4,433,814</u>	<u>729,725</u>	<u>4,291,076</u>	<u>-</u>	<u>9,454,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>877,104</u>	<u>(418,724)</u>	<u>(3,124,187)</u>	<u>2,747</u>	<u>(2,663,060)</u>
Other financing sources (uses)					
Note issued	-	-	3,167,344	-	3,167,344
Transfers in	336,831	453,850	95,200	-	885,881
Transfers out	(549,050)	-	(25,884)	-	(574,934)
Total other financing sources (uses)	<u>(212,219)</u>	<u>453,850</u>	<u>3,236,660</u>	<u>-</u>	<u>3,478,291</u>
Change in fund balances	664,885	35,126	112,473	2,747	815,231
Fund balances, beginning of year	5,290,463	2,098,017	1,052,864	28,672	8,470,016
Fund balances, end of year	<u>\$ 5,955,348</u>	<u>\$ 2,133,143</u>	<u>\$ 1,165,337</u>	<u>\$ 31,419</u>	<u>\$ 9,285,247</u>

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

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

Net change in fund balances – total governmental funds		\$ 815,231
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 1,091,443	
Less current year depreciation	<u>(798,715)</u>	292,728
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.</p>		
		(177,211)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Debt proceeds	(3,167,344)	
Principal repayment of long-term debt	<u>3,298,891</u>	131,547
<p>Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:</p>		
Intergovernmental revenue		251,169
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences	(10,372)	
Change in accrued interest	(8,791)	
OPEB expense	(12,000)	
Pension expense	<u>125,895</u>	<u>94,732</u>
Change in net position of governmental activities		<u>\$ 1,408,196</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 3,495,415	\$ 3,495,415	\$ 3,703,817	\$ 208,402
Licenses and permits	234,507	235,507	321,241	85,734
Intergovernmental revenues	-	42,500	113,823	71,323
Charges for services	295,110	289,710	290,921	1,211
Franchise fees	402,754	402,754	470,898	68,144
Fines and forfeitures	34,450	34,450	132,341	97,891
Investment earnings	21,480	21,480	16,472	(5,008)
Miscellaneous revenues	215,867	1,347,268	261,405	(1,085,863)
Total revenues	<u>4,699,583</u>	<u>5,869,084</u>	<u>5,310,918</u>	<u>(558,166)</u>
Expenditures				
Current				
General government	1,964,062	2,255,057	1,915,126	339,931
Public safety	1,297,677	1,305,785	1,226,558	79,227
Highways and streets	240,400	240,400	220,671	19,729
Physical environment	753,756	753,756	655,680	98,076
Economic development	8,700	8,700	4,990	3,710
Culture/recreation	430,835	519,761	395,649	124,112
Capital outlay	29,404	25,146	15,140	10,006
Total expenditures	<u>4,724,834</u>	<u>5,108,605</u>	<u>4,433,814</u>	<u>674,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,251)</u>	<u>760,479</u>	<u>877,104</u>	<u>116,625</u>
Other financing sources (uses)				
Transfers in	338,314	535,269	336,831	(198,438)
Transfers out	(300,000)	(1,295,748)	(549,050)	746,698
Total other financing sources (uses)	<u>38,314</u>	<u>(760,479)</u>	<u>(212,219)</u>	<u>548,260</u>
Change in fund balance	13,063	-	664,885	664,885
Fund balance, beginning of year	<u>5,290,463</u>	<u>5,290,463</u>	<u>5,290,463</u>	-
Fund balance, end of year	<u>\$ 5,303,526</u>	<u>\$ 5,290,463</u>	<u>\$ 5,955,348</u>	<u>\$ 664,885</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 581,510	\$ 596,420	\$ 596,417	\$ (3)
Intergovernmental revenues	4,445,000	5,011,667	566,666	(4,445,001)
Investment earnings	3,000	3,000	3,806	806
Miscellaneous revenues	2,764	2,764	-	(2,764)
Total revenues	<u>5,032,274</u>	<u>5,613,851</u>	<u>1,166,889</u>	<u>(4,446,962)</u>
Expenditures				
Current				
Economic development	284,815	449,972	312,161	137,811
Debt service				
Principal retirement	372,812	354,812	3,298,891	(2,944,079)
Interest	-	-	89,223	(89,223)
Capital outlay	5,220,300	5,941,933	590,801	5,351,132
Total expenditures	<u>5,877,927</u>	<u>6,746,717</u>	<u>4,291,076</u>	<u>2,455,641</u>
Deficiency of revenues under expenditures	<u>(845,653)</u>	<u>(1,132,866)</u>	<u>(3,124,187)</u>	<u>(1,991,321)</u>
Other financing sources (uses)				
Note issued	-	-	3,167,344	3,167,344
Transfers in	-	111,796	95,200	(16,596)
Transfers out	(16,884)	(31,794)	(25,884)	5,910
Total other financing sources (uses)	<u>(16,884)</u>	<u>80,002</u>	<u>3,236,660</u>	<u>3,156,658</u>
Change in fund balance	(862,537)	(1,052,864)	112,473	1,165,337
Fund balance, beginning of year	<u>1,052,864</u>	<u>1,052,864</u>	<u>1,052,864</u>	<u>-</u>
Fund balance, end of year	<u>\$ 190,327</u>	<u>\$ -</u>	<u>\$ 1,165,337</u>	<u>\$ 1,165,337</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Assets				
Current assets				
Cash and cash equivalents	\$ 4,745,859	\$ 394,268	\$ 607,519	\$ 5,747,646
Investments	60,691	613	-	61,304
Restricted cash and cash equivalents	325,442	-	-	325,442
Accounts receivable, net	1,045,787	208,206	-	1,253,993
Notes receivable, current	87,740	-	-	87,740
Due from other governments	-	-	136	136
Prepays	638,328	1,214	48	639,590
Inventory	250,363	-	-	250,363
Total current assets	<u>7,154,210</u>	<u>604,301</u>	<u>607,703</u>	<u>8,366,214</u>
Noncurrent assets				
Notes receivable, long-term	119,244	-	-	119,244
Capital assets, non-depreciable	1,782,759	-	-	1,782,759
Capital assets, net	25,726,339	-	422,297	26,148,636
Total noncurrent assets	<u>27,628,342</u>	<u>-</u>	<u>422,297</u>	<u>28,050,639</u>
Total assets	<u>34,782,552</u>	<u>604,301</u>	<u>1,030,000</u>	<u>36,416,853</u>
Deferred outflows of resources				
Deferred outflows - pension	76,162	-	113,298	189,460
Deferred charge on refunding	30,929	-	-	30,929
Total deferred outflows of resources	<u>107,091</u>	<u>-</u>	<u>113,298</u>	<u>220,389</u>
Liabilities				
Current liabilities				
Accounts payable	219,841	172,486	12,404	404,731
Notes payable	80,206	-	-	80,206
Bonds payable	430,000	-	-	430,000
Accrued liabilities	3,609	253	5,229	9,091
Due to other funds	520,426	-	10,125	530,551
Liabilities payable from restricted assets				
Accrued interest	33,745	-	-	33,745
Customer deposits payable	196,605	-	42,726	239,331
Total current liabilities	<u>1,484,432</u>	<u>172,739</u>	<u>70,484</u>	<u>1,727,655</u>
Noncurrent liabilities				
Notes payable, net of current portion	1,068,988	-	-	1,068,988
Bonds payable, net of current portion	1,585,000	-	-	1,585,000
Net pension liability	92,286	-	137,282	229,568
Total non-current liabilities	<u>2,746,274</u>	<u>-</u>	<u>137,282</u>	<u>2,883,556</u>
Total liabilities	<u>4,230,706</u>	<u>172,739</u>	<u>207,766</u>	<u>4,611,211</u>
Deferred inflows of resources				
Deferred inflows - pension	148,459	-	220,845	369,304
Net position				
Net investment in capital assets	24,375,833	-	422,297	24,798,130
Restricted for debt service	95,092	-	-	95,092
Unrestricted	6,039,553	431,562	292,390	6,763,505
Total net position	<u>\$ 30,510,478</u>	<u>\$ 431,562</u>	<u>\$ 714,687</u>	<u>\$ 31,656,727</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Operating revenues				
Charges for services	\$ 3,395,199	\$ 1,268,867	\$ 602,512	\$ 5,266,578
Miscellaneous	323,089	5,962	9,969	339,020
Total operating revenues	<u>3,718,288</u>	<u>1,274,829</u>	<u>612,481</u>	<u>5,605,598</u>
Operating expenses				
Personnel services and benefits	181,728	13,430	326,285	521,443
Professional services	-	40,178	-	40,178
General and administrative	1,746,487	1,008,262	188,182	2,942,931
Depreciation	1,613,832	-	28,202	1,642,034
Total operating expenses	<u>3,542,047</u>	<u>1,061,870</u>	<u>542,669</u>	<u>5,146,586</u>
Operating income (loss)	<u>176,241</u>	<u>212,959</u>	<u>69,812</u>	<u>459,012</u>
Nonoperating revenues (expenses)				
Investment earnings	31,634	1,037	1,321	33,992
Interest expense	(85,475)	-	-	(85,475)
Total nonoperating revenues (expenses)	<u>(53,841)</u>	<u>1,037</u>	<u>1,321</u>	<u>(51,483)</u>
Income (loss) before capital contributions and transfers	122,400	213,996	71,133	407,529
Capital contributions	1,753,399	-	-	1,753,399
Transfers out	<u>(160,428)</u>	<u>(150,519)</u>	<u>-</u>	<u>(310,947)</u>
Changes in net position	1,715,371	63,477	71,133	1,849,981
Total net position, beginning of year	28,795,107	368,085	643,554	29,806,746
Total net position, end of year	<u>\$ 30,510,478</u>	<u>\$ 431,562</u>	<u>\$ 714,687</u>	<u>\$ 31,656,727</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Cash flows from operating activities				
Cash received from customers	\$ 3,519,741	\$ 1,254,298	\$ 612,448	\$ 5,386,487
Cash paid to suppliers for goods and services	(2,138,855)	(1,059,521)	(189,697)	(3,388,073)
Cash paid to employees for services and benefits	(181,728)	(13,177)	(331,051)	(525,956)
Net cash provided by operating activities	<u>1,199,158</u>	<u>181,600</u>	<u>91,700</u>	<u>1,472,458</u>
Cash flows from noncapital financing activities				
Transfer to other funds	(160,428)	(108,607)	-	(269,035)
Net cash used in noncapital financing activities	<u>(160,428)</u>	<u>(108,607)</u>	<u>-</u>	<u>(269,035)</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(3,032,339)	-	-	(3,032,339)
Principal paid on notes payable	(80,033)	-	-	(80,033)
Principal paid on bonds payable	(419,000)	-	-	(419,000)
Capital grants received	1,753,399	-	345,810	2,099,209
Interest paid	(83,580)	-	-	(83,580)
Net cash provided by (used in) capital and related financing activities	<u>(1,861,553)</u>	<u>-</u>	<u>345,810</u>	<u>(1,515,743)</u>
Cash flows from investing activities				
Purchase of investments	(94)	(1)	-	(95)
Interest received	31,634	1,037	1,321	33,992
Net cash provided by investing activities	<u>31,540</u>	<u>1,036</u>	<u>1,321</u>	<u>33,897</u>
Net change in cash and cash equivalents	<u>(791,283)</u>	<u>74,029</u>	<u>438,831</u>	<u>(278,423)</u>
Cash and cash equivalents, beginning of year	<u>5,862,584</u>	<u>320,239</u>	<u>168,688</u>	<u>6,351,511</u>
Cash and cash equivalents, end of year	<u>\$ 5,071,301</u>	<u>\$ 394,268</u>	<u>\$ 607,519</u>	<u>\$ 6,073,088</u>
Cash and cash equivalents classified as				
Cash and cash equivalents	\$ 4,745,859	\$ 394,268	\$ 607,519	\$ 5,747,646
Restricted cash and cash equivalents	325,442	-	-	325,442
Total cash and cash equivalents	<u>\$ 5,071,301</u>	<u>\$ 394,268</u>	<u>\$ 607,519</u>	<u>\$ 6,073,088</u>

(Continued)

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 176,241	\$ 212,959	\$ 69,812	\$ 459,012
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,613,832	-	28,202	1,642,034
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(272,913)	(20,531)	-	(293,444)
Notes receivable	71,936	-	-	71,936
Due from other funds	(379,148)	-	-	(379,148)
Prepays	87,925	-	(33)	87,892
Deferred outflows - pension	34,434	-	39,429	73,863
Inventory	(11,725)	-	-	(11,725)
Increase (decrease) in liabilities:				
Accounts payable	(73,441)	(11,081)	(1,334)	(85,856)
Accrued liabilities	(5,751)	253	(8,193)	(13,691)
Due to other funds	-	-	(181)	(181)
Net pension liability	(189,936)	-	(252,450)	(442,386)
Deferred inflows - pension	145,274	-	216,448	361,722
Customer deposits	2,430	-	-	2,430
Net cash provided by operating activities	<u>\$ 1,199,158</u>	<u>\$ 181,600</u>	<u>\$ 91,700</u>	<u>\$ 1,472,458</u>

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

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CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Blended Component Unit

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

The following are reported as major proprietary funds:

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

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

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

The City also reports the following fund type:

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

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

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

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

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

D. Deposits and Investments

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

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

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Deposits and Investments – Continued

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

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

E. Receivables

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

F. Inventory and Prepaid Items

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

G. Interfund Receivables/Payables

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

H. Capital Assets

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended September 30, 2021, no interest was capitalized.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Capital Assets – Continued

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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

J. Long-Term Obligations

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Compensated Absences

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

L. Net Position/Fund Balance Classification

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

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

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

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

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

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

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

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Net Position/Fund Balance Classification – Continued

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

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

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

M. Property Taxes

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

The value of all taxable property is assessed as of January 1. The City Council levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the City, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2021. No accrual for the property tax levy becoming due in November of 2021, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

N. Use of Estimates

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

O. Pension

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Data

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

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

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

Budget amounts are as originally adopted or as amended by the City Council.

B. Encumbrances

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

NOTE 3 – DEPOSITS AND INVESTMENTS

At September 30, 2021, the City had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Florida Fund B	37 days weighted average	AAAm	\$ 159,232
Certificates of deposit	3 to 12 months	N/A	2,217,081
			<u>\$ 2,376,313</u>

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

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

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the City's deposits may not be returned. The City does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of September 30, 2021, the City had no uncollateralized deposits as defined by GASB pronouncements.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2021 including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Improvements Fund	Water and Sewer Fund	Sanitation Fund	Total
Receivables					
Accounts	\$ 1,560,535	\$ 270,484	\$ 1,662,984	\$ 295,809	\$ 3,796,258
Notes	-	-	206,984	-	206,984
Less allowance for uncollectible receivables	(1,062,851)	-	(617,197)	(87,603)	(1,767,651)
	<u>\$ 497,684</u>	<u>\$ 270,484</u>	<u>\$ 1,252,771</u>	<u>\$ 208,206</u>	<u>\$ 2,235,591</u>

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 2,952,789	\$ -	\$ -	\$ -	\$ 2,952,789
Construction in progress	3,449,720	688,076	(177,211)	(61,426)	3,899,159
Total assets not being depreciated	<u>6,402,509</u>	<u>688,076</u>	<u>(177,211)</u>	<u>(61,426)</u>	<u>6,851,948</u>
Capital assets being depreciated					
Buildings and improvements	8,702,570	57,052	-	-	8,759,622
Equipment and vehicles	3,381,315	272,044	-	-	3,653,359
Infrastructure	7,996,086	74,271	-	61,426	8,131,783
Total assets being depreciated	<u>20,079,971</u>	<u>403,367</u>	<u>-</u>	<u>61,426</u>	<u>20,544,764</u>
Less accumulated depreciation					
Buildings and improvements	(3,113,144)	(320,451)	-	-	(3,433,595)
Equipment and vehicles	(2,772,134)	(245,499)	-	-	(3,017,633)
Infrastructure	(3,336,941)	(232,765)	-	-	(3,569,706)
Total accumulated depreciation	<u>(9,222,219)</u>	<u>(798,715)</u>	<u>-</u>	<u>-</u>	<u>(10,020,934)</u>
Total assets depreciated, net	<u>10,857,752</u>	<u>(395,348)</u>	<u>-</u>	<u>61,426</u>	<u>10,523,830</u>
Governmental activities, net	<u>\$ 17,260,261</u>	<u>\$ 292,728</u>	<u>\$ (177,211)</u>	<u>\$ -</u>	<u>\$ 17,375,778</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 5 – CAPITAL ASSETS – CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 616,898	\$ -	\$ -	\$ -	\$ 616,898
Construction in progress	352,723	813,138	-	-	1,165,861
Total assets not being depreciated	<u>969,621</u>	<u>813,138</u>	<u>-</u>	<u>-</u>	<u>1,782,759</u>
Capital assets being depreciated					
Buildings and improvements	22,177,733	-	-	-	22,177,733
Equipment and vehicles	8,196,413	2,197,600	-	-	10,394,013
Infrastructure	18,381,848	21,601	-	-	18,403,449
Total assets being depreciated	<u>48,755,994</u>	<u>2,219,201</u>	<u>-</u>	<u>-</u>	<u>50,975,195</u>
Less accumulated depreciation					
Buildings and improvements	(12,968,070)	(668,597)	-	-	(13,636,667)
Equipment and vehicles	(6,918,758)	(455,203)	-	-	(7,373,961)
Infrastructure	(3,297,697)	(518,234)	-	-	(3,815,931)
Total accumulated depreciation	<u>(23,184,525)</u>	<u>(1,642,034)</u>	<u>-</u>	<u>-</u>	<u>(24,826,559)</u>
Total assets depreciated, net	25,571,469	577,167	-	-	26,148,636
Business-type activities, net	<u>\$ 26,541,090</u>	<u>\$ 1,390,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,931,395</u>

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

Governmental Activities

General government	\$ 42,881
Public safety	58,569
Culture and recreation	623,392
Highways and streets	31,121
Economic development	42,752
Total depreciation expense, governmental activities	<u>\$ 798,715</u>

Business-Type Activities

Water and sewer	\$ 1,613,832
Three Sisters	28,202
Total depreciation expense, business-type activities	<u>\$ 1,642,034</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Note payable from direct borrowings	\$ 3,211,745	\$ 3,167,344	\$ (3,298,891)	\$ 3,080,198	\$ 177,677
Total OPEB liability	204,974	77,793	(30,341)	252,426	-
Net pension liability	2,560,492	898,988	(2,640,767)	818,713	-
Compensated absences	136,303	159,702	(149,330)	146,675	95,339
Total governmental activities	<u>\$ 6,113,514</u>	<u>\$ 4,303,827</u>	<u>\$ (6,119,329)</u>	<u>\$ 4,298,012</u>	<u>\$ 273,016</u>
Business-type activities					
Bonds payable	\$ 2,434,000	\$ -	\$ (419,000)	\$ 2,015,000	\$ 430,000
Notes payable from direct borrowings	1,229,227	-	(80,033)	1,149,194	80,206
Net pension liability	671,954	253,561	(695,947)	229,568	-
Total business-type activities	<u>\$ 4,335,181</u>	<u>\$ 253,561</u>	<u>\$ (1,194,980)</u>	<u>\$ 3,393,762</u>	<u>\$ 510,206</u>

Long-term debt payable as of September 30, 2021 is composed of the following issues:

Revenue Bonds

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

\$ 2,015,000

Total bonds payable

\$ 2,015,000

Notes Payable from Direct Borrowings

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

\$ 3,080,198

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

\$ 364,828

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

407,243

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

377,123

Total business-type notes payable

\$ 1,149,194

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – LONG-TERM DEBT – CONTINUED

The annual debt service payments required on outstanding debt at September 30, 2021 are as follows:

Fiscal Year	Revenue Bonds, Series 2012			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 430,000	\$ 45,625	\$ 475,625	\$ 80,206	\$ 29,359	\$ 109,565
2023	439,000	35,288	474,288	82,302	27,263	109,565
2024	451,000	24,725	475,725	84,452	25,113	109,565
2025	462,000	13,886	475,886	86,659	22,906	109,565
2026	233,000	2,784	235,784	88,924	20,642	109,566
2027-2031	-	-	-	480,717	67,108	547,825
2032-2036	-	-	-	245,934	10,879	256,813
	<u>\$ 2,015,000</u>	<u>\$ 122,308</u>	<u>\$ 2,137,308</u>	<u>\$ 1,149,194</u>	<u>\$ 203,270</u>	<u>\$ 1,352,464</u>

Fiscal Year	Community Redevelopment Agency Note		
	Principal	Interest	Total
2022	\$ 177,677	\$ 77,458	\$ 255,135
2023	182,287	72,847	255,134
2024	187,017	68,117	255,134
2025	191,870	63,264	255,134
2026	196,849	58,286	255,135
2027-2031	1,063,567	212,105	1,275,672
2032-2036	1,080,931	67,174	1,148,105
	<u>\$ 3,080,198</u>	<u>\$ 619,251</u>	<u>\$ 3,699,449</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 212,308
General Fund	Three Sisters Fund	10,125
General Fund	Nonmajor governmental funds	2,762
Capital Improvements Fund	Water and Sewer Fund	308,118
		<u>\$ 533,313</u>

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Water and Sewer Fund	\$ 160,428
General Fund	Sanitation Fund	150,519
General Fund	Community Redevelopment Fund	25,884
Community Redevelopment Fund	General Fund	95,200
Capital Improvements Fund	General Fund	453,850
		<u>\$ 885,881</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – RISK MANAGEMENT

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

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

NOTE 9 – PENSION PLANS

Defined Benefit Plans

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – PENSION PLANS – CONTINUED

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2020 through June 30, 2021, and July 1, 2021 through September 30, 2021, were as follows: Regular Class 10.00% and 10.82%, Senior Management 27.29% and 29.01%, Elected Officials 49.18% and 51.42%, and DROP Participants 16.98% and 18.34%.

The City's contributions for the year ended September 30, 2021 were \$256,892 to FRS and \$28,774 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2021, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability	\$ 475,955	\$ 572,326	\$ 1,048,281
Proportion at:			
Current measurement date	0.00630082%	0.00466576%	
Prior measurement date	0.00614891%	0.00464722%	
Pension expense (benefit)	\$ 84,135	\$ 68,835	\$ 152,970

As of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS		Totals	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 81,580	\$ -	\$ 19,151	\$ 240	\$ 100,731	\$ 240
Change of assumptions	325,672	-	44,972	23,581	370,644	23,581
Net difference between projected and actual earnings on Pension Plan investments	-	1,660,489	597	-	597	1,660,489
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	242,310	-	71,696	2,049	314,006	2,049
City Pension Plan contributions subsequent to the measurement date	71,635	-	7,521	-	79,156	-
Total	<u>\$ 721,197</u>	<u>\$ 1,660,489</u>	<u>\$ 143,937</u>	<u>\$ 25,870</u>	<u>\$ 865,134</u>	<u>\$ 1,686,359</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – PENSION PLANS – CONTINUED

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>FRS</u>	<u>HIS</u>
2022	\$ (178,050)	\$ 30,448
2023	(207,622)	9,700
2024	(275,020)	20,014
2025	(352,419)	26,566
2026	2,183	19,868
Thereafter	-	3,951

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2021, was determined by an actuarial valuation dated July 1, 2021, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2021, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2021:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.2%

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – PENSION PLANS – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.80%. FRS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS			HIS		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City’s proportionate share of the net pension liability	\$ 2,128,503	\$ 475,955	\$ (905,390)	\$ 661,664	\$ 572,326	\$ 499,133

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2021, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

B. Plan Membership

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

Inactive employees and beneficiaries, receiving benefits	12
Active employees	37
	49

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

C. Contributions

The City has elected to fund the OPEB Plan on a “pay as you go” basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The City is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. For the year ended September 30, 2021, the City contributed \$9,320 for the pay as you go benefits of the OPEB Plan.

D. Total OPEB Liability of the City

The City’s total OPEB liability was measured as of September 30, 2020, and was determined by an actuarial valuation as of October 1, 2019 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the October 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	2.14%
Salary increases:	3.00%
Cost of living adjustments:	In accordance with healthcare cost trend rates
Healthcare cost trend rate:	7.00% - 5.00%, ultimate trend in 2025
Participation rate:	75% single coverage and 25% single and spouse coverage

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

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial experience study for the period 2008-2012.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 2.14%. This rate was determined using the 20 year municipal bond index as provided by the Asset Consulting Group.

F. Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2021 were as follows:

	Total OPEB Liability
Balances at September 30, 2020	\$ 204,974
Changes for the year:	
Service cost	30,926
Interest	4,949
Experience differences	(21,021)
Assumption changes	41,918
Benefit payments	(9,320)
Net changes	47,452
Balance at September 30, 2021	<u>\$ 252,426</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.14%) or 1-percentage point higher (3.14%) than the current discount rate:

	1% Decrease (1.14%)	Discount Rate 2.14%	1% Increase (3.14%)
Total OPEB liability	\$ 289,575	\$ 252,426	\$ 222,975

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

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6% decreasing to 4%) or 1-percentage point higher (8% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 4%)	Discount Rate (7% decreasing to 5%)	1% Increase (8% decreasing to 6%)
Total OPEB liability	\$ 243,171	\$ 252,426	\$ 263,234

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

For the year ended September 30, 2021, the City recognized OPEB expense of (\$12,180). In addition, the City reported deferred outflows of resources and deferred in flows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 36,509	\$ 57,926
Changes in expected and actual experience	-	39,541
Contributions subsequent to the measurement date	9,500	-
Totals	\$ 46,009	\$ 97,467

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

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

The deferred outflows of resources related to the OPEB Plan, totaling \$9,500 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in OPEB expense as follows:

Year ending September 30:		
2022	\$	(14,375)
2023		(14,377)
2024		(7,509)
2025		(7,509)
2026		(7,509)
Thereafter		(9,679)
Total	\$	<u>(60,958)</u>

NOTE 11 – UTILITY OPERATING CONTRACT

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

The contract is cancelable by either party. During the year ended September 30, 2021, the monthly fee was \$105,703. Annual fees are negotiable annually on or before December 1. Failure to agree upon an annual fee will be resolved by application of a formula based upon the most current annual fee adjusted for the Consumer Price Index.

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

In 2008, The City Council dissolved the police department and entered into a contract with the Citrus County Sheriff's Office to provide public safety services. Substantially all police assets were transferred to the Sheriff's Office. The contract with the Sheriff's Office expires on September 30 of each year, subject to automatic renewal on an annual basis, provided no action is taken to terminate the contract. The City paid \$993,583 during the year ended September 30, 2021.

NOTE 13 – CONSTRUCTION COMMITMENTS

The City has active construction commitments on various projects in the approximate amount of \$6 million as of September 30, 2021.

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through June 24, 2022, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CRYSTAL RIVER, FLORIDA

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

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

Notes to the Schedule:

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

CITY OF CRYSTAL RIVER, FLORIDA

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

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

Notes to the Schedule:

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

CITY OF CRYSTAL RIVER, FLORIDA

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

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

Notes to the Schedule:

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

CITY OF CRYSTAL RIVER, FLORIDA

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

Reporting period ending	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Contractually required					
HIS contribution	\$ 28,774	\$ 20,969	\$ 23,327	\$ 21,675	\$ 21,442
HIS contributions in relation to the contractually required HIS contribution	<u>28,774</u>	<u>20,969</u>	<u>23,327</u>	<u>21,675</u>	<u>21,442</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,741,622	\$ 1,634,663	\$ 1,412,818	\$ 1,305,426	\$ 1,308,467
HIS contributions as a percentage of covered payroll	1.65%	1.28%	1.65%	1.66%	1.64%
Reporting period ending	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>		
Contractually required					
HIS contribution	\$ 19,338	\$ 11,575	\$ 8,767		
HIS contributions in relation to the contractually required HIS contribution	<u>19,338</u>	<u>11,575</u>	<u>8,767</u>		
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 1,233,491	\$ 1,146,105	\$ 966,759		
HIS contributions as a percentage of covered payroll	1.57%	1.01%	0.91%		

Notes to the Schedule:

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

CITY OF CRYSTAL RIVER, FLORIDA

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 30,926	\$ 21,345	\$ 18,269	\$ 18,904
Interest	4,949	10,247	10,990	8,072
Experience differences	(21,021)	(21,019)	-	-
Assumption changes	41,918	(64,817)	(34,332)	-
Benefit payments	(9,320)	(11,248)	(16,102)	(9,400)
Net change in total OPEB liability	<u>47,452</u>	<u>(65,492)</u>	<u>(21,175)</u>	<u>17,576</u>
Total OPEB liability - beginning	<u>204,974</u>	<u>270,466</u>	<u>291,641</u>	<u>274,065</u>
Total OPEB liability - ending	<u>\$ 252,426</u>	<u>\$ 204,974</u>	<u>\$ 270,466</u>	<u>\$ 291,641</u>
Covered-employee payroll	\$ 1,422,406	\$ 1,199,673	\$ 951,649	\$ 951,649
Total OPEB liability as a percentage of covered employee payroll	17.7%	17.1%	28.4%	30.6%

Notes to the Schedule:

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

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

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SUPPLEMENTARY INFORMATION

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CITY OF CRYSTAL RIVER, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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CITY OF CRYSTAL RIVER, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Public Safety Expansion	Buy A Brick	Impact Fees	
Assets				
Cash and cash equivalents	\$ 23,519	\$ 5,626	\$ 1,873	\$ 31,018
Accounts receivable, net	400	-	6,046	6,446
Total assets	<u>\$ 23,919</u>	<u>\$ 5,626</u>	<u>\$ 7,919</u>	<u>\$ 37,464</u>
Liabilities and fund balances				
Liabilities				
Due to other governments	\$ -	\$ -	\$ 3,283	\$ 3,283
Due to other funds	-	-	2,762	2,762
Total liabilities	<u>-</u>	<u>-</u>	<u>6,045</u>	<u>6,045</u>
Fund balances				
Restricted				
Community development	-	5,626	-	5,626
Public safety	23,919	-	1,874	25,793
Total fund balances	<u>23,919</u>	<u>5,626</u>	<u>1,874</u>	<u>31,419</u>
Total liabilities and fund balances	<u>\$ 23,919</u>	<u>\$ 5,626</u>	<u>\$ 7,919</u>	<u>\$ 37,464</u>

**CITY OF CRYSTAL RIVER, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Public Safety Expansion	Buy A Brick	Impact Fees	
Revenues				
Impact fees	\$ 1,000	\$ -	\$ 1,716	\$ 2,716
Investment earnings	-	-	31	31
Total revenues	<u>1,000</u>	<u>-</u>	<u>1,747</u>	<u>2,747</u>
Expenditures				
Current				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,000	-	1,747	2,747
Fund balances, beginning	<u>22,919</u>	<u>5,626</u>	<u>127</u>	<u>28,672</u>
Fund balances, ending	<u>\$ 23,919</u>	<u>\$ 5,626</u>	<u>\$ 1,874</u>	<u>\$ 31,419</u>

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crystal River, Florida (the "City"), as of and for the year ended September 30, 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 24, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bradenton, Florida
June 24, 2022

Mauldin & Jenkins, LLC



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Crystal River, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Bradenton, Florida
June 24, 2022

Mauldin & Jenkins, LLC

CITY OF CRYSTAL RIVER, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Federal AL Number</u>	<u>Grant ID Number</u>	<u>Actual Expenditures</u>
Federal Awards			
U.S. Department of Homeland Security			
Passed through the Florida Department of Emergency Management			
Sanitary Sewer Improvements Flood Control Project	97.039	4280-21-R	\$ 1,591,014
Mitigation Construction	97.039	FEMA-DR-4280-FL	29,225
Total Department of Homeland Security			<u>1,620,239</u>
U.S. Department of Justice			
Passed through the Florida Department of Law Enforcement			
Coronavirus Emergency Supplemental Funding Program	16.034	2021-CESF-CITR-1-C9-067	40,038
Total U.S. Department of Justice			<u>40,038</u>
U.S. Department of Treasury			
Passed through the Florida Department of Emergency Management			
CARES Act Funding	21.019	Y2283	63,811
Total U.S. Department of Treasury			<u>63,811</u>
Total Expenditures of Federal awards			<u>\$ 1,724,088</u>

Notes to the Schedule:

The above schedule is presented using the modified accrual basis of accounting and is presented in accordance with Chapter 10.550, Rules of the Auditor General. As such, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – BASIS OF PRESENTATION

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

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

The City chose not to use the ten percent de minimis cost rate for the year ended September 30, 2021.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2021.

CITY OF CRYSTAL RIVER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

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

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

Noncompliance material to financial statements noted? yes no

Federal Programs

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

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

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes no

CFDA Number
97.039

Name of Federal Program or Cluster
U.S. Department of Homeland Security - Hazard Mitigation Grant Program

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

Auditee qualified as low-risk auditee? yes no

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2021 due to the total amount expended being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

CITY OF CRYSTAL RIVER, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**SECTION III
FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

Finding 2021-001 – Hazard Mitigation Grant Program Reporting (CFDA#97.039).

Condition – There were two projects within this program. The City did not submit its 2nd Quarterly (January-March 2021) quarterly progress report for project one and project two timely. Additionally, the required closeout report for project two was also not submitted timely.

Criteria – The Uniform Guidance requires quarterly reporting for this grant program to be submitted within 15 days of period end and the closeout report within 45 days to maintain compliance.

Cause – Due to staffing issues, the quarterly report was submitted outside of the 15 day required timeframe for the two quarterly reports and outside the 45 day required timeframe for the closeout report.

Effect – The City submitted its quarterly progress reports for the above timeframe outside of the 15 day timeframe and its closeout report outside of the 45 day timeframe which is not in compliance with reporting requirements of the grant program. There was no known negative implication for the grants.

Questioned Cost – \$0

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

Response – The City concurs with the finding and has put new personnel and controls in place to ensure timely reporting for all grant programs.

**SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS**

None reported.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Crystal River, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 24, 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 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 Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 24, 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. No audit findings were noted in the City's preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, 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 the same.

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

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, to communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Bradenton, Florida
June 24, 2022





INDEPENDENT ACCOUNTANT'S REPORT

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

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

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

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

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

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

Bradenton, Florida
June 24, 2022

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

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