

2022

City of Crestview, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2022

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

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

SEPTEMBER 30, 2022

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

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

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crestview (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Honorable Mayor and City Council
City of Crestview
Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining non-major fund financial statements and other schedules, schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and other schedules and state financial assistance, 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 22, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



June 22, 2023
Tallahassee, Florida

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

As management of the City of Crestview, we offer readers of the City of Crestview's financial statements this narrative overview and analysis of the financial activities of the City of Crestview for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Crestview exceeded liabilities and deferred inflows by approximately \$75 million (net position) and represents an increase of approximately \$9.2 million in net position from the prior year. Of this amount, approximately \$45.9 million represents the net investment in capital assets (e.g., land, infrastructure, building, machinery and equipment), \$5.7 million is restricted for future obligations, and \$23.8 million is unrestricted and may be used to meet the City of Crestview's ongoing obligations to citizens and creditors.
- The governmental net position increased by approximately \$4.2 million from the prior year.
- The net position of the business-type activities of the City of Crestview increased by approximately \$4.9 million from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19.4 million, or 75% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)

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

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

FUNDS

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

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

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

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

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the notes to the financial statements. The combining and individual fund statements and schedules are found on pages 74-78 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Crestview, assets exceeded liabilities by \$75 million (net position) for the fiscal year ended 2022 as reported in Table 1.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

**TABLE 1
CITY OF CRESTVIEW, FLORIDA
NET POSITION
AS OF SEPTEMBER 30, 2022 AND 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Total assets, excluding capital assets	\$ 26,930,075	\$ 23,362,150	\$ 16,507,921	\$ 10,802,751	\$ 43,437,996	\$ 34,164,901
Capital assets, net of depreciation	34,543,335	30,399,718	46,109,213	42,453,594	80,652,548	72,853,312
Total assets	61,473,410	53,761,868	62,617,134	53,256,345	124,090,544	107,018,213
Deferred outflows of resources	7,296,288	3,240,449	1,962,271	1,230,848	9,258,559	4,471,297
Total assets and deferred outflows	\$ 68,769,698	\$ 57,002,317	\$ 64,579,405	\$ 54,487,193	\$ 133,349,103	\$ 111,489,510
Total liabilities, excluding long-term liabilities	\$ 3,818,626	\$ 3,009,634	\$ 4,955,610	\$ 4,579,360	\$ 8,774,236	\$ 7,588,994
Long-term liabilities	24,516,823	14,188,161	24,112,662	18,685,234	48,629,485	32,873,395
Total liabilities	28,335,449	17,197,795	29,068,272	23,264,594	57,403,721	40,462,389
Deferred inflows of resources	447,038	4,056,780	50,332	692,691	497,370	4,749,471
Net position:						
Net investment in capital assets	20,135,236	17,913,413	25,771,441	23,899,384	45,906,677	41,812,797
Restricted	2,592,634	2,691,908	3,112,541	1,841,497	5,705,175	4,533,405
Unrestricted	17,259,341	15,142,421	6,576,819	4,789,027	23,836,160	19,931,448
Total net position	39,987,211	35,747,742	35,460,801	30,529,908	75,448,012	66,277,650
Total liabilities, deferred inflows and net position	\$ 68,769,698	\$ 57,002,317	\$ 64,579,405	\$ 54,487,193	\$ 133,349,103	\$ 111,489,510

By far the largest portion of the City of Crestview's net position, approximately \$45.9 million (or 61%), represents the investment in capital assets (e.g., land, infrastructure, building, machinery and equipment).

An additional portion of the City of Crestview's net position, approximately \$5.7 million (or 8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$23.8 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The overall increase in the City's net position was \$9.2 million during FY 2022, which is primarily due from the receipt of capital grants and contributions from ARPA and the State of Florida and some large impact fees.

Governmental Activities - Governmental activities increased the City of Crestview's net position by \$4.2 million and business-type activities increased the City's net position by \$4.9 million. Reported in Table 2 are the key elements of these changes.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

**TABLE 2
CITY OF CRESTVIEW, FLORIDA
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 1,842,913	\$ 1,336,259	\$ 15,564,456	\$ 12,586,031	\$ 17,407,369	\$ 13,922,290
Operating grants and contributions	305,761	226,034	-	28,083	305,761	254,117
Capital grants and contributions	730,553	300,000	2,290,455	-	3,021,008	300,000
General revenues:						
Property taxes	9,586,787	8,827,803	-	-	9,586,787	8,827,803
Other taxes	6,642,702	6,216,544	-	-	6,642,702	6,216,544
Other revenues	9,815,725	8,063,127	1,277	3,728	9,817,002	8,066,855
Total revenues	<u>28,924,441</u>	<u>24,969,767</u>	<u>17,856,188</u>	<u>12,617,842</u>	<u>46,780,629</u>	<u>37,587,609</u>
Expenses:						
General government	6,167,465	5,207,463	-	-	6,167,465	5,207,463
Public safety	12,868,310	11,026,288	-	-	12,868,310	11,026,288
Economic environment	139,742	77,778	-	-	139,742	77,778
Transportation	1,983,031	1,775,117	-	-	1,983,031	1,775,117
Human services	165,622	-	-	-	165,622	-
Culture and recreation	2,244,594	1,778,176	-	-	2,244,594	1,778,176
Interest on long-term debt	386,489	338,124	-	-	386,489	338,124
Utilities fund	-	-	8,323,951	7,276,115	8,323,951	7,276,115
Sanitation fund	-	-	4,001,333	3,918,647	4,001,333	3,918,647
Stormwater fund	-	-	344,904	346,710	344,904	346,710
Crestview Unlimited	-	-	984,826	-	984,826	-
Total expenses	<u>23,955,253</u>	<u>20,202,946</u>	<u>13,655,014</u>	<u>11,541,472</u>	<u>37,610,267</u>	<u>31,744,418</u>
Increase (decrease) in net assets before transfers	4,969,188	4,766,821	4,201,174	1,076,370	9,170,362	5,843,191
Transfers	<u>(729,719)</u>	<u>(479,743)</u>	<u>729,719</u>	<u>479,743</u>	-	-
Increase (decrease) in net position	<u>\$ 4,239,469</u>	<u>\$ 4,287,078</u>	<u>\$ 4,930,893</u>	<u>\$ 1,556,113</u>	<u>\$ 9,170,362</u>	<u>\$ 5,843,191</u>

Financial Impacts

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

Revenues

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

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

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

Expenses

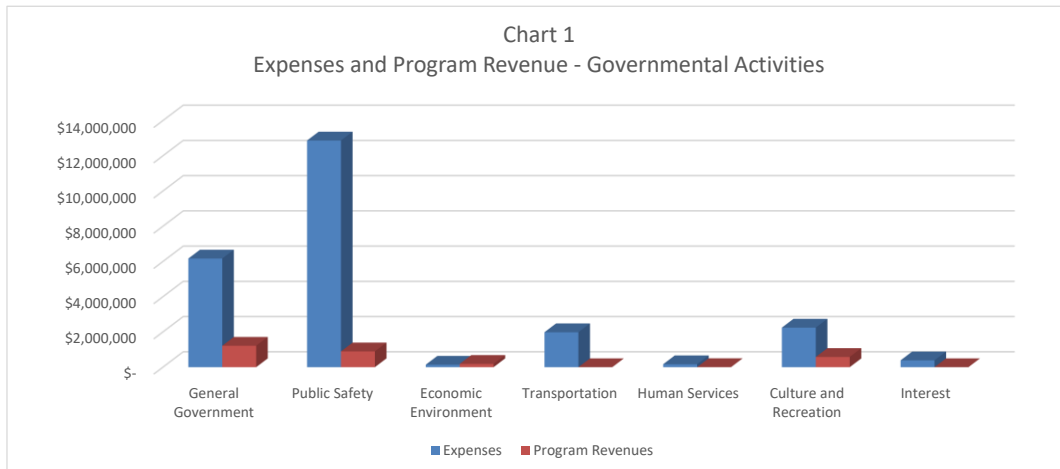
- Introduction of New Programs - Within functional expense categories (police, fire, public works, community development, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.
- Authorized Position Adjustments - Changes in service demand may cause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

Current Year Impacts - Governmental Activities

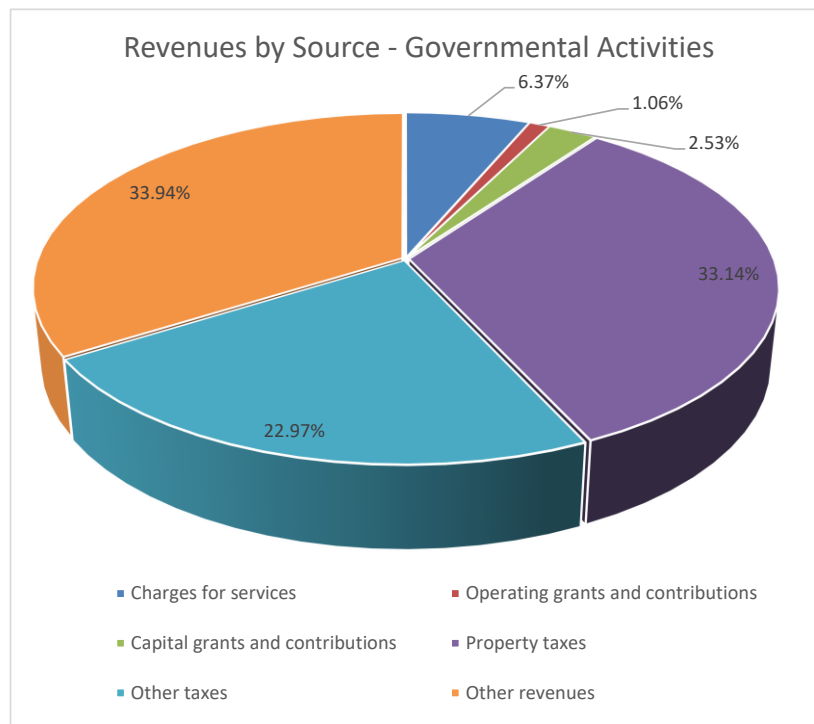
- Net position in the governmental activities increased by approximately \$4.3 million in the prior year and increased approximately \$4.2 million in the current year. Total revenues in the governmental activities increased by approximately \$4.0 million and expenditures increased approximately \$3.8 million.
- Property taxes increased by approximately \$759 thousand (or 8%) due to improving property values.
- Other revenues, which include state shared revenues, increased by approximately \$1.8 million (or 22%) due to improving economic conditions in the City of Crestview and the State of Florida plus \$800 thousand of proceeds from the sale of City of Crestview property.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

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



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



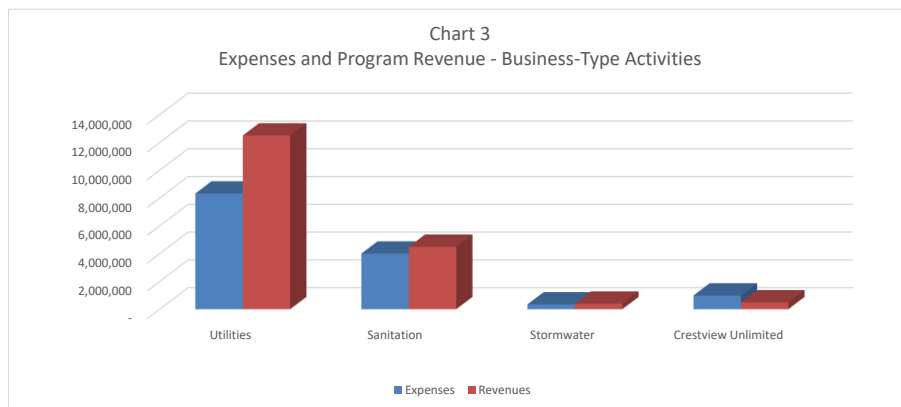
**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

Business-Type Activities

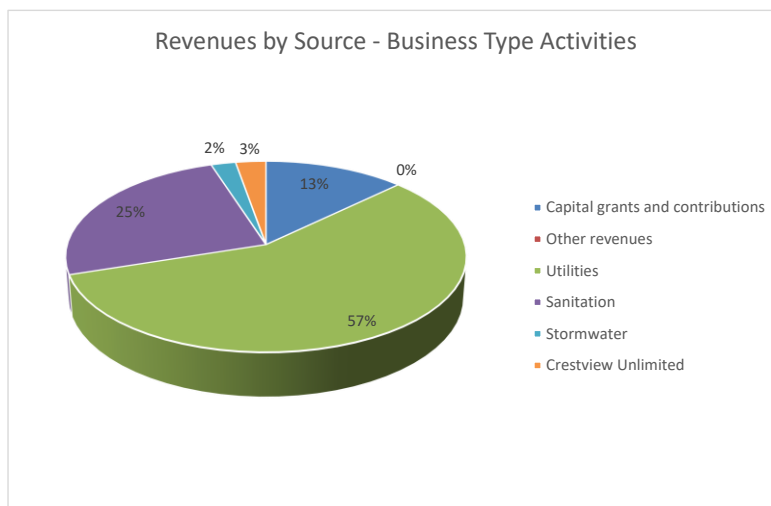
The net position from business-type activities increased by approximately \$4.9 million.

- Charges for services for business-type activities increased by approximately \$2.9 million (or 24%). This resulted from continued growth in the City of Crestview, additional water and sewer impact fees collected during the year, and CV Unlimited beginning operations in April of 2022.
- Total operating expenses increased by approximately \$2.1 million (or 18%). This resulted from additional depreciation expense from the expansion of the water and sewer system, increasing operational costs, and CV Unlimited beginning operations in April of 2022.

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



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



**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City of Crestview's governmental funds reported combined ending fund balance of \$25.1 million, an increase of \$3.4 million in comparison with the prior year. Approximately 77% of this total amount (\$19.4 million) constitutes unassigned fund balance in the General Fund, which is available for spending at the City Council's discretion. The remainder of fund balance is not available for general spending because it is restricted or has already been assigned by the City of Crestview (\$5.7 million).

The General Fund is the chief operating fund of the City of Crestview. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$19.4 million, while total fund balance reached \$22.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 75% of the total General Fund expenditures, while total fund balance represents 89% of that same amount.

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

Unrestricted net position of the proprietary funds totaled \$6.6 million at the end of the year; of that the Utilities Fund amounted to \$2.8 million, the Sanitation Fund totaled \$3.5 million, and the non-major funds totaled \$177 thousand. The net position for this fiscal year in the proprietary funds increased by approximately \$4.9 million. This increase primarily resulted from the Utilities Fund, which recognized capital grant revenue related to ARPA totaling \$2.3 million when the associated costs have been capitalized and will be depreciated over time. Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the City of Crestview's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City of Crestview's budget was amended to correctly reflect capital lease payments in the General Fund budget.

Revenues for the year were more than budget by approximately \$3.2 million. Expenditures were less than budgeted amounts by approximately \$3.2 million.

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Crestview's investments in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$132 million (\$80 million net of accumulated depreciation). This investment in capital assets includes land, buildings, water, wastewater and drainage systems improvements, machinery and equipment, park facilities, roads, and highways, etc. The total increase in the City of Crestview's gross capital assets for the current fiscal year were \$11.5 million or 9.6% overall, and is summarized as follows:

- Construction in progress (\$5.2 million which is net of \$2.6 million of closings to the plant accounts).
- Improvements to highways and streets and other infrastructure (\$883 thousand) and water and sewer system (\$476 thousand).
- Purchases of equipment and vehicles for the police, fire, streets, permitting, utility, stormwater departments, and the golf course (\$4.9 million).

**TABLE 3
CITY OF CRESTVIEW CAPITAL ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,781,127	\$ 3,758,127	\$ 2,711,370	\$ 2,711,370	\$ 6,492,497	\$ 6,469,497
Construction in progress	11,956,874	8,490,490	7,799,113	6,042,657	19,755,987	14,533,147
Buildings	8,794,946	8,394,828	8,954,298	8,954,298	17,749,244	17,349,126
Improvements	8,339,162	8,203,676	3,635,890	3,635,890	11,975,052	11,839,566
Infrastructure	15,418,907	15,071,839	36,876,609	36,401,111	52,295,516	51,472,950
Machinery and equipment	10,044,308	9,002,301	10,079,328	7,028,362	20,123,636	16,030,663
Leased equipment	2,122,703	1,591,177	398,387	121,274	2,521,090	1,712,451
Intangible assets	1,007,202	1,007,202	-	-	1,007,202	1,007,202
Total prior to depreciation	61,465,229	55,519,640	70,454,995	64,894,962	131,920,224	120,414,602
Less accumulation depreciation	26,921,894	25,119,922	24,345,783	22,441,368	51,267,677	47,561,290
Total	<u>\$ 34,543,335</u>	<u>\$ 30,399,718</u>	<u>\$ 46,109,212</u>	<u>\$ 42,453,594</u>	<u>\$ 80,652,547</u>	<u>\$ 72,853,312</u>

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

Long-Term Debt

At the end of the current fiscal year, the City of Crestview had total long-term debt outstanding of \$38.2 million. The City of Crestview's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds), state revolving loans, and capital leases. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts greater than one year, the City of Crestview is required to conduct a voter referendum process for approval of this type of debt. The City of Crestview has no general obligation debts greater than one year as of September 30, 2022.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Notes payable	\$ -	\$ -	\$ 7,755,999	\$ 8,518,775	\$ 7,755,999	\$ 8,518,775
Leases	1,143,732	936,328	317,462	95,027	1,461,194	1,031,355
Revenue bonds	13,264,367	11,549,977	15,687,813	10,728,850	28,952,180	22,278,827
Total	<u>\$ 14,408,099</u>	<u>\$ 12,486,305</u>	<u>\$ 23,761,274</u>	<u>\$ 19,342,652</u>	<u>\$ 38,169,373</u>	<u>\$ 31,828,957</u>

Net of deferred outflows related to losses on bond refunding, total long-term debt increased by approximately \$6.3 million during the 2022 fiscal year. Additional information on the City of Crestview's long-term debt can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

**CITY OF CRESTVIEW, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(UNAUDITED)**

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

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

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Cash Equivalents	\$ 22,925,910	\$ 6,603,951	\$ 29,529,861
Investments	53,285	-	53,285
Accounts Receivable, Net	485,735	1,684,943	2,170,678
Due from Other Governments	2,407,897	-	2,407,897
Inventories	-	70,895	70,895
Interfund Receivable	72,326	-	72,326
Prepaid Expenses	244,293	115,684	359,977
Restricted Assets:			
Cash and Cash Equivalents	740,629	7,771,754	8,512,383
Investments	-	260,694	260,694
Capital Assets:			
Assets not Being Depreciated	15,738,001	10,510,484	26,248,485
Assets Being Depreciated, Net	18,805,334	35,598,729	54,404,063
Total Assets	61,473,410	62,617,134	124,090,544
Deferred Outflows of Resources			
Deferred Loss on Bond Refunding	-	731,545	731,545
Other Postemployment Benefits	404,524	69,653	474,177
Pensions	6,891,764	1,161,073	8,052,837
Total Deferred Outflows of Resources	7,296,288	1,962,271	9,258,559
Liabilities			
Accounts Payable	740,098	653,887	1,393,985
Accrued Expenses	215,934	161,081	377,015
Interfund Payables	-	72,326	72,326
Unearned Revenue	55,961	1,584,208	1,640,169
Due to Other Governments	493,291	-	493,291
Accrued Interest	90,841	74,223	165,064
Customer Deposits	12,006	898,590	910,596
Non-Current Liabilities:			
Due Within One Year	2,210,495	1,511,295	3,721,790
Due in More Than One Year	24,516,823	24,112,662	48,629,485
Total Liabilities	28,335,449	29,068,272	57,403,721
Deferred Inflows of Resource			
Other Postemployment Benefits	222,398	38,294	260,692
Pensions	224,640	12,038	236,678
Total Deferred Inflows of Resources	447,038	50,332	497,370
Net Position			
Net Investment in Capital Assets	20,135,236	25,771,441	45,906,677
Restricted for:			
Non-Spendable	53,285	-	53,285
Impact Fees	329,833	2,545,381	2,875,214
Debt Service	410,796	317,160	727,956
Reserve and Replacement	-	250,000	250,000
Building Permits	1,324,426	-	1,324,426
Redevelopment	474,294	-	474,294
Unrestricted	17,259,341	6,576,819	23,836,160
Total Net Position	\$ 39,987,211	\$ 35,460,801	\$ 75,448,012

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

**CITY OF CRESTVIEW, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General Government	\$ 6,167,465	\$ 1,138,443	\$ 77,123	\$ -
Public Safety	12,868,310	370,639	43,734	480,553
Economic Environment	139,742	-	184,904	-
Transportation	1,983,031	-	-	-
Human Services	165,622	4,229	-	-
Culture and Recreation	2,244,594	329,602	-	250,000
Interest	386,489	-	-	-
Total Governmental Activities	23,955,253	1,842,913	305,761	730,553
Business-Type Activities				
Utilities	8,323,951	10,208,288	-	2,290,455
Sanitation	4,001,333	4,464,893	-	-
Stormwater	344,904	399,198	-	-
Crestview Unlimited	984,826	492,077	-	-
Total Business-Type Activities	13,655,014	15,564,456	-	2,290,455
Total	\$ 37,610,267	\$ 17,407,369	\$ 305,761	\$ 3,021,008

General Revenues

Taxes:

Property Taxes

Franchise and Utility Taxes

Communication Service Tax

Fuel Taxes

Other Taxes

State-Shared Revenues

Other Intergovernmental Revenue

Investment Earnings

Miscellaneous Revenue

Transfers

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

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

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

Governmental Activities	Business-Type Activities	Total
\$ (4,951,899)	\$ -	\$ (4,951,899)
(11,973,384)	-	(11,973,384)
45,162	-	45,162
(1,983,031)	-	(1,983,031)
(161,393)	-	(161,393)
(1,664,992)	-	(1,664,992)
(386,489)	-	(386,489)
<u>(21,076,026)</u>	<u>-</u>	<u>(21,076,026)</u>
-	4,174,792	4,174,792
-	463,560	463,560
-	54,294	54,294
-	(492,749)	(492,749)
<u>-</u>	<u>4,199,897</u>	<u>4,199,897</u>
<u>(21,076,026)</u>	<u>4,199,897</u>	<u>(16,876,129)</u>
9,586,787	-	9,586,787
4,927,091	-	4,927,091
813,682	-	813,682
795,332	-	795,332
106,597	-	106,597
8,625,104	-	8,625,104
63,496	-	63,496
34,000	1,277	35,277
1,093,125	-	1,093,125
(729,719)	729,719	-
<u>25,315,495</u>	<u>730,996</u>	<u>26,046,491</u>
4,239,469	4,930,893	9,170,362
35,747,742	30,529,908	66,277,650
<u>\$ 39,987,211</u>	<u>\$ 35,460,801</u>	<u>\$ 75,448,012</u>

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

CITY OF CRESTVIEW, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 20,727,370	\$ 2,198,540	\$ 22,925,910
Cash and Cash Equivalents - Restricted	668,814	71,815	740,629
Investments	-	53,285	53,285
Accounts Receivable - Other	485,735	-	485,735
Interfund Receivables	374,097	-	374,097
Due from Other Governments	2,106,126	301,771	2,407,897
Prepaid Expenses	241,995	2,298	244,293
Total Assets	<u>\$ 24,604,137</u>	<u>\$ 2,627,709</u>	<u>\$ 27,231,846</u>
Liabilities			
Accounts Payable	\$ 633,634	\$ 106,464	\$ 740,098
Accrued Expenses	214,679	1,255	215,934
Customer Deposits	12,006	-	12,006
Due to Other Governments	493,291	-	493,291
Interfund Payables	-	301,771	301,771
Unearned Revenue	55,961	-	55,961
Total Liabilities	<u>1,409,571</u>	<u>409,490</u>	<u>1,819,061</u>
Deferred Inflows of Resources			
Unavailable Revenues	<u>275,216</u>	<u>-</u>	<u>275,216</u>
Fund Balances			
Non-Spendable	241,995	55,583	297,578
Restricted	668,814	1,870,535	2,539,349
Assigned	2,575,178	292,101	2,867,279
Unassigned	19,433,363	-	19,433,363
Total Fund Balances	<u>22,919,350</u>	<u>2,218,219</u>	<u>25,137,569</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,604,137</u>	<u>\$ 2,627,709</u>	<u>\$ 27,231,846</u>

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

CITY OF CRESTVIEW, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Funds Balances - Governmental Funds \$ 25,137,569

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

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

Capital Assets	\$ 61,465,229	
Less Accumulated Depreciation	<u>(26,921,894)</u>	34,543,335

Certain pension and other postemployment benefits are being deferred and amortized over a period of years:

Deferred Outflows Related to Pensions and OPEB	7,296,288	
Deferred Inflows Related to Pensions and OPEB	<u>(447,038)</u>	6,849,250

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:

Accrued Interest Payable	(90,841)	
Bonds, Notes and Leases	(14,408,099)	
Net Pension Liability (Asset)	(9,446,780)	
Compensated Absences	(1,084,608)	
Other Postemployment Benefit Obligation	<u>(1,787,831)</u>	(26,818,159)

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end.

275,216

Total Net Position - Governmental Activities \$ 39,987,211

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 14,002,007	\$ 85,186	\$ 14,087,193
License and Permits	2,229,088	854,878	3,083,966
Intergovernmental	9,290,010	434,904	9,724,914
Charges for Services	338,040	-	338,040
Fines and Forfeitures	309,450	-	309,450
Miscellaneous	577,646	3,232	580,878
Total Revenues	<u>26,746,241</u>	<u>1,378,200</u>	<u>28,124,441</u>
Expenditures			
Current:			
General Government	5,715,871	933,679	6,649,550
Public Safety	11,885,866	395,337	12,281,203
Transportation	2,162,491	-	2,162,491
Economic Environment	-	139,742	139,742
Human Services	225,639	-	225,639
Culture and Recreation	4,601,637	-	4,601,637
Debt Service:			
Principal	959,266	217,997	1,177,263
Interest	296,430	80,811	377,241
Total Expenditures	<u>25,847,200</u>	<u>1,767,566</u>	<u>27,614,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>899,041</u>	<u>(389,366)</u>	<u>509,675</u>
Other Financing Sources (Uses)			
Transfers in	787,324	446,136	1,233,460
Transfers (out)	(1,837,826)	(129,000)	(1,966,826)
Debt Proceeds	2,575,000	-	2,575,000
Sale of General Capital Assets	524,784	-	524,784
Lease Obligation	507,272	-	507,272
Total Other Financing Sources (Uses)	<u>2,556,554</u>	<u>317,136</u>	<u>2,873,690</u>
Net Changes in Fund Balances	3,455,595	(72,230)	3,383,365
Fund Balance, Beginning of Year	<u>19,463,755</u>	<u>2,290,449</u>	<u>21,754,204</u>
Fund Balance, End of Year	<u>\$ 22,919,350</u>	<u>\$ 2,218,219</u>	<u>\$ 25,137,569</u>

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

CITY OF CRESTVIEW, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balances - Governmental Funds \$ 3,383,365

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

The repayment of principal on long-term debt consumes the current financial resources of governmental funds but has no effect on the government-wide net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred in the statement of activities.

Principal Payments	\$ 1,177,263	
Debt Proceeds	(3,082,272)	
Amortization of Bond Premium	<u>2,220</u>	(1,902,789)

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.

Expenditures for Capital Assets	5,922,937	
Transfer of Capital Assets Less Related Debt (Current Year Depreciation)	<u>3,647</u> <u>(1,801,972)</u>	4,124,612

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in Accrued Interest	(11,468)	
Change in Accrued Compensated Absences	(91,524)	
Change in Net Pension Liability (Asset)	(1,370,277)	
Change in Other Postemployment Benefits	<u>(167,666)</u>	(1,640,935)

Some revenues have been deferred in the governmental funds because they were not available at year-end, but have been recognized in the statement of activities.

275,216

Change in Net Position - Governmental Activities **\$ 4,239,469**

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 14,630,872	\$ 13,444,486	\$ 14,002,007	\$ 557,521
License and Permits	1,545,500	1,545,500	2,229,088	683,588
Intergovernmental	7,587,122	7,477,532	9,290,010	1,812,478
Charges for Services	239,000	314,190	338,040	23,850
Fines and Forfeitures	311,500	310,000	309,450	(550)
Miscellaneous	251,300	433,398	577,646	144,248
Total Revenues	<u>24,565,294</u>	<u>23,525,106</u>	<u>26,746,241</u>	<u>3,221,135</u>
Expenditures				
Current:				
General Government	6,185,982	6,815,794	5,715,871	1,099,923
Public Safety	11,958,116	13,005,024	11,885,866	1,119,158
Transportation	5,248,876	3,030,116	2,162,491	867,625
Human Services	-	293,980	225,639	68,341
Culture and Recreation	2,005,150	4,703,013	4,601,637	101,376
Debt Service:				
Principal	1,282,591	980,112	959,266	20,846
Interest	13,385	296,432	296,430	2
Total Expenditures	<u>26,694,100</u>	<u>29,124,471</u>	<u>25,847,200</u>	<u>3,277,271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,128,806)</u>	<u>(5,599,365)</u>	<u>899,041</u>	<u>6,498,406</u>
Other Financing Sources (Uses)				
Transfers in	863,005	2,158,981	787,324	(1,371,657)
Transfers (out)	(615,107)	(1,623,010)	(1,837,826)	(214,816)
Sale of General Capital Assets	-	-	524,784	524,784
Debt Proceeds	-	2,575,000	2,575,000	-
Lease Obligation	-	-	507,272	507,272
Total Other Financing Sources (Uses)	<u>247,898</u>	<u>3,110,971</u>	<u>2,556,554</u>	<u>(554,417)</u>
Reserves	<u>1,880,908</u>	<u>2,488,394</u>	<u>19,463,755</u>	<u>16,975,361</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,919,350</u>	<u>\$ 22,919,350</u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 3,030,542	\$ 3,270,674	\$ 302,735	\$ 6,603,951
Accounts Receivable, Net	1,053,647	601,551	29,745	1,684,943
Prepaid Expenses	112,741	-	2,943	115,684
Inventories	-	-	70,895	70,895
Total Current Assets	4,196,930	3,872,225	406,318	8,475,473
Non-Current Assets:				
Restricted Assets:				
Cash and Cash Equivalents	7,771,754	-	-	7,771,754
Investments	260,694	-	-	260,694
Capital Assets:				
Assets not Being Depreciated	10,510,484	-	-	10,510,484
Assets Being Depreciated, Net	35,402,916	-	195,813	35,598,729
Total Non-Current Assets	53,945,848	-	195,813	54,141,661
Total Assets	58,142,778	3,872,225	602,131	62,617,134
Deferred Outflows of Resources				
Deferred Loss on Bonding Refunding	731,545	-	-	731,545
Other Postemployment Benefits	64,273	-	5,380	69,653
Pensions	1,071,395	-	89,678	1,161,073
Total Deferred Outflows of Resources	1,867,213	-	95,058	1,962,271

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 307,142	\$ 303,615	\$ 43,130	\$ 653,887
Accrued Expenses	114,728	-	46,353	161,081
Accrued Interest	74,223	-	-	74,223
Due to Other Funds	-	-	72,326	72,326
Unearned Revenue	1,582,435	-	1,773	1,584,208
Customer Deposits	898,590	-	-	898,590
Revenue Bonds, Notes, and Capital Leases Payable	1,453,808	-	7,147	1,460,955
Compensated Absences	48,567	-	1,773	50,340
Total Current Liabilities	4,479,493	303,615	172,502	4,955,610
Non-Current Liabilities:				
Other Postemployment Benefits Obligation	284,061	-	23,776	307,837
Net Pension Liability	1,454,399	-	121,736	1,576,135
Compensated Absences	145,701	-	9,486	155,187
Revenue Bonds, Notes, and Leases Payable	22,055,192	-	18,311	22,073,503
Total Non-Current Liabilities	23,939,353	-	173,309	24,112,662
Total Liabilities	28,418,846	303,615	345,811	29,068,272
Deferred Inflows of Resources				
Other Postemployment Benefits	35,336	-	930	36,266
Pensions	11,108	-	2,958	14,066
Total Deferred Inflows of Resources	46,444	-	3,888	50,332
Net Position				
Net Investment in Capital Assets, Net of Related Debt	25,601,086	-	170,355	25,771,441
Restricted	3,112,541	-	-	3,112,541
Unrestricted	2,831,074	3,568,610	177,135	6,576,819
Total Net Position	\$ 31,544,701	\$ 3,568,610	\$ 347,490	\$ 35,460,801

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Operating Revenue				
Charges for Service	\$ 8,224,364	\$ 4,449,517	\$ 890,725	\$ 13,564,606
Other	1,983,924	15,376	550	1,999,850
Total Operating Revenue	<u>10,208,288</u>	<u>4,464,893</u>	<u>891,275</u>	<u>15,564,456</u>
Operating Expenses				
Personnel Expenses	2,565,871	-	689,984	3,255,855
Purchased Services	1,165,307	3,975,783	33,987	5,175,077
Repairs and Maintenance	277,062	-	98,158	375,220
Depreciation and Amortization	1,901,352	-	4,667	1,906,019
Materials and Supplies	389,288	-	355,464	744,752
Other Expenses	1,226,609	25,550	137,955	1,390,114
Total Operating Expenses	<u>7,525,489</u>	<u>4,001,333</u>	<u>1,320,215</u>	<u>12,847,037</u>
Operating Income	<u>2,682,799</u>	<u>463,560</u>	<u>(428,940)</u>	<u>2,717,419</u>
Non-Operating Revenue and Expense				
Interest Earnings	1,277	-	-	1,277
Interest Expense	(798,462)	-	(9,515)	(807,977)
Total Non-Operating Revenues and Expenses	<u>(797,185)</u>	<u>-</u>	<u>(9,515)</u>	<u>(806,700)</u>
Income Before Operating Transfers	<u>1,885,614</u>	<u>463,560</u>	<u>(438,455)</u>	<u>1,910,719</u>
Capital Contributions				
Capital Grants	2,290,455	-	-	2,290,455
Transfers				
Transfers in	1,637,699	-	238,162	1,875,861
Transfers (out)	(1,045,629)	(100,000)	(513)	(1,146,142)
Total Transfers	<u>592,070</u>	<u>(100,000)</u>	<u>237,649</u>	<u>729,719</u>
Change in Net Position	4,768,139	363,560	(200,806)	4,930,893
Net Position, Beginning of Year	<u>26,776,562</u>	<u>3,205,050</u>	<u>548,296</u>	<u>30,529,908</u>
Net Position, End of Year	<u>\$ 31,544,701</u>	<u>\$ 3,568,610</u>	<u>\$ 347,490</u>	<u>\$ 35,460,801</u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 9,785,108	\$ 4,397,256	\$ 887,122	\$ 15,069,486
Cash Paid to Suppliers for Goods and Services	(2,976,454)	(3,979,552)	(614,547)	(7,570,553)
Cash Paid to Employees for Services	(2,381,552)	-	(675,563)	(3,057,115)
Net Cash Provided by Operating Activities	<u>4,427,102</u>	<u>417,704</u>	<u>(402,988)</u>	<u>4,441,818</u>
Cash Flows from Non-Capital Financing Activities				
Due to/from Other Funds	-	-	72,326	72,326
Transfers to Other Funds	(1,045,629)	(100,000)	(513)	(1,146,142)
Transfers from Other Funds	1,637,699	-	238,162	1,875,861
Net Cash Provided by Non-Capital Financing Activities	<u>592,070</u>	<u>(100,000)</u>	<u>309,975</u>	<u>802,045</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(5,059,791)	-	(172,989)	(5,232,780)
Debt Proceeds	5,075,000	-	-	5,075,000
Interest Paid	(723,314)	-	(9,515)	(732,829)
Principal Payment of Bonds, Notes and Capital Leases	(1,228,776)	-	(2,033)	(1,230,809)
Capital Grants	2,290,455	-	-	2,290,455
Net Cash Used in Capital and Related Financing Activities	<u>353,574</u>	<u>-</u>	<u>(184,537)</u>	<u>169,037</u>
Cash Flows from Investing Activities				
Purchases of Investments	(429)	-	-	(429)
Interest Received	1,277	-	-	1,277
Net Cash Provided by Investing Activities	<u>848</u>	<u>-</u>	<u>-</u>	<u>848</u>
Net Change in Cash and Cash Equivalents	5,373,594	317,704	(277,550)	5,413,748
Cash and Cash Equivalents, Beginning of Year	<u>5,428,702</u>	<u>2,952,970</u>	<u>580,285</u>	<u>8,961,957</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,802,296</u>	<u>\$ 3,270,674</u>	<u>\$ 302,735</u>	<u>\$ 14,375,705</u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities			Total
	Enterprise Funds			
	Utilities Fund	Sanitation Fund	Other Funds	
Displayed as				
Cash and Cash Equivalents	\$ 3,030,542	\$ 3,270,674	\$ 302,735	\$ 6,603,951
Restricted Cash and Cash Equivalents	7,771,754	-	-	7,771,754
Total	\$ 10,802,296	\$ 3,270,674	\$ 302,735	\$ 14,375,705
Reconciliation of Operating Income to Net Cash				
Operating Income	\$ 2,682,799	\$ 463,560	\$ (428,940)	\$ 2,717,419
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Expense	1,901,353	-	4,667	1,906,020
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(82,313)	(67,637)	(5,926)	(155,876)
Prepaid Expenses	(112,741)	-	(2,943)	(115,684)
Inventories			(70,895)	(70,895)
Accounts Payable and Accrued Expenses	194,552	21,781	84,855	301,188
Unearned Revenues	(353,650)	-	1,773	(351,877)
Customer Deposits	12,783	-	-	12,783
Compensated Absences	(25,925)	-	(127)	(26,052)
Other Postemployment Benefits and Related Deferred Inflows and Outflows	35,595	-	3,537	39,132
Net Pension Liability and Related Deferred Inflows and Outflows	174,649	-	11,011	185,660
Total Adjustments	1,744,303	(45,856)	25,952	1,724,399
Net Cash Provided by Operating Activities	\$ 4,427,102	\$ 417,704	\$ (402,988)	\$ 4,441,818
Supplemental Schedule of Non-Cash Activities				
Lease Obligation	\$ 301,368	\$ -	\$ -	\$ 301,368
Amortization of Bond (Premium)/Discount	18,756	-	-	18,756
Amortization of Refunding Loss	56,897	-	-	56,897

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2022

	Fiduciary Funds		Total
	General Employees Retirement Plans	Police Officers/ Firefighters Plan	
Assets			
Cash and Cash Equivalents	\$ 207,934	\$ 258,305	\$ 466,239
Contributions Receivable	23,158	458,218	481,376
Investments:			
Fixed Income Securities	5,004,704	5,625,164	10,629,868
Common Stock and Equity Funds	11,382,991	12,874,219	24,257,210
Real Estate	4,256,841	4,581,280	8,838,121
Total Investments	<u>20,644,536</u>	<u>23,080,663</u>	<u>43,725,199</u>
Total Assets	<u>20,875,628</u>	<u>23,797,186</u>	<u>44,672,814</u>
Liabilities			
Accounts Payable and Accrued Expenses	<u>12,435</u>	<u>22,093</u>	<u>34,528</u>
Net Position			
Net Position Restricted for Pensions	<u>\$ 20,863,193</u>	<u>\$ 23,775,093</u>	<u>\$ 44,638,286</u>

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

CITY OF CRESTVIEW, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Fiduciary Funds		Total
	General Employees Retirement Plans	Police Officers/ Firefighters Plan	
Additions			
Contributions:			
Contributions - Employee	\$ 371,870	\$ 329,224	\$ 701,094
Contributions - City	787,741	653,303	1,441,044
Contributions - State	-	423,143	423,143
Total Contributions	<u>1,159,611</u>	<u>1,405,670</u>	<u>2,565,281</u>
Investment Income:			
Investment Earnings	(3,057,223)	(3,363,906)	(6,421,129)
(Investment Expenses)	(194,257)	(215,815)	(410,072)
Net Investment Income	<u>(3,251,480)</u>	<u>(3,579,721)</u>	<u>(6,831,201)</u>
Total Additions	<u>(2,091,869)</u>	<u>(2,174,051)</u>	<u>(4,265,920)</u>
Deductions			
Benefits Paid	1,471,769	814,459	2,286,228
Refunds of Contributions	110,590	58,901	169,491
Administrative Expenses	81,151	94,360	175,511
Total Deductions	<u>1,663,510</u>	<u>967,720</u>	<u>2,631,230</u>
Changes in Net Position	(3,755,379)	(3,141,771)	(6,897,150)
Net Position, Beginning of Year	<u>24,618,572</u>	<u>26,916,864</u>	<u>51,535,436</u>
Net Position, End of Year	<u>\$ 20,863,193</u>	<u>\$ 23,775,093</u>	<u>\$ 44,638,286</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 1 - Summary of Significant Accounting Policies

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

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

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

A. Reporting Entity

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

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

As of September 30, 2022, the City has two component units, the Crestview Community Redevelopment Agency (the Agency) and Crestview Unlimited, Inc. These entities are presented in the financial statements of the primary government as blended component units.

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

C. Measurement Focus and Basis of Accounting

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

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

Details of the property tax calendar are presented below:

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

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

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

D. Basis of Presentation

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

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

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

■ **Governmental Funds**

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

The City reports the following major governmental fund:

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

■ **Proprietary Funds**

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

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

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

■ **Fiduciary Funds**

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

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

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Cash and Cash Equivalents

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

Deposits and Investments

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

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

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

At September 30, 2022, the City's investments in the Local Government Surplus Funds Trust Fund A (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which approximates amortized cost.

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

Receivables and Payables

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

Accounts receivable from customers are reported at the outstanding balance due from customers, net of any allowance for doubtful accounts. The City provides for doubtful accounts based on experience and analysis of individual accounts. When the collectability of a receivable becomes questionable, an allowance for doubtful accounts is established. When specific accounts are determined to be uncollectible, they are written off by charging the allowance and crediting the receivable. At September 30, 2022, the allowance for doubtful accounts for proprietary funds totaled \$70,000.

Restricted Assets

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

Capital Assets

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

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

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

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

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

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Deferred Outflows/Inflows of Resources

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

- *Deferred loss on refunding of bonds*—losses on refunding of bonds have been deferred. These amounts are being amortized over the life of the old debt or the life of the new debt, whichever is shorter.
- *Pension and OPEB related*—increases in the net pension and OPEB liability resulting from changes of assumptions, differences between projected and actual earnings on plan investments, and differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred outflows of resources, to be recognized as an increase in expense future years as disclosed in Notes 9 and 10.

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

- *Pension and OPEB related*—decreases in the net pension and OPEB liability resulting from changes of assumptions, differences between projected and actual earnings on plan investments, and differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred inflows of resources, to be recognized as a decrease in expense in future years as disclosed in Notes 9 and 10.
- *Unavailable Revenues*—Unavailable revenues are revenues which are measurable, but not available because they have not been received within the City's period of availability. These revenues are deferred and recorded as deferred inflows of resources in governmental fund financial statements.

Pensions

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

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

Other Postemployment Benefits (OPEB)

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

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Compensated Absences

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

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

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

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

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

Long-Term Obligations

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

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

Classification of Fund Balance

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

- **Non-Spendable**—includes amounts that are: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, deposits, prepaid items, and advances to other funds.
- **Restricted**—includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

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- **Committed**—includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action of the government’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.
- **Assigned**—includes fund balance amounts that sets limits as a result of the intended use of funds that are neither restricted nor committed, per the City’s Purchasing Policy, which is set by the City’s management. In governmental funds, other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that the resources of other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned**—includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

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

Net Position

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

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

F. Estimates

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

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NOTES TO FINANCIAL STATEMENTS
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G. Budgets

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

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

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

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

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

A budget amendment shall be deemed to mean the act of increasing the total budgeted amount of a given fund as opposed to a transfer of a budgeted amount from one account to another within the same fund. Budgeted amounts are as originally adopted, or as amended with the approval of the City Council. During the year ended September 30, 2022, the City did not amend the General Fund's original budget to prevent actual expenditures from exceeding budgeted expenditures. Significant purchases, which the budget was not amended for, were presented to and approved by City Council.

H. Adoption of New Accounting Pronouncement

The GASB issued Statement No. 87, *Leases* (GASB 87), in June of 2017. This statement is effective for the current fiscal year ended September 30, 2022. This statement establishes a single model for lease accounting based on the principle that leases are the financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby, enhancing the relevance and consistency of information about a government's leasing activities. No restatement of beginning net position was necessary as a result of the implementation of this statement. See Note 8 for more information regarding the City's leases.

Note 2 - Deposits and Investments

Deposits

Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned. The City manages its custodial credit risk by maintaining its deposits with QPDs, as defined in Chapter 280, Florida Statutes, which bear no custodial credit risk or

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are in institutions which meet the exemption requirements of Chapter 280. The exemptions qualify under the exemptions 280.03(e) or 280.03(f) as a deposit made in accordance with Chapter 17.57(g). The provisions of Chapter 280 allow QPDs to participate in a multiple financial institution collateral pool to ensure the security for public deposits.

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

Investments

As of September 30, 2022, the City held the following investments in its governmental and proprietary funds as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure*:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Local Government Investment Pool (*)	\$ 764,351	< One Year	AAAm
Certificates of Deposit	313,979	< One Year	N/A

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

As of September 30, 2022, the City's Pension Funds held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Equities	\$ 24,257,210
Fixed Income Securities	10,629,868
Real Estate Investment Fund	<u>8,838,121</u>
Total	<u>\$ 43,725,199</u>

Interest Rate Risk

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

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

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

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	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
General Employees' Plan:					
Bond Mutual Funds	\$ 5,004,704	\$ 5,004,704	\$ -	\$ -	\$ -
Police Officers/Firefighters Plan:					
Asset Backed Securities	225,093	-	-	-	225,093
Foreign Bonds	252,832	42,084	141,341	62,093	7,314
Government Backed Securities	1,812,070	-	-	43,342	1,768,728
US Treasuries	329,835	-	266,284	63,551	-
Corporate Bonds	1,815,536	164,015	860,135	576,255	215,131
Bond Mutual Funds	1,189,798	1,189,798	-	-	-
Total	\$ 10,629,868	\$ 6,400,601	\$ 1,267,760	\$ 745,241	\$ 2,216,266

Credit Risk

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

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

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

CITY OF CRESTVIEW, FLORIDA
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As of September 30, 2022, the City's investment in the Florida PRIME is rated AAAM by Standard & Poor's.

As of September 30, 2022, the General Employees' Retirement Plan portfolio consisted of investments in securities held in total return bond funds which are not rated by Moody's.

As of September 30, 2022, the Police Officers' and Firefighters' Retirement Plan portfolio consisted of U.S. Treasury, mortgage-backed securities, and asset backed securities/commercial mortgage-backed securities (all rated Aaa by Moody's). Corporate bonds held ratings ranging from Aaa to Ba1. Foreign bonds held ratings from Aa2 to Baa2.

Concentration Risk

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

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

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

Fixed income investments generally must meet certain investment grading standards and equities must be traded on a national exchange. Investments in corporate common stocks and convertible bonds are limited to 70% of the market value of each plan's assets. Similar grading and/or trading criteria apply to mutual funds, money market funds, U.S. government back securities, etc. None of the above limitations were exceeded by either plan at September 30, 2022. Investment policies are subject to a review at least annually by the Board of Trustees for each plan.

Fair Value Measurements

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

The following table presents the GERP assets carried at fair value at September 30, 2022.

<u>Investment Type</u>	<u>General Employee Retirement Plan</u>			
	<u>Amount</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Equities	\$ 11,382,991	\$ 11,382,991	-	-
Fixed Income	5,004,704	-	5,004,704	-
Total Investments Measured at Fair Value	\$ 16,387,695	\$ 11,382,991	\$ 5,004,704	\$ -
<u>Investments Measured at the Net Asset Value (NAV)</u>	<u>Amount</u>			
Real Estate Fund	\$ 4,256,841			
Total Investments	\$ 20,644,536			

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The following table present the POFRP assets carried at fair value at September 30, 2022.

Investment Type	Police Officers' and Firefighters' Employee Retirement Plan			
	Amount	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 12,874,219	\$ 12,874,219	\$ -	\$ -
Fixed Income	5,625,164	-	5,625,164	-
Total Investments Measured at Fair Value	\$ 18,499,383	\$ 12,874,219	\$ 5,625,164	\$ -

Investments Measured at the Net Asset Value (NAV)	Amount
Real Estate Fund	\$ 4,581,280
Total Investments	\$ 23,080,663

Note 3 - Interfund Receivables, Payables, and Transfers

All transfers are routine and are consistent with the activities of the fund making the transfer. Included in these are intergovernmental transfers and transfers from the General Fund to the Utilities Fund to allocate expenses in the correct fund. The following presents the interfund transfers for the year ended September 30, 2022:

	Transfers In	Transfers Out
General Fund	\$ 787,324	\$ 1,837,826
Other Governmental Funds	446,136	129,000
Utilities Fund	1,637,699	1,045,629
Sanitation Fund	-	100,000
Other Enterprise Funds	238,162	513
General Fixed Assets	3,647	-
Total	\$ 3,112,968	\$ 3,112,968

Interfund receivables and payables include the following at September 30, 2022:

	Interfund Receivable	Interfund Payable
General Fund	\$ 374,097	\$ -
Other Governmental Funds	-	301,771
Other Enterprise Funds	-	72,326
Total	\$ 374,097	\$ 374,097

The \$301,771 represents short-term borrowing by the Community Redevelopment Agency and the CDBG fund from the General Fund for costs were expended in advance of receiving reimbursement from a granting agency. The \$72,326 represents cost reimbursements owed by Crestview Unlimited to the General Fund at year-end.

During the fiscal year, the City purchased golf carts and related equipment on behalf of Crestview Unlimited totaling \$555,953. Two intercompany loans were entered into between Crestview Unlimited and the City to repay the City over a period of 5 years including interest of 3.991%. These intercompany loans are being treated as operating leases for accounting purposes and are not included in the interfund receivables and payables balances presented above. The City expects Crestview Unlimited to repay the loans as cash flow permits. As of September 30, 2022, the principal balances owed on the loans totaled \$555,953 and unpaid interest totaled \$8,964.

CITY OF CRESTVIEW, FLORIDA
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Note 4 - Receivables

Receivables at September 30, 2022, were as follows:

	Governmental Activities		Business-Type Activities				Total
	General	Utilities	Sanitation	Stormwater	Crestview		
	Fund	Fund	Fund	Fund	Unlimited		
Franchise Fees	\$ 210,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,049
Utility Services	257,094	-	-	-	-	-	257,094
Accounts Receivable	18,592	470,825	273,400	21,383	8,362	-	792,562
Unbilled Receivables	-	627,823	353,150	-	-	-	980,973
Less: Allowance for Doubtful Accounts	-	(45,000)	(25,000)	-	-	-	(70,000)
Receivables, Net	\$ 485,735	\$ 1,053,648	\$ 601,550	\$ 21,383	\$ 8,362	\$ -	\$ 2,170,678

Note 5 - Capital Assets

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

Primary Government	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,758,127	\$ 23,000	\$ -	\$ 3,781,127
Construction in Progress	8,490,490	3,466,384	-	11,956,874
Total Capital Assets Not Being Depreciated	12,248,617	3,489,384	-	15,738,001
Capital Assets Being Depreciated:				
Buildings	8,394,828	400,118	-	8,794,946
Improvements Other than Buildings	8,203,676	135,486	-	8,339,162
Infrastructure	15,071,839	347,068	-	15,418,907
Machinery and Equipment	9,002,301	1,042,007	-	10,044,308
Leased Equipment	1,591,177	531,526	-	2,122,703
Intangible Assets - Software	1,007,202	-	-	1,007,202
Total Capital Assets Being Depreciated	43,271,023	2,456,205	-	45,727,228
Less Accumulated Depreciation:				
Buildings	(3,218,764)	(164,764)	-	(3,383,528)
Improvements Other than Buildings	(5,387,566)	(304,409)	-	(5,691,975)
Infrastructure	(8,966,270)	(349,160)	-	(9,315,430)
Machinery and Equipment	(6,441,291)	(558,399)	-	(6,999,690)
Leased Equipment	(521,842)	(243,944)	-	(765,786)
Intangible Assets - Software	(584,189)	(181,296)	-	(765,485)
Total Accumulated Depreciation	(25,119,922)	(1,801,972)	-	(26,921,894)
Total Capital Assets Being Depreciated, Net	18,151,101	654,233	-	18,805,334
Governmental Activities Capital Depreciated, Net	\$ 30,399,718	\$ 4,143,617	\$ -	\$ 34,543,335

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Primary Government	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 2,711,370	\$ -	\$ -	\$ 2,711,370
Construction in Progress	6,042,657	4,324,030	(2,567,573)	7,799,114
Total Capital Assets Not Being Depreciated	<u>8,754,027</u>	<u>4,324,030</u>	<u>(2,567,573)</u>	<u>10,510,484</u>
Capital Assets Being Depreciated:				
Buildings	8,954,298	-	-	8,954,298
Improvements Other than Buildings	3,635,890	-	-	3,635,890
Infrastructure	36,401,111	475,498	-	36,876,609
Machinery and Equipment	7,028,362	3,060,853	(9,887)	10,079,328
Leased Equipment	121,274	301,368	(24,255)	398,387
Total Capital Assets Being Depreciated	<u>56,140,935</u>	<u>3,837,719</u>	<u>(34,142)</u>	<u>59,944,512</u>
Less Accumulated Depreciation:				
Buildings	(4,849,756)	(184,110)	-	(5,033,866)
Improvements Other than Buildings	(1,575,869)	(179,437)	-	(1,755,306)
Infrastructure	(11,429,254)	(723,313)	-	(12,152,567)
Machinery and Equipment	(4,578,473)	(768,295)	-	(5,346,768)
Leased Equipment	(8,015)	(50,864)	1,603	(57,276)
Total Accumulated Depreciation	<u>(22,441,367)</u>	<u>(1,906,019)</u>	<u>1,603</u>	<u>(24,345,783)</u>
Total Capital Assets Being Depreciated, Net	<u>33,699,568</u>	<u>1,931,700</u>	<u>(32,539)</u>	<u>35,598,729</u>
Total Business-Type Activities				
Capital Assets, Net	<u>\$ 42,453,595</u>	<u>\$ 6,255,730</u>	<u>\$ (2,600,112)</u>	<u>\$ 46,109,213</u>

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

Governmental Activities	
General Government	\$ 333,507
Public Safety	730,623
Transportation	461,686
Culture and Recreation	275,702
Human Services	454
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,801,972</u>
Business-Type Activities	
Utilities	\$ 1,901,352
Stormwater	4,667
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,906,019</u>

Note 6 - Non-Current Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Direct Borrowings:					
Leases	\$ 936,328	\$ 526,277	\$ (318,873)	\$ 1,143,732	\$ 651,998
Other Debt:					
Revenue Bonds	11,505,577	2,575,000	(858,390)	13,222,187	1,287,345
Plus Deferred Amounts for Issuance					
Premium	44,400	-	(2,220)	42,180	-
Compensated Absences	993,084	91,524	-	1,084,608	271,152
Other Postemployment Benefits	1,691,795	96,036	-	1,787,831	-
Net Pension Liability	458,939	8,987,841	-	9,446,780	-
Total Governmental Activities	<u>\$ 15,630,123</u>	<u>\$ 12,276,678</u>	<u>\$ (1,179,483)</u>	<u>\$ 26,727,318</u>	<u>\$ 2,210,495</u>

CITY OF CRESTVIEW, FLORIDA
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SEPTEMBER 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Direct Borrowings:					
State Revolving Loans	\$ 8,518,775	\$ -	\$ (762,776)	\$ 7,755,999	\$ 782,409
Leases	95,027	301,368	(78,933)	317,462	100,891
Other Debt:					
Revenue Bonds	10,974,423	5,075,000	(361,610)	15,687,813	577,655
Less Deferred Amounts for Issuance					
Discount	(245,573)	-	18,756	(226,817)	-
Compensated Absences	227,413	-	(21,886)	205,527	50,340
Other Postemployment Benefits	284,129	23,708	-	307,837	-
Net Pension Liability	-	1,576,135	-	1,576,135	-
Total Business-Type Activities	\$ 19,854,194	\$ 6,976,211	\$ (1,206,449)	\$ 25,623,956	\$ 1,511,295

Description of Long-Term Debt and Other Liabilities Outstanding:

Governmental Activities

	Current	Long-Term	Total
Revenue Bonds			
<u>Public Improvement Refunding Bonds, Series 2015</u>			
Issued \$3,165,000, interest ranges from 1.2% to 4%. Principal and interest payments due annually on March 1, matures in September 2041. Secured and payable from the public service taxes, franchise fees, communication services taxes and the local government half-cent sales tax. Funds used for the purpose of retiring the City's Public Improvement Revenue Bonds, Series 2001 and Series 2008.	\$ 215,000	\$ 1,890,000	\$ 2,105,000
<u>Capital Improvement Revenue Bonds, Series 2020</u>			
Issued \$10,348,358, bearing an interest rate of 2.15%. Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2030. Secured and payable from the local government half- cent sales tax and non-ad valorem revenues. Of the original issue amount, \$1,125,863 due June 2029 and \$1,145,027 due June 2030 is not secured by the half-cent sales tax. Funds used for the purpose of capital outlay purchases.	977,345	7,564,842	8,542,187
<u>Capital Improvement Revenue Bonds, Series 2022</u>			
Issued \$2,575,000, bearing an interest rate of 3.07%. Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2042. Secured and payable from non-ad valorem revenues. Funds used for the purpose of acquisition, construction And equipping of capital improvements at the golf club.	95,000	2,480,000	2,575,000
Unamortized Premium on Bond Refunding	-	42,180	42,180
Total Revenue Bonds – Governmental Activities	\$ 1,287,345	\$ 11,977,022	\$ 13,264,367

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Business-Type Activities

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
State Revolving Loans – Direct Borrowings			
State revolving loan payable (2008) of \$7,068,015, due in semi-annual payments of \$230,172, through June 15, 2028, bearing an interest rate of 2.53%, secured by anticipated net water and sewer system revenues.	\$ 398,390	\$ 2,149,364	\$ 2,547,754
State revolving loan payable (2010) of \$890,026, due in semi-annual payments of \$29,486, through July 15, 2032, bearing an interest rate of 2.86%; secured by anticipated net water and sewer system revenues.	44,710	465,029	509,739
State revolving loan payable (2013) of \$7,283,055, due in semi-annual payments of \$228,485, through August 15, 2034, bearing an interest rate of 2.55%; secured by anticipated net water and sewer system revenues.	<u>339,308</u>	<u>4,359,198</u>	<u>4,698,506</u>
Total Revolving Loans – Business-Type Activities	<u>\$ 782,408</u>	<u>\$ 6,973,591</u>	<u>\$ 7,755,999</u>

Revenue Bonds

Water and Sewer Refunding and Improvement

Revenue Bonds, Series 2015

Issued \$6,650,000, interest ranges 2.1% to 4%.

Interest is payable semi-annually and annual principal payments are due on March 1, matures in September 2033, secured by anticipated net water and sewer system revenues. Funds used for the purpose of retiring the Water and Sewer Revenue Bonds, Series 2008.

\$	<u>290,000</u>	\$	<u>6,010,000</u>	\$	<u>6,300,000</u>
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Water and Sewer Refunding and Improvement

Revenue Bonds, Series 2016

Issued \$5,450,000, interest ranges 2.4% to 4%.

Interest is payable semi-annually and annual principal payments are due on March 1, matures in September 2038, secured by anticipated net water and sewer system revenues. Funds used for the purpose of retiring the Water and Sewer Revenue Bonds, Series 2008.

40,000	3,900,000	3,940,000
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**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
<u>Capital Improvement Revenue Bonds, Series 2020</u>			
Issued \$451,652 bearing an interest rate of 2.15%.			
Interest is payable semi-annually and annual principal payments are due on June 1, matures in June 2030. Secured and payable from the local government half-cent sales tax and non-ad valorem revenues. Of the original issue amount, \$49,137 due June 2029 and \$49,973 due June 2030 is not secured by the half-cent sales tax. Funds used for the purposes of retiring a capital lease.			
	\$ 42,655	\$ 330,158	\$ 372,813
<u>Water and Sewer Revenue Bonds, Series 2021</u>			
Issued \$5,075,000 bearing an interest rate of 2.09%.			
Interest is payable semi-annually and annual principal payments are due on September 1, matures in September 2042, secured by anticipated net water and sewer system revenues. Funds used for the purpose of water and sewer system improvements.			
	<u>205,000</u>	<u>4,870,000</u>	<u>5,075,000</u>
Unamortized Discount on Bond Refunding	<u>-</u>	<u>(226,817)</u>	<u>(226,817)</u>
Total Revenue Bonds – Business-Type Activities	<u>\$ 577,655</u>	<u>\$ 14,883,341</u>	<u>\$ 15,460,996</u>

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except compensated absences and other postemployment benefits as of September 30, 2022, are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 1,287,345	\$ 333,251	\$ 1,360,064	\$ 648,965	\$ 3,629,625
2024	1,181,299	300,721	1,401,247	611,065	3,494,332
2025	1,233,999	274,203	1,439,205	571,999	3,519,406
2026	1,258,372	246,552	1,481,021	531,847	3,517,792
2027	1,267,954	218,106	1,388,175	490,296	3,364,531
2028-2032	4,423,218	669,978	8,258,565	1,833,088	15,184,849
2033-2037	1,240,000	348,523	5,945,535	742,380	8,276,438
2038-2042	1,330,000	118,590	2,170,000	118,721	3,737,311
TOTAL	<u>\$ 13,222,187</u>	<u>\$ 2,509,924</u>	<u>\$ 23,443,812</u>	<u>\$ 5,548,361</u>	<u>\$ 44,724,284</u>

Default Provisions

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

Pledged Revenues

Pledged revenues on the City's outstanding debt for the year ended September 30, 2022 are as follows:

Pledged Revenue Source	Debt Issue	Pledged Through	Original Amount	Outstanding Balance	Principal and Interest Payments	Pledged Revenue Received	Estimated Percentage Pledged
Net Water and Sewer Utility Revenues	State Revolving Loan - 2008	2028	\$ 7,068,015	\$ 4,698,506	\$ 456,970		
	State Revolving Loan - 2010	2032	890,026	2,547,754	460,344		
	State Revolving Loan - 2013	2034	7,283,055	509,739	58,972		
	Water and Sewer Refunding Revenue Bonds, Series 2015	2033	6,650,000	6,300,000	282,986		
	Water and Sewer Refunding Revenue Bonds, Series 2016	2038	5,450,000	3,940,000	389,488		
	Water and Sewer Refunding Revenue Bonds, Series 2021	2042	5,075,000	5,075,000	74,837		
				<u>1,723,597</u>		2,782,943	61.9%
Public Service Taxes, Franchise Fees, Communications Services Taxes, 1/2 Cent Sales Tax	Public Improvement Refunding, Series 2015	2041	3,165,000	2,105,000	283,741	5,740,773	4.9%
1/2 Cent Sales Tax, Non-Ad Valorem Revenues; Except That \$1,125,863 Due June 2029 and \$1,145,027 Due June 2030 is Not Secured by the 1/2 Cent Sales Tax	Capital Improvement Revenue Bonds, Series 2020 (Governmental)	2030	10,348,358	8,542,187	857,544	3,144,294	27.3%
1/2 Cent Sales Tax, Non-Ad Valorem Revenues; Except that \$49,137 Due June 2029 and \$49,973 Due June 2030 is Not Secured by the 1/2 Cent Sales Tax	Capital Improvement Revenue Bonds, Series 2020 (Utility)	2030	451,652	372,813	50,520	137,232	36.8%
Non-Ad Valorem Revenues	Capital Improvement Revenue Bonds, Series 2022	2042	2,575,000	2,575,000	70,928	6,354,041	1.1%

Note 7 - Refundings of Debt

Advance Refunding of Debt

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

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

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

At September 30, 2022, the City has \$8,360,000 of bonds outstanding that are considered to be defeased.

Note 8 - Leases

The City leases its fleet of vehicles and two fire trucks. The City's leased assets and accumulated amortization are included in Note 5 Capital Assets. Lease agreements in which the City is a lessee are summarized below.

Governmental Activities

Description	Lease Inception Date	Lease End Date	Payment Amount	Interest Rate	Initial Lease Liability	Outstanding Balance 9/30/2022
2 Fire Trucks	5/23/2016	6/23/2023	\$109,590 Annual*	2.89%	\$ 897,927	\$ 360,280
43 Vehicles	Various	48 Month Terms	\$26,052 Monthly	3.65-3.80%	1,144,866	783,452
Total Lease Agreements - Governmental Activities					<u>\$ 2,042,793</u>	<u>\$ 1,143,732</u>

*A balloon payment of \$261,885 is also required on 6/23/2023.

Business-Type Activities

Description	Lease Inception Date	Lease End Date	Payment Amount	Interest Rate	Initial Lease Liability	Outstanding Balance 9/30/2022
15 Vehicles	Various	48 Month Terms	\$9,180 Monthly	3.65-3.80%	\$ 398,387	\$ 317,462
Total Lease Agreements - Business-Type Activities					<u>\$ 398,387</u>	<u>\$ 317,462</u>

Principal and Interest requirements to maturity are presented below.

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 651,998	\$ 32,096	\$ 684,094
2024	285,459	20,453	305,912
2025	150,159	10,759	160,918
2026	56,116	4,021	60,137
TOTAL	<u>\$ 1,143,732</u>	<u>\$ 67,329</u>	<u>\$ 1,211,061</u>

Year Ending September 30	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 100,891	\$ 9,273	\$ 110,164
2024	100,891	9,273	110,164
2025	78,971	7,258	86,229
2026	36,709	3,374	40,083
TOTAL	<u>\$ 317,462</u>	<u>\$ 29,178</u>	<u>\$ 346,640</u>

Note 9 - Defined Benefit Pension Plans

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

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

General Employees' Retirement Plan (GERP)

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

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

The Plan includes a provision for a deferred retirement option plan (DROP). A member becomes eligible when normal retirement requirements are satisfied. The member may not participate in the DROP for more than 60 months. The average daily balance in a member's DROP account shall be credited or debited at a rate equal to the actual net rate of investment return, net of brokerage commissions, transaction costs and management fees. Upon entering the DROP, the members shall not accrue any additional credited service or additional benefits and shall not be permitted to again contribute to the System. All benefits payable to a member from the DROP shall be paid from the assets of the member's DROP account and neither the City nor the Board shall have a duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law. The DROP balances as of September 30, 2022, were \$542,340.

Police Officers' and Firefighters' Retirement Plan (POFRP)

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

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

The Plan includes a provision for a deferred retirement option plan (DROP). A member becomes eligible when normal retirement requirements are satisfied. The member may not participate in the DROP for more than 60 months. An eligible member which elects to enter the DROP can select either: 1) actual net rate of investment return, net of brokerage commissions, transaction costs and management fees or 2) interest at an effective rate of 6.5% per annum compounded monthly on the prior month's ending balance. Upon entering the DROP, the member shall not accrue any additional credited service or additional benefits and shall not be permitted to again contribute to the System. All benefits payable to a member from the DROP shall be paid only from the assets of the member's DROP account and neither the City nor the Board shall have a duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law. The DROP balances as of September 30, 2022, were \$231,117.

Membership of each plan consisted of the following on September 30, 2022, the date of the latest actuarial report.

	GERP	POFRP
Active Plan Members	124	87
Inactive Plan Members:		
Receiving Benefits	66	30
Entitled to but Not Receiving Benefits	36	12
Total	226	129

Contributions

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

Investments

The following was the Board's adopted asset allocation policy as of September 30, 2022:

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

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

For the year ended September 30, 2022, the annual money-weighted rate of return on the GERP and POFRP investments, net of pension plan investment expenses, was (13.31%) and (13.30%), respectively.

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

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2022, were as follows:

	GERP	POFRP
Total Pension Liability	\$ 26,027,030	\$ 29,627,739
Plan Fiduciary Net Position	<u>(20,856,762)</u>	<u>(23,775,092)</u>
Sponsor's Net Pension Liability	<u>\$ 5,170,268</u>	<u>\$ 5,852,647</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>80.14%</u>	<u>80.25%</u>

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$1,370,830 for the GERP and \$2,034,131 for the POFRP. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	GERP		POFRP		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 728,009	\$ 39,487	\$ 546,716	\$ 160,951	\$ 1,274,725	\$ 200,438
Changes in Assumptions	646,008	-	858,598	36,240	1,504,606	36,240
Difference Between Projected and Actual Earnings on Investments	2,434,703	-	2,838,803	-	5,273,506	-
Balance as of September 30, 2022	<u>\$ 3,808,720</u>	<u>\$ 39,487</u>	<u>\$ 4,244,117</u>	<u>\$ 197,191</u>	<u>\$ 8,052,837</u>	<u>\$ 236,678</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	GERP	POFRP
2023	\$ 927,772	\$ 977,802
2024	865,058	781,923
2025	841,917	875,349
2026	1,134,486	1,388,388
2027	-	23,464
Total	<u>\$ 3,769,233</u>	<u>\$ 4,046,926</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022, using the following actuarial assumptions applied to all measurements periods.

	GERP	POFRP
Inflation	2.50%	2.50%
Investment Rate of Return	7.00%	7.00%
Discount Rate	7.00%	7.00%
Projected Salary Increases	Service based	Age based

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

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

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

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman’s July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2022 (see the discussion of the pension plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>GERP</u>	<u>POFRP</u>
Domestic Equity	7.50%	7.50%
International Equity	8.50%	8.50%
Broad Market Fixed Income	2.50%	2.50%
Fixed Income (Non-Core)	2.50%	2.50%
Global Fixed Income	3.50%	3.50%
Real Estate	4.50%	4.50%
Infrastructure	4.50%	4.50%

Discount Rate

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

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

	GERP	POFRP
1% Decrease of Discount Rate to 6.00% for GERP and POFRP	\$ 8,580,609	\$ 9,861,413
Current Discount Rate of 7.00% for GERP and POFRP	5,170,268	5,852,647
1% Increase of Discount Rate to 8.00% for GERP and POFRP	2,358,662	2,564,222

Changes in Net Pension Liability – GERP

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at September 30, 2022	\$ 24,447,463	\$ 24,618,572	\$ (171,109)
Changes for the Year:			
Service Cost	738,764	-	738,764
Interest	1,707,653	-	1,707,653
Difference Between Expected and Actual Experience	715,508	-	715,508
Contribution - Employer	-	772,579	(772,579)
Contribution - Employee	-	380,383	(380,383)
Net Investment Income	-	(3,251,481)	3,251,481
Benefit Payments, Including Refunds of Employee Contributions	(1,582,358)	(1,582,358)	-
Administration Expense	-	(80,933)	80,933
Balance at September 30, 2022	\$ 26,027,030	\$ 20,856,762	\$ 5,170,268

Change in Net Pension Liability – POFRP

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2022	\$ 27,375,803	\$ 26,916,864	\$ 458,939
Changes for the Year:			
Service Cost	865,242	-	865,242
Interest	1,946,306	-	1,946,306
Share Plan Allocation	172,965	-	172,965
Difference Between Expected and Actual Experience	140,783	-	140,783
Contribution - Employer	-	653,302	(653,302)
Contribution - State	-	423,143	(423,143)
Contribution - Employee	-	329,224	(329,224)
Net Investment Income	-	(3,579,721)	3,579,721
Benefit Payments, Including Refunds of Employee Contributions	(873,360)	(873,360)	-
Administration Expense	-	(94,360)	94,360
Balance at September 30, 2022	\$ 29,627,739	\$ 23,775,092	\$ 5,852,647

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

	GERP Net Pension Liability	POFRP Net Pension Liability
Governmental Activities	\$ 3,594,133	\$ 5,852,647
Business-Type Activities	1,576,135	-
Total	\$ 5,170,268	\$ 5,852,647

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Pension expense for the year ending September 30, 2022, was as follows:

Governmental Activities	\$ 2,987,069
Business-Type Activities	<u>417,892</u>
Total	<u>\$ 3,404,961</u>

Note 10 - Other Postemployment Benefit Plan

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

Plan Description

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

Employees Covered by Benefit Terms

At September 30, 2020 (the most recent actuarial valuation), the following employees were covered by the benefit terms:

Active Plan Members	207
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	4
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total	<u>211</u>

Benefits Provided

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

Total OPEB Liability

At September 30, 2022, the City reported total OPEB liability of \$2,095,668 for the single-employer plan. Total OPEB liability was measured as of September 30, 2020. The measurement period for OPEB expense was October 1, 2020 through September 30, 2021.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions:

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies by Service
Discount Rate	2.43%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

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

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

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

Discount Rate

Given the City’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.43%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Rating Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

	Increase (Decrease in Total OPEB Liability)
Balance as of October 1, 2021	\$ 1,975,924
Changes for the Year:	
Service Cost	188,921
Interest	45,777
Changes of Assumptions	(63,227)
Benefit Payments	<u>(51,727)</u>
Balance as of September 30, 2022	<u>\$ 2,095,668</u>

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Changes of assumptions reflect a change in the discount rate from 2.14% for the reporting period ended September 30, 2021 to 2.43% for the reporting period ended September 30, 2022.

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

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

	1% Decrease (1.43%)	Current Discount Rate (2.43%)	1% Increase (3.43%)
Total OPEB Liability	\$ 2,322,379	\$ 2,095,668	\$ 1,892,664

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

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

	1% Decrease (3%-6.5%)	Current Discount Rate (4%-7.5%)	1% Increase (5%-8.5%)
Total OPEB Liability	\$ 1,812,547	\$ 2,095,668	\$ 2,437,209

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$262,099. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 156,531
Changes in Assumptions	414,709	104,160
Employer Contributions Subsequent to the Measurement Date	59,468	-
Total	\$ 474,177	\$ 260,691

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

Year Ending September 30,	Amount
2023	\$ 18,101
2024	18,101
2025	18,098
2026	28,235
2027	45,248
Thereafter	26,235
Total	\$ 154,018

**CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Note 11 - Risk Management

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

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

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

Note 12 - Fund Equity

Restricted Net Position

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

	Utilities
Restricted for Impact Fees	\$ 2,545,381
Restricted for Reserve and Replacement	250,000
Restricted for Debt Service	317,160
Total	\$ 3,112,541

Fund Balances

The City has established certain restrictions within the fund balance section of the governmental funds. The City would first apply restricted, followed by assigned amounts and lastly unassigned amounts of unrestricted fund balance when expenditures are incurred. Non-Spendable, restricted and assigned fund balances at September 30, 2022, consist of the following:

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
Non-Spendable			
Prepaid Expenditures	\$ 241,995	\$ 2,298	\$ 244,293
Permanent Fund	-	53,285	53,285
Total Non-Spendable	\$ 241,995	\$ 55,583	\$ 297,578
Restricted For			
Impact Fees	\$ 281,813	\$ 48,020	\$ 329,833
Debt Service	387,001	23,795	410,796
Building Permits	-	1,324,426	1,324,426
Redevelopment	-	474,294	474,294
Total Restricted	\$ 668,814	\$ 1,870,535	\$ 2,539,349
Assigned For			
Subsequent Year's Budget	\$ 2,575,178	\$ -	\$ 2,575,178
Grants	-	1,162	1,162
Debt Service	-	283,533	283,533
Law Enforcement	-	4,493	4,493
Library	-	2,913	2,913
Total Assigned	\$ 2,575,178	\$ 292,101	\$ 2,867,279

Note 13 - Commitments and Contingencies

Contracts

The City has contracted with CH2MHill, Inc. (CH2M) to operate, maintain and manage the City's sewer treatment plant. Fees are payable monthly and are subject to adjustment on a regular basis. A new contract was signed for a five-year term commencing October 1, 2019. The agreement will automatically renew for another five-year term ending September 30, 2024. The latest contract established a base fee for fiscal year 2020 of \$1,045,028. It also provides for electrical cost or consumption increases over an established amount (\$192,000) to be shared equally by the City and CH2M. Total fees under the contract for the year ended September 30, 2022 were \$1,034,255.

Legal Matters

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

Sanitation Collection

In September 2013, the City contracted with Waste Pro of Florida, Inc. for the collection and disposal of residential and commercial solid waste, yard refuse and recycling. The non-exclusive franchise agreement expired September 30, 2018. The contract was renewed and is effective through September 30, 2023. The City is responsible for billings and collections related to the sanitation services and retains 6% of the collections as payment for managing the collections. The remainder of the collections are remitted to Waste Pro of Florida, Inc. Net collections remitted to Waste Pro of Florida amounted to \$3,690,708 for the year ended September 30, 2022.

CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Grants

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

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

Note 14 - Subsequent Events

Subsequent to year-end, the City entered into three clean water state revolving fund loan agreements with the State of Florida Department of Environmental Protection for the design, planning, and construction of a wastewater treatment facility. The planning loan amount was for \$700,000 at an interest rate of 1.84% plus a loan service fee with a repayment term of 10 years. The planning and design loan amount was for \$800,000 at an interest rate of 1.6% plus a loan service fee with a repayment term of 20 years. The construction loan amount was \$5,012,000 at an interest rate of .31% plus a loan service fee with a repayment term of 20 years.

On May 25, 2023, the City entered into a lease-purchase agreement with PNC Bank for the purchase of two fire trucks in the amount of \$1,604,094. Terms of the agreement require the City to make seven annual payments of \$221,714 and a balloon payment of \$455,771 the following month of year seven. Interest on the loan was imputed at 5.02%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRESTVIEW, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2022
LAST 10 FISCAL YEARS*

Reporting Period Ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability					
Service Cost	\$ 188,921	\$ 129,806	\$ 110,071	\$ 107,956	\$ 112,421
Interest	45,777	56,991	55,819	48,482	39,333
Differences Between Expected and Actual Experience	-	(142,530)	-	(99,269)	-
Changes of Assumptions	(63,227)	478,917	88,837	(36,901)	(81,027)
Benefit Payments	(51,727)	(18,598)	(17,220)	(20,602)	(18,944)
Net Change in Total OPEB Liability	119,744	504,586	237,507	(334)	51,783
Total OPEB Liability, Beginning of Year	1,975,924	1,471,338	1,233,831	1,234,165	1,182,382
Total OPEB Liability, End of Year	\$ 2,095,668	\$ 1,975,924	\$ 1,471,338	\$ 1,233,831	\$ 1,234,165
Covered Payroll (Projected)	\$ 10,313,701	\$ 9,749,221	\$ 10,002,787	\$ 9,414,388	\$ 9,803,788
Total OPEB Liability as a Percentage of Covered Employee Payroll	20.32%	20.27%	14.71%	13.11%	12.59%

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

Notes to Schedule:

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

September 30, 2022:	2.43%
September 30, 2021:	2.14%
September 30, 2020:	3.58%
September 30, 2019:	4.18%
September 30, 2018:	3.64%

Benefit Payments: The City did not provide actual net benefits for the fiscal year ended on September 30, 2022. Expected net benefit payments produced by the valuation model for the same period are shown in the table above

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost	\$ 738,764	\$ 682,347	\$ 667,898	\$ 611,990	\$ 555,982	\$ 522,311	\$ 565,716	\$ 536,574	\$ 538,171	\$ 498,306
Interest	1,707,653	1,622,464	1,555,250	1,518,916	1,462,086	1,336,940	1,310,682	1,240,902	1,163,671	1,085,340
Differences Between Expected and Actual Experience	715,508	13,985	368,023	(197,435)	(407,213)	557,747	(372,488)	(196,887)	-	-
Changes in Assumptions	-	1,055,199	32,218	-	570,521	585,568	152,935	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(1,582,358)	(1,245,998)	(2,175,488)	(800,956)	(761,657)	(823,522)	(668,726)	(806,243)	(663,463)	(625,281)
Net Change	1,579,567	2,127,997	447,901	1,132,515	1,419,719	2,179,044	988,119	774,346	1,038,379	958,365
Total Pension Liability, Beginning	24,447,463	22,319,466	21,871,565	20,739,050	19,319,331	17,140,287	16,152,168	15,377,822	14,339,443	13,381,078
Total Pension Liability, Ending (a)	\$ 26,027,030	\$ 24,447,463	\$ 22,319,466	\$ 21,871,565	\$ 20,739,050	\$ 19,319,331	\$ 17,140,287	\$ 16,152,168	\$ 15,377,822	\$ 14,339,443
Plan Fiduciary Net Position										
Contributions - Employer	\$ 772,579	\$ 669,775	\$ 629,053	\$ 455,980	\$ 343,359	\$ 248,704	\$ 298,505	\$ 556,922	\$ 756,791	\$ 779,531
Contributions - Employee	380,383	340,203	317,003	303,409	285,401	269,713	263,011	246,579	240,968	242,185
Net Investment Income	(3,251,481)	4,035,610	1,721,236	909,926	1,522,216	2,050,466	1,172,257	(319,164)	1,396,846	1,537,348
Benefit Payments, Including Refund of Employee Contributions	(1,582,358)	(1,245,998)	(2,175,488)	(800,956)	(761,657)	(823,522)	(668,726)	(806,243)	(663,463)	(625,281)
Administrative Expense	(80,933)	(76,073)	(55,909)	(58,103)	(55,635)	(56,085)	(45,495)	(43,915)	(35,530)	(31,453)
Other	-	-	-	-	-	-	-	-	44,105	-
Net Change	(3,761,810)	3,723,517	435,895	810,256	1,333,684	1,689,276	1,019,552	(365,821)	1,739,717	1,902,330
Plan Fiduciary Net Position, Beginning	24,618,572	20,895,055	20,459,160	19,648,904	18,315,220	16,625,944	15,606,392	15,972,213	14,232,496	12,330,166
Plan Fiduciary Net Position, Ending (b)	20,856,762	24,618,572	20,895,055	20,459,160	19,648,904	18,315,220	16,625,944	15,606,392	15,972,213	14,232,496
Net Pension Liability, Ending (a) - (b)	\$ 5,170,268	\$ (171,109)	\$ 1,424,411	\$ 1,412,405	\$ 1,090,146	\$ 1,004,111	\$ 514,343	\$ 545,776	\$ (594,391)	\$ 106,947
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.14%	100.70%	93.62%	93.54%	94.74%	94.80%	97.00%	96.62%	103.87%	99.25%
Covered Employee Payroll	\$ 5,942,914	\$ 5,315,672	\$ 4,953,172	\$ 4,740,758	\$ 4,459,380	\$ 4,214,265	\$ 4,109,545	\$ 3,852,802	\$ 3,765,128	\$ 3,784,133
Net Pension Liability as a Percentage of Covered Employee Payroll	87.00%	-3.22%	28.76%	29.79%	24.45%	23.83%	12.52%	14.17%	-15.79%	2.83%

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

Notes to Schedule:

Changes of Assumptions:

For measurement date 9/30/21, as a result of an Experience Study dated November 30, 2021, the Board has approved the following changes:

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost	\$ 865,242	\$ 855,640	\$ 829,996	\$ 810,126	\$ 781,326	\$ 736,601	\$ 675,767	\$ 650,319	\$ 704,926	\$ 645,804
Interest	1,946,306	1,760,744	1,630,907	1,557,188	1,494,147	1,401,536	1,205,985	1,207,893	1,142,097	1,050,053
Differences Between Expected and Actual Experience	140,783	485,335	211,677	(355,584)	(254,535)	226,022	293,542	(1,131,354)	-	-
Changes of Benefit Terms	-	-	-	(3,124)	-	-	-	-	102,466	-
Contributions - Buy Back	-	-	-	-	18,708	-	-	-	-	-
Changes in Assumptions	-	1,129,136	(72,480)	-	635,050	1,144,118	337,452	-	-	-
Share Plan Allocation	172,965	139,291	110,280	119,721	113,414	88,474	775,763	-	-	-
Other	-	-	-	-	-	-	-	-	36,400	-
Change in Excess State Money	-	-	-	-	-	(9,059)	(798,033)	102,691	110,979	-
Benefit Payments, Including Refund of Employee Contributions	(873,360)	(849,648)	(1,040,702)	(1,228,318)	(1,286,243)	(1,191,193)	(618,732)	(933,578)	(1,079,145)	(334,643)
Net Change	2,251,936	3,520,498	1,669,678	900,009	1,501,867	2,396,499	1,871,744	(104,029)	1,017,723	1,361,214
Total Pension Liability, Beginning	<u>27,375,803</u>	<u>23,855,305</u>	<u>22,185,627</u>	<u>21,285,618</u>	<u>19,783,751</u>	<u>17,387,252</u>	<u>15,515,508</u>	<u>15,619,537</u>	<u>14,601,814</u>	<u>13,240,600</u>
Total Pension Liability, Ending (a)	<u>\$ 29,627,739</u>	<u>\$ 27,375,803</u>	<u>\$ 23,855,305</u>	<u>\$ 22,185,627</u>	<u>\$ 21,285,618</u>	<u>\$ 19,783,751</u>	<u>\$ 17,387,252</u>	<u>\$ 15,515,508</u>	<u>\$ 15,619,537</u>	<u>\$ 14,601,814</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 653,302	\$ 575,632	\$ 537,980	\$ 378,613	\$ 121,687	\$ 121,961	\$ 111,296	\$ 429,649	\$ 576,763	\$ 746,119
Contributions - State	423,143	378,243	339,563	352,151	343,741	310,487	300,086	296,275	296,686	291,738
Contributions - Employee	329,224	320,388	304,695	295,647	288,434	278,697	267,931	255,354	235,503	264,486
Contributions - Buy Back	-	-	-	-	18,708	-	-	-	-	-
Net Investment Income	(3,579,721)	4,307,665	1,661,513	778,906	1,519,422	2,132,311	1,072,929	(374,169)	1,512,913	1,596,346
Benefit Payments, Including Refund of Employee Contributions	(873,360)	(849,648)	(1,040,702)	(1,228,318)	(1,286,243)	(1,191,193)	(618,732)	(933,578)	(1,079,145)	(334,643)
Administrative Expense	(94,360)	(74,336)	(69,573)	(62,363)	(66,003)	(70,281)	(47,835)	(46,407)	(37,041)	(30,354)
Other	-	-	-	-	-	-	-	-	(44,105)	-
Net Change	(3,141,772)	4,657,944	1,733,476	514,636	939,746	1,581,982	1,085,675	(372,876)	1,461,574	2,533,692
Plan Fiduciary Net Position, Beginning	<u>26,916,864</u>	<u>22,258,920</u>	<u>20,525,444</u>	<u>20,010,808</u>	<u>19,071,062</u>	<u>17,489,080</u>	<u>16,403,405</u>	<u>16,776,281</u>	<u>15,314,707</u>	<u>12,781,015</u>
Plan Fiduciary Net Position, Ending (b)	<u>23,775,092</u>	<u>26,916,864</u>	<u>22,258,920</u>	<u>20,525,444</u>	<u>20,010,808</u>	<u>19,071,062</u>	<u>17,489,080</u>	<u>16,403,405</u>	<u>16,776,281</u>	<u>15,314,707</u>
Net Pension Liability, Ending (a) - (b)	<u>\$ 5,852,647</u>	<u>\$ 458,939</u>	<u>\$ 1,596,385</u>	<u>\$ 1,660,183</u>	<u>\$ 1,274,810</u>	<u>\$ 712,689</u>	<u>\$ (101,828)</u>	<u>\$ (887,897)</u>	<u>\$ (1,156,744)</u>	<u>\$ (712,893)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.25%	98.32%	93.31%	92.52%	94.01%	96.40%	100.59%	105.72%	107.41%	104.88%
Covered Employee Payroll	\$ 5,144,131	\$ 5,006,067	\$ 4,760,860	\$ 4,619,494	\$ 4,506,775	\$ 4,354,635	\$ 4,186,426	\$ 3,989,908	\$ 3,701,314	\$ 4,132,599
Net Pension Liability as a Percentage of Covered Employee Payroll	113.77%	9.17%	33.53%	35.94%	28.29%	16.37%	-2.43%	-22.25%	-31.25%	-17.25%

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

Notes to Schedule:

Changes of Assumptions:

For measurement date 9/30/21, as a result of an Experience Study dated November 24, 2021, the Board has approved the following changes:

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 772,579	\$ 669,775	\$ 629,053	\$ 497,780	\$ 379,047	\$ 248,242	\$ 304,106	\$ 473,895	\$ 756,791	\$ 779,531
Contributions in Relation to the Actuarially Determined Contributions	772,579	669,775	629,053	455,980	343,359	248,704	298,505	556,922	756,791	779,531
Contributions Deficiency (Excess)	<u>\$ 1,545,158</u>	<u>\$ 1,339,550</u>	<u>\$ -</u>	<u>\$ 41,800</u>	<u>\$ 35,688</u>	<u>\$ (462)</u>	<u>\$ 5,601</u>	<u>\$ (83,027)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 5,942,914	\$ 5,315,672	\$ 4,953,172	\$ 4,740,758	\$ 4,459,380	\$ 4,214,265	\$ 4,109,545	\$ 3,852,802	\$ 3,765,128	\$ 3,784,133
Contributions as a Percentage of Covered Employee Payroll	13.00%	12.60%	12.70%	9.62%	7.70%	5.90%	7.26%	14.45%	20.10%	20.60%

Notes to Schedule:

Valuation Date October 1, 2020

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

Methods and assumptions used to determine contribution rates:

Funding Method Entry age normal actuarial cost method.

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

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

Inflation 2.5% per year.

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

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

Interest Rate 7.25% per year compounded annually, net of investment related expenses.

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

Retirement Age

Age	Rate
55 - 57	20.0%
58 - 64	25.0%
65+	100.0%

Early Retirement

None.

Termination Rates

See table below.

Disability Rates

See table below.

Mortality

Healthy Lives:

Female: PubS.H-2010 for Employees

Male: PubS.H-2010 for Employees

Disabled Lives:

PubG.H-2010 for Disabled Retirees, set forward three years

Other Information

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

Disability Rates Table	
Service	Rate
20	0.03%
25	0.03%
30	0.03%
35	0.03%
40	0.06%
45	0.11%
50	0.21%
55	0.45%
60	0.81%
65+	1.40%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 900,223	\$ 815,989	\$ 785,542	\$ 632,870	\$ 432,650	\$ 326,598	\$ 322,355	\$ 542,628	\$ 762,470	\$ 929,835
From Excess State Money Reserve	-	-	-	-	-	-	102,941	-	-	-
Contributions in Relation to the Actuarially Determined Contributions	903,480	814,585	767,263	611,043	352,014	353,034	330,709	623,233	762,470	929,835
Contributions Deficiency (Excess)	<u>\$ (3,257)</u>	<u>\$ 1,404</u>	<u>\$ 18,279</u>	<u>\$ 21,827</u>	<u>\$ 80,636</u>	<u>\$ (26,436)</u>	<u>\$ (111,295)</u>	<u>\$ (80,605)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 5,144,131	\$ 5,006,067	\$ 4,760,860	\$ 4,619,494	\$ 4,506,775	\$ 4,354,635	\$ 4,186,726	\$ 3,989,908	\$ 3,701,314	\$ 4,132,599
Contributions as a Percentage of Covered Employee Payroll	17.56%	16.27%	16.12%	13.23%	7.81%	8.11%	7.90%	15.62%	20.60%	22.50%

Notes to Schedule:

Valuation Date October 1, 2020

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

Methods and assumptions used to determine contribution rates:

Funding Method Frozen entry age actuarial cost method.

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

Amortization Method Level of percentage of pay, closed over 20 years.

Inflation 2.5% per year.

Salary Increases For service over 25 years - 10%; For service between 25-39 years - 6.5%; For service of 40 years and over - 5.5%.

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

Interest Rate 7.25% per year compounded annually, net of investment related expenses.

Normal Retirement Age For 10-24 years of service age 55-56, a rate of 50% and 100% at age 57+.
For 25 years of service or more, a rate of 100% is assumed.

Early Retirement Commencing with the earliest retirement age (45). Members are assumed to retire with immediate subsidized benefit at the rate of 7.5% per year.

Termination Rates See table below.

Disability Rates See table below.

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

Mortality

Healthy Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

Other Information

Termination and Disability Rates Table			
Termination Rates Table		Disability Rates Table	
Service	Rate	Service	Rate
0 - 2	20.0%	20	0.070%
3	15.0%	25	0.080%
4	10.0%	30	0.090%
5	9.0%	35	0.120%
6	8.0%	40	0.150%
7	7.0%	45	0.260%
8	6.0%	50	0.500%
9	5.5%	55	0.780%
10	5.0%	60+	1.05%
11	4.5%		
12	4.0%		
13+	3.5%		

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

For the Year Ended September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money Weighted Rate of Return, Net of Investment Expense	-13.31%	19.42%	8.65%	4.64%	8.35%	12.40%	7.54%	-1.99%	9.70%	12.28%

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

For the Year Ended September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money Weighted Rate of Return, Net of Investment Expense	-13.30%	19.40%	8.12%	3.94%	8.12%	12.45%	6.60%	-2.25%	9.92%	12.04%

COMBINING FINANCIAL STATEMENTS

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

DEBT SERVICE FUND

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

PERMANENT FUND

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

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

**CITY OF CRESTVIEW, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds						Total
	Law Enforcement Trust	Community Redevelopment Agency	CDBG	Building and Permitting	Debt Service	Permanent Fund	
Assets							
Cash and Cash Equivalents	\$ 4,493	\$ 571,440	\$ 8,950	\$ 1,327,211	\$ 283,533	\$ 2,913	\$ 2,198,540
Cash and Cash Equivalents, Restricted	-	-	-	-	71,815	-	71,815
Investments	-	-	-	-	-	53,285	53,285
Prepays	-	237	-	2,061	-	-	2,298
Due from Other Governments	-	250,000	51,771	-	-	-	301,771
Total Assets	<u>4,493</u>	<u>821,677</u>	<u>60,721</u>	<u>1,329,272</u>	<u>355,348</u>	<u>56,198</u>	<u>2,627,709</u>
Liabilities							
Accounts Payable	-	97,146	7,788	1,530	-	-	106,464
Accrued Expenses	-	-	-	1,255	-	-	1,255
Interfund Payables	-	250,000	51,771	-	-	-	301,771
Total Liabilities	<u>-</u>	<u>347,146</u>	<u>59,559</u>	<u>2,785</u>	<u>-</u>	<u>-</u>	<u>409,490</u>
Fund Balances							
Non-Spendable	-	237	-	2,061	-	53,285	55,583
Restricted	-	474,294	-	1,324,426	71,815	-	1,870,535
Assigned	4,493	-	1,162	-	283,533	2,913	292,101
Total Fund Balances	<u>4,493</u>	<u>474,531</u>	<u>1,162</u>	<u>1,326,487</u>	<u>355,348</u>	<u>56,198</u>	<u>2,218,219</u>
Total Liabilities and Fund Balances	<u>\$ 4,493</u>	<u>\$ 821,677</u>	<u>\$ 60,721</u>	<u>\$ 1,329,272</u>	<u>\$ 355,348</u>	<u>\$ 56,198</u>	<u>\$ 2,627,709</u>

**CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	Special Revenue Funds						Total
	Law Enforcement Trust	Community Redevelopment Agency	CDBG	Building and Permitting	Debt Service	Permanent Fund	
Revenues							
Taxes	\$ -	\$ 85,186	\$ -	\$ -	\$ -	\$ -	\$ 85,186
Licenses and Permits	-	-	-	854,878	-	-	854,878
Intergovernmental	-	250,000	184,904	-	-	-	434,904
Miscellaneous	-	1,779	-	1,293	-	160	3,232
Total Revenues	<u>-</u>	<u>336,965</u>	<u>184,904</u>	<u>856,171</u>	<u>-</u>	<u>160</u>	<u>1,378,200</u>
Expenditures							
Current:							
General Government	-	933,679	-	-	-	-	933,679
Public Safety	-	-	-	395,337	-	-	395,337
Economic Environment	-	-	139,742	-	-	-	139,742
Debt Service:							
Principal	-	-	-	12,997	205,000	-	217,997
Interest	-	-	-	1,320	79,491	-	80,811
Total Expenditures	<u>-</u>	<u>933,679</u>	<u>139,742</u>	<u>409,654</u>	<u>284,491</u>	<u>-</u>	<u>1,767,566</u>
Excess (Deficiency) Revenues Over (Under) Expenditures	<u>-</u>	<u>(596,714)</u>	<u>45,162</u>	<u>446,517</u>	<u>(284,491)</u>	<u>160</u>	<u>(389,366)</u>
Other Financing Sources (Uses)							
Transfers in	-	162,395	-	-	283,741	-	446,136
Transfers out	-	-	(44,000)	(85,000)	-	-	(129,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>162,395</u>	<u>(44,000)</u>	<u>(85,000)</u>	<u>283,741</u>	<u>-</u>	<u>317,136</u>
Net Change in Fund Balances	<u>-</u>	<u>(434,319)</u>	<u>1,162</u>	<u>361,517</u>	<u>(750)</u>	<u>160</u>	<u>(72,230)</u>
Fund Balances, Beginning of Year	<u>4,493</u>	<u>908,850</u>	<u>-</u>	<u>964,970</u>	<u>356,098</u>	<u>56,038</u>	<u>2,290,449</u>
Fund Balances, End of Year	<u>\$ 4,493</u>	<u>\$ 474,531</u>	<u>\$ 1,162</u>	<u>\$ 1,326,487</u>	<u>\$ 355,348</u>	<u>\$ 56,198</u>	<u>\$ 2,218,219</u>

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2022

	<u>Stormwater Fund</u>	<u>Crestview Unlimited</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 215,999	\$ 86,736	\$ 302,735
Accounts Receivable, Net	21,383	8,362	29,745
Prepaid Expenses	2,943	-	2,943
Inventories	-	70,895	70,895
Total Current Assets	<u>240,325</u>	<u>165,993</u>	<u>406,318</u>
Non-Current Assets:			
Capital Assets:			
Assets Being Depreciated, Net	195,813	-	195,813
Total Non-Current Assets	<u>195,813</u>	<u>-</u>	<u>195,813</u>
Total Assets	<u>436,138</u>	<u>165,993</u>	<u>602,131</u>
Deferred Outflows of Resources			
Other Postemployment Benefits	5,380	-	5,380
Pensions	89,678	-	89,678
Total Deferred Outflows of Resources	<u>95,058</u>	<u>-</u>	<u>95,058</u>
Liabilities			
Current Liabilities:			
Accounts Payable	7,390	35,740	43,130
Accrued Expenses	1,616	44,737	46,353
Due to Other Funds	-	72,326	72,326
Unearned Revenue	-	1,773	1,773
Current Portion of Long-Term Debt:			
Compensated Absences	1,773	-	1,773
Revenue Bonds, Notes, and Capital Leases Payable	7,147	-	7,147
Total Current Liabilities	<u>17,926</u>	<u>154,576</u>	<u>172,502</u>
Non-Current Liabilities:			
Revenue Bonds, Notes, and Leases Payable	18,311	-	18,311
Other Postemployment Benefits Obligation	23,776	-	23,776
Compensated Absences	5,320	4,166	9,486
Net Pension Liability	121,736	-	121,736
Total Non-Current Liabilities	<u>169,143</u>	<u>4,166</u>	<u>173,309</u>
Total Liabilities	<u>187,069</u>	<u>158,742</u>	<u>345,811</u>
Deferred Inflows of Resources			
Other Postemployment Benefits	930	-	930
Pensions	2,958	-	2,958
Total Deferred Inflows of Resources	<u>3,888</u>	<u>-</u>	<u>3,888</u>
Net Position			
Net Investment in Capital Assets	170,355	-	170,355
Unrestricted	169,884	7,251	177,135
Total Net Position	<u>\$ 340,239</u>	<u>\$ 7,251</u>	<u>\$ 347,490</u>

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	<u>Stormwater Fund</u>	<u>Crestview Unlimited</u>	<u>Total</u>
Operating Revenue			
Charges for Service	\$ 399,198	\$ 491,527	\$ 890,725
Other	-	550	550
Total Operating Revenue	<u>399,198</u>	<u>492,077</u>	<u>891,275</u>
Operating Expenses			
Personnel Expenses	234,817	455,167	689,984
Purchased Services	-	33,987	33,987
Repairs and Maintenance	35,398	62,760	98,158
Depreciation and Amortization	4,667	-	4,667
Materials and Supplies	55,003	300,461	355,464
Other Expenses	14,468	123,487	137,955
Total Operating Expenses	<u>344,353</u>	<u>975,862</u>	<u>1,320,215</u>
Operating Income	<u>54,845</u>	<u>(483,785)</u>	<u>(428,940)</u>
Non-Operating Revenues and Expenses			
Interest Expense	<u>(551)</u>	<u>(8,964)</u>	<u>(9,515)</u>
Transfers			
Transfers in	238,162	-	238,162
Transfers (out)	<u>(513)</u>	<u>-</u>	<u>(513)</u>
Total Transfers	<u>237,649</u>	<u>-</u>	<u>237,649</u>
Change in Net Position	291,943	(492,749)	(200,806)
Net Position, Beginning of Year	<u>48,296</u>	<u>500,000</u>	<u>548,296</u>
Net Position, End of Year	<u>\$ 340,239</u>	<u>\$ 7,251</u>	<u>\$ 347,490</u>

CITY OF CRESTVIEW, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	<u>Stormwater Fund</u>	<u>Crestview Unlimited</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 401,634	\$ 485,488	\$ 887,122
Cash Paid to Suppliers for Goods and Services	(103,434)	(511,113)	(614,547)
Cash Paid to Employees for Services	(224,562)	(451,001)	(675,563)
Net Cash Provided by Operating Activities	<u>73,638</u>	<u>(476,626)</u>	<u>(402,988)</u>
Cash Flows from Non-Capital Financing Activities			
Due to/from Other Funds	-	72,326	72,326
Transfers to Other Funds	(513)	-	(513)
Transfers from Other Funds	238,162	-	238,162
Net Cash Flows from Non-Capital Financing Activities	<u>237,649</u>	<u>72,326</u>	<u>309,975</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(172,989)	-	(172,989)
Interest Paid	(551)	(8,964)	(9,515)
Principal Payment of Bonds, Notes and Capital Leases	(2,033)	-	(2,033)
Net Cash Used in Capital and Related Financing Activities	<u>(175,573)</u>	<u>(8,964)</u>	<u>(184,537)</u>
Net Change in Cash and Cash Equivalents	135,714	(413,264)	(277,550)
Cash and Cash Equivalents, Beginning of Year	<u>80,285</u>	<u>500,000</u>	<u>580,285</u>
Cash and Cash Equivalents, End of Year	<u>\$ 215,999</u>	<u>\$ 86,736</u>	<u>\$ 302,735</u>
Reconciliation of Operating Income to Net Cash			
Operating Income	\$ 54,845	\$ (483,785)	\$ (428,940)
Operating Activities:			
Depreciation and Amortization Expense	4,667	-	4,667
Changes in Operating Assets and Liabilities:			
Accounts Receivable	2,436	(8,362)	(5,926)
Prepaid Expenses	(2,943)	-	(2,943)
Inventories	-	(70,895)	(70,895)
Accounts Payable and Accrued Expenses	4,378	80,477	84,855
Unearned Revenue	-	1,773	1,773
Compensated Absences	(127)	-	(127)
Other Postemployment Benefits and Related Deferred Inflows and Outflows	(629)	4,166	3,537
Net Pension Liability and Related Deferred Inflows and Outflows	11,011	-	11,011
Total Adjustments	<u>18,793</u>	<u>7,159</u>	<u>25,952</u>
Net Cash Provided by Operating Activities	<u>\$ 73,638</u>	<u>\$ (476,626)</u>	<u>\$ (402,988)</u>

COMPLIANCE SECTION

**CITY OF CRESTVIEW, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Grantor/Pass-Through Agency</u>	<u>Assistance Listing Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Pass Through to Subrecipients</u>	<u>Grant Expenditures</u>
Federal Awards				
CDBG Entitlement Grants Cluster				
U.S. Department of Housing and Urban Development				
Community Development Block Grant Program	14.218	2021-2022	\$ -	\$ 184,904
Total CDBG Entitlement Grants Cluster			<u>-</u>	<u>184,904</u>
U.S. Department of Treasury				
Direct Program				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds*	21.027	SLT-8655	-	2,044,666
Total U.S. Department of Treasury			<u>-</u>	<u>2,044,666</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,229,570</u>

* Denotes major federal awards program.

CITY OF CRESTVIEW, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(Concluded)

<u>Grantor Agency</u>	<u>CSFA Number</u>	<u>Identifying Number</u>	<u>Pass Through to Subrecipients</u>	<u>Expenditures</u>
State Financial Assistance				
State of Florida, Department of Financial Services				
Direct Program:				
Local Government Fire Service Grants	43.009	FM682	\$ -	\$ 480,553
Total State of Florida, Department of Financial Services			<u>-</u>	<u>480,553</u>
State of Florida, Department of State				
Direct Program:				
Emergency Management Preparedness and Assistance Base Grant	45.032	22.h.sc.900.008	-	250,000
Total State of Florida, Department of State			<u>-</u>	<u>250,000</u>
Total Expenditures of State Financial Assistance			<u>\$ -</u>	<u>\$ 730,553</u>

CITY OF CRESTVIEW, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Note 1 - General

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of the City of Crestview, Florida (the City) have been designed to conform with generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (federal awards); and Chapter 10.550, *Rules of the Auditor General* of the State of Florida.

The City reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2022. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 D to the City's financial statements.

Note 3 - Indirect Costs

The City did not elect to use the 10% de minimis cost rate in 2022 as covered in 2 CFR 200.414.

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

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Crestview, Florida (the City), as of and for the year ended September 30, 2022, 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 22, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below that we consider to be a material weakness.

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Crestview, Florida

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

2022-01 – Financial Reporting

Criteria: To maintain a well-functioning and accurate internal and external financial reporting framework, financial information must be recorded, reconciled, and prepared in accordance with generally accepted accounting principles in the United States of America (GAAP).

Condition: While the City made significant improvements in the financial reporting system since the prior fiscal year, a number of audit adjustments were needed to properly record transactions in accordance with GAAP in the following areas:

- Reporting of fixed asset balances and depreciation expense. The City uses excel spreadsheets for tracking and maintaining fixed asset depreciation schedules. Errors were identified in the depreciation schedule related to depreciation expense and accumulated depreciation. The use of this technology lends itself to manual errors. In addition, we identified certain construction projects dating back many years that were not properly closed into the capital asset accounts and, therefore, were not being depreciated.
- Over and under statements of accounts payable at year-end. The cutoff of accounts payable related to ongoing construction projects that crossed fiscal years required material adjustments.

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

Recommendation: We recommend the City implement processes, procedures, and, where necessary, technology appropriate for the level of transactional activity occurring within the City's financial reporting system in order to ensure the financial statements are prepared in accordance with GAAP.

Management's Response: The Finance department has taken the audit team's recommendation to automate and computerize the acquisition and depreciation of assets by utilizing software designed for the purpose. The City of Crestview is currently procuring this type of software. Additionally, the Finance Department has already begun the process of taking inventory and identifying capital projects that need to be placed in service or assets that have been taken out of service and/or fully depreciated with the intent to implement the software with a clean depreciation schedule free of retired or outdated assets.

The City has numerous major projects that are often on-going at fiscal year-end. Certain projects with expenditures in the current fiscal year (2022/2023) were inadvertently accrued at fiscal year-end. The City is developing methods and processes to verify transactions are recorded in the correct period.

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

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

Report on Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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



June 22, 2023
Tallahassee, Florida

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

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Crestview, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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*

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

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

over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



June 22, 2023
Tallahassee, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
CITY OF CRESTVIEW, FLORIDA**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued on Whether the Financial Statements Audited Were Prepared in Accordance with GAAP:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Federal Programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None Reported

Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of Major Federal Programs:	<u>Assistance Listing Number</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Crestview, Florida (the City) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 22, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 22, 2023, 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. Certain items with the prior year finding 2021-01 were considered to have been resolved in the current year. The remaining uncorrected items from the prior year finding 2021-01 are included in finding 2022-01 on page 83.

Official Title and Legal Authority

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

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City of Crestview
Crestview, Florida

MANAGEMENT LETTER

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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



June 22, 2023
Tallahassee, Florida

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

Honorable Mayor and City Council
City of Crestview
Crestview, Florida

We have examined the City of Crestview, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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



June 22, 2023
Tallahassee, Florida

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