

TOWN OF CROSS CITY, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

Principal Officials as of the Financial Statement Date

TOWN COUNCIL

Kenneth Lee, Mayor

Ryan Fulford, Vice Mayor

Angela Carter

Kirk Marhefka

Charlie Heidelberg Jr.

TOWN CLERK

Heather Bellot

TOWN MANAGER

John Driggers

**TOWN OF CROSS CITY, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council
Town of Cross City, Florida:

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinion on the General Fund

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General Fund of the Town as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinions on the Governmental Activities, Business-type Activities, and Water & Sewer Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the Water & Sewer Fund of the Town as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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.

Basis for Qualified Opinions on Governmental Activities, Business-type Activities, and Water & Sewer Fund

As discussed in Note (9) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and Water & Sewer Fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, and the Water & Sewer Fund has not been determined.

Responsibilities for the Management for the Financial Statements

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

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 Town'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Town'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 Town'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.

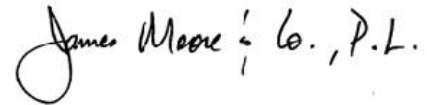
Required Supplementary Information

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

Management has omitted the schedule of changes in the Town's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. Our opinion on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2023, on our consideration of the Town'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 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 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 Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a vertical line separating the company name from the "P.L." suffix.

Gainesville, Florida
July 10, 2023

**TOWN OF CROSS CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

This discussion and analysis of the Town of Cross City's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30 2022. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2022:

- The Town follows GASB Statement No. 68 and reported a net pension liability of \$1,326,235 at September 30, 2022.
- The Town's overall net position increased by \$288,909. Net position of business-type activities decreased by \$6,219, while net position of governmental activities increased by \$295,128.
- Total ending unrestricted net position was \$3,678,346.

Overview of the basic Financial Statements

This annual report contains government-wide financial statements that report on the Town's activities as a whole and fund financial statements that report on the Town's two individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Town's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Town's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Town's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the Town.

In these statements, the Town's activities are divided as follows:

- Governmental activities – Most of the Town's basic services are reported here, including administration, fire services, road and bridge, and maintenance. Taxes and charges for services finance most of these activities.
- Business-type activities – These activities are financed in whole or in part by fees charged to external parties for good or services. The activities of the water system and garbage collections are reported as business-type activities.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Town's funds.

TOWN OF CROSS CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

- Governmental funds – The General Fund is the Town’s only governmental fund. This fund is accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund’s financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.
- Proprietary funds – The Water & Sewer Fund is the Town’s only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION The following tables present condensed, government-wide comparative data about net position and changes in net position.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Assets:						
Non-capital assets	\$1,456,575	\$1,867,957	\$ 4,153,918	\$ 4,695,109	\$ 5,610,493	\$ 6,563,066
Capital assets	1,266,437	1,251,379	15,197,907	14,572,180	16,464,344	15,823,559
Total assets	2,723,012	3,119,336	19,351,825	19,267,289	22,074,837	22,386,625
Deferred outflows	273,463	308,032	57,350	64,821	330,813	372,853
Liabilities:						
Current liabilities	104,585	188,018	382,201	463,716	486,786	651,734
Long-term liabilities	403,571	1,119,172	3,147,884	3,134,575	3,551,455	4,253,747
Total liabilities	508,156	1,307,190	3,530,085	3,598,291	4,038,241	4,905,481
Deferred inflow of resources:						
Pension related	731,277	68,008	153,363	14,311	884,640	82,319
Total deferred inflows	731,277	68,008	153,363	14,311	884,640	82,319
Net position:						
Net investment in capital assets	1,231,609	1,227,026	11,970,571	11,504,995	13,202,180	12,732,021
Restricted	1,275	-	1,319,933	1,361,311	1,321,208	1,361,311
Unrestricted	524,158	825,144	2,435,223	2,853,202	2,959,381	3,678,346
Total net position	\$1,757,042	\$2,052,170	\$15,725,727	\$15,719,508	\$17,482,769	\$17,771,678

TOWN OF CROSS CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Program revenues:						
Charges for services	\$ 320,449	\$ 332,879	\$ 1,223,649	\$ 1,317,704	\$ 1,544,098	\$ 1,650,583
Operating grants & contributions	74,279	421,141	-	-	74,279	421,141
Capital grants & contributions	-	823,142	168,583	356,435	168,583	1,179,577
General revenues:						
Property taxes	197,718	193,714	-	-	197,718	193,714
Other taxes	662,691	731,464	-	-	662,691	731,464
Investment earnings	454	270	2,093	1,466	2,547	1,736
Miscellaneous	14,337	14,971	-	-	14,337	14,971
Gain (loss) on disposition of capital assets	-	-	-	-	-	-
Total revenues	1,269,928	2,517,581	1,394,325	1,675,605	2,664,253	4,193,186
Program expenses:						
General government	365,812	436,937	-	-	365,812	436,937
Public safety	395,833	496,790	-	-	395,833	496,790
Physical environment	270,870	309,897	-	-	270,870	309,897
Transportation	119,827	947,323	-	-	119,827	947,323
Human services	12,000	4,000	-	-	12,000	4,000
Culture and recreation	33,468	27,506	-	-	33,468	27,506
Water & sewer	-	-	1,596,349	1,681,824	1,596,349	1,681,824
Total expenses	1,197,810	2,222,453	1,596,349	1,681,824	2,794,159	3,904,277
Transfers	45,000	-	(45,000)	-	-	-
Change in net position	117,118	295,128	(247,024)	(6,219)	(129,906)	288,909
Beginning net position	1,639,924	1,757,042	15,972,751	15,725,727	17,612,675	17,482,769
Ending net position	\$ 1,757,042	\$ 2,052,170	\$ 15,725,727	\$ 15,719,508	\$ 17,482,769	\$ 17,771,678

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$1,577,162 in program revenues and \$940,419 of general revenues and incurred \$2,222,453 of expenses. This resulted in a \$295,128 increase in net position.

Business-type Activities

Revenues of the Water & Sewer Fund were \$1,675,605 compared to expenses of \$1,681,824. This resulted in a decrease in net position of \$6,219.

THE TOWN'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$319,206 from \$1,399,061 to \$1,718,267.

TOWN OF CROSS CITY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Water & Sewer Fund

The Water & Sewer Fund's net position decreased by \$6,219, from \$15,725,727 to \$15,719,508.

BUDGETARY HIGHLIGHTS

There was no change between the original and final budgets for the General Fund.

Revenues of the General Fund were more than budgeted amounts by \$403,231.

The Town did not budget for the receipt of \$429,000 of ARPA funds in the current fiscal year.

General Fund expenditures were less than budgeted amounts by \$174,625. This was largely a result of the Town spending \$117,000 less on a SCOP Grant in the Transportation Department and unspent contingency funds of \$50,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town purchased two new vehicles for its police department in the amount of \$79,820. For further information on smaller purchases, please refer to the note to the accompanying financial statements entitled *Capital Assets*.

Debt Administration

The Town's long-term debt was reduced by \$170,626 during the current year. Please refer to the note to the accompanying financial statement entitled *Long-term Debt* for more detailed information about the Town's debt activity.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the Town's financial position or results of operations.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Town Hall at PO Box 417, Cross City, Florida.

TOWN OF CROSS CITY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,340,769	\$ 2,315,562	\$ 3,656,331
Investments	153,711	377,831	531,542
Receivables, net	51,201	203,114	254,315
Internal balances	(402,388)	402,388	-
Due from other governments	721,030	-	721,030
Inventories	-	23,870	23,870
Prepays	3,634	3,858	7,492
Restricted assets:			
Cash and cash equivalents	-	1,169,636	1,169,636
Investments	-	198,850	198,850
Capital assets:			
Depreciable, net	980,067	13,204,109	14,184,176
Non-depreciable	271,312	1,368,071	1,639,383
Total assets	<u>\$ 3,119,336</u>	<u>\$ 19,267,289</u>	<u>\$ 22,386,625</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 308,032</u>	<u>\$ 64,821</u>	<u>\$ 372,853</u>
LIABILITIES			
Accounts payable	\$ 38,844	\$ 27,754	\$ 66,598
Accrued expenses	26,125	9,095	35,220
Customer deposits	-	137,932	137,932
Unearned revenue	84,721	89,825	174,546
Accrued interest payable	-	7,175	7,175
Noncurrent liabilities:			
Due within one year:			
Bonds and Notes payable	10,831	167,354	178,185
Compensated absences	27,497	24,581	52,078
Due in more than one year:			
Bonds and Notes payable	13,522	2,899,831	2,913,353
Compensated absences	9,983	4,176	14,159
Net pension liability	1,095,667	230,568	1,326,235
Total liabilities	<u>\$ 1,307,190</u>	<u>\$ 3,598,291</u>	<u>\$ 4,905,481</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 68,008</u>	<u>\$ 14,311</u>	<u>\$ 82,319</u>
Total deferred inflows	<u>\$ 68,008</u>	<u>\$ 14,311</u>	<u>\$ 82,319</u>
NET POSITION			
Net investment in capital assets	\$ 1,227,026	\$ 11,504,995	\$ 12,732,021
Restricted for:			
Debt service	-	366,923	366,923
Construction	-	994,388	994,388
Unrestricted	825,144	2,853,202	3,678,346
Total net position	<u>\$ 2,052,170</u>	<u>\$ 15,719,508</u>	<u>\$ 17,771,678</u>

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

**TOWN OF CROSS CITY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 436,937	\$ -	\$ 350,000	\$ -	\$ (86,937)	\$ -	\$ (86,937)
Public safety	496,790	30,131	-	10,768	(455,891)	-	(455,891)
Physical environment	309,897	302,748	-	-	(7,149)	-	(7,149)
Transportation	947,323	-	71,141	812,374	(63,808)	-	(63,808)
Human services	4,000	-	-	-	(4,000)	-	(4,000)
Culture and recreation	27,506	-	-	-	(27,506)	-	(27,506)
Total governmental activities	<u>2,222,453</u>	<u>332,879</u>	<u>421,141</u>	<u>823,142</u>	<u>(645,291)</u>	<u>-</u>	<u>(645,291)</u>
Business-type activities:							
Water and sewer	1,681,824	1,317,704	-	356,435	-	(7,685)	(7,685)
Total business-type activities	<u>1,681,824</u>	<u>1,317,704</u>	<u>-</u>	<u>356,435</u>	<u>-</u>	<u>(7,685)</u>	<u>(7,685)</u>
Total primary government	<u>\$ 3,904,277</u>	<u>\$ 1,650,583</u>	<u>\$ 421,141</u>	<u>\$ 1,179,577</u>	<u>(645,291)</u>	<u>(7,685)</u>	<u>(652,976)</u>
General revenues:							
Property taxes					193,714	-	193,714
Sales and use taxes					174,258	-	174,258
Franchise and utility taxes					133,844	-	133,844
Public service taxes					222,907	-	222,907
Other taxes					1,396	-	1,396
State revenue sharing					170,491	-	170,491
Other intergovernmental revenues					28,568	-	28,568
Investment earnings (loss)					270	1,466	1,736
Miscellaneous revenues					14,971	-	14,971
Total general revenues					<u>940,419</u>	<u>1,466</u>	<u>941,885</u>
Change in net position					295,128	(6,219)	288,909
Net position - beginning					1,757,042	15,725,727	17,482,769
Net position - ending					<u>\$ 2,052,170</u>	<u>\$ 15,719,508</u>	<u>\$ 17,771,678</u>

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

**TOWN OF CROSS CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,340,769
Investments	153,711
Receivables, net	51,201
Due from other governments	721,030
Prepaid items	3,634
Total assets	\$ 2,270,345
LIABILITIES	
Accounts payable	\$ 38,844
Accrued expenses	26,125
Unearned revenue	84,721
Due to other funds	402,388
Total liabilities	552,078
FUND BALANCES	
Nonspendable:	
Prepaid items	3,634
Assigned to:	
American Rescue Plan Act	350,000
Subsequent year's budget	341,000
Unassigned	1,023,633
Total fund balances	1,718,267
Total liabilities and fund balances	\$ 2,270,345

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

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

Fund balances - total governmental funds		\$ 1,718,267
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 funds		
Total governmental capital assets	3,563,534	
Less: accumulated depreciation	<u>(2,312,155)</u>	1,251,379
On the governmental fund statements, a net pension liability is not recorded unless an amount is due and payable. On the statement of net position, the Town's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(1,095,667)	
Deferred outflows related to pensions	308,032	
Deferred inflows related to pensions	<u>(68,008)</u>	(855,643)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Bonds and notes payable	(24,353)	
Compensated absences	<u>(37,480)</u>	(61,833)
Net position of governmental activities		<u><u>\$ 2,052,170</u></u>

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

TOWN OF CROSS CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund
Revenues	
Taxes	\$ 663,416
Licenses, permits, and special assessments	133,844
Intergovernmental	1,372,201
Charges for services	332,748
Fines and forfeitures	131
Miscellaneous	15,241
Total revenues	<u>2,517,581</u>
Expenditures	
Current:	
General government	418,550
Public safety	454,925
Physical environment	305,696
Transportation	914,584
Human services	4,000
Culture and recreation	2,004
Capital outlay	87,126
Debt service	
Principal	10,475
Interest and fiscal charges	1,015
Total expenditures	<u>2,198,375</u>
Excess (deficiency) of revenues over expenditures	<u>319,206</u>
Net change in fund balances	<u>319,206</u>
Fund balances, beginning of year	1,399,061
Fund balances, end of year	<u><u>\$ 1,718,267</u></u>

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

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

Net change in fund balances - total governmental funds	\$ 319,206
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	87,126
Depreciation expense	(102,184)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.	
Principal repayment of general long-term debt	10,475
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability (asset) and deferred inflows/outflows related to pensions	(27,142)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:	
Change in compensated absences liability	7,647
Change in net position of governmental activities	\$ 295,128

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

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

	Water & Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,315,562
Restricted cash	174,529
Accounts receivable, net	203,114
Inventory	23,870
Prepaid items	3,858
Due from other funds	402,388
Total current assets	3,123,321
Noncurrent assets:	
Restricted cash	995,107
Unrestricted investments	377,831
Restricted investments	198,850
Capital assets:	
Land	1,368,071
Buildings and improvements	538,161
Infrastructure (other than buildings)	24,460,561
Equipment	340,130
Accumulated depreciation	(12,134,743)
Total noncurrent assets	16,143,968
Total assets	\$ 19,267,289
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	\$ 64,821
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 27,754
Accrued expenses	9,095
Deposits	137,932
Unearned revenue	89,825
Compensated absences	24,581
Payable from restricted assets:	
Accrued interest payable	7,175
Current maturities on long-term debt	167,354
Total current liabilities	463,716
Noncurrent liabilities:	
Bonds and notes payable	2,899,831
Compensated absences	4,176
Net pension liability	230,568
Total noncurrent liabilities	3,134,575
Total liabilities	\$ 3,598,291
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	\$ 14,311
Total deferred inflows	\$ 14,311
NET POSITION	
Net investment in capital assets	\$ 11,504,995
Restricted for:	
Debt service	366,923
Construction	994,388
Unrestricted	2,853,202
Total net position	\$ 15,719,508

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

TOWN OF CROSS CITY, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Water & Sewer Fund
Operating revenues	
Charges for services	\$ 1,317,454
Miscellaneous income	250
Total operating revenues	1,317,704
Operating expenses	
Personnel services	363,806
Contractual services	607,601
Depreciation	625,727
Total operating expenses	1,597,134
Operating income (loss)	(279,430)
Nonoperating revenues (expenses)	
Interest earnings	1,466
Interest expense	(84,690)
Total nonoperating revenues (expenses)	(83,224)
Income (loss) before capital contributions and transfers	(362,654)
Capital grants	350,000
Capital contributions and impact fees	6,435
Change in net position	(6,219)
Net position , beginning of year	15,725,727
Net position , end of year	\$ 15,719,508

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

**TOWN OF CROSS CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Water & Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 1,376,454
Cash paid to employees	(346,767)
Cash paid to suppliers	(635,307)
Net cash provided by (used in) operating activities	394,380
Cash flows from noncapital financing activities	
Interfund loans	(373,035)
Net cash provided by (used in) noncapital financing activities	(373,035)
Cash flows from capital and related financing activities	
Capital contributions and impact fees	6,435
Capital grants	350,000
Principal payments of long-term debt	(160,151)
Interest paid	(85,261)
Net cash provided by (used in) capital and related financing activities	111,023
Cash flows from investing activities	
Interest received	730
Net cash provided by (used in) investing activities	730
Net change in cash and cash equivalents	133,098
Cash and cash equivalents, beginning of year	3,352,100
Cash and cash equivalents, end of year	\$ 3,485,198
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (279,430)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	625,727
Changes in assets and liabilities:	
Accounts receivable	(22,204)
Inventories and prepaids	(12,118)
Accounts payable and accrued expenses	(15,588)
Deposits	4,930
Unearned revenue	76,024
Compensated absences	10,734
Net pension liability	6,305
Net cash provided by (used in) operating activities	\$ 394,380
Cash and cash equivalents classified as:	
Unrestricted	\$ 2,315,562
Restricted	1,169,636
Total cash and cash equivalents	\$ 3,485,198

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

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) Summary of Significant Accounting Policies:

The financial statements of the Town of Cross City, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town of Cross City, Florida (the “Town”), was established under Section 10426, Laws of Florida, in 1925.

As required by generally accepted accounting principles, the accompanying financial statements present the Town as a primary government. Component units are entities for which the Town is considered to be financially accountable or entities that would be misleading to exclude. There are no blended or discretely presented component units included in the Town's financial reporting.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues.

Generally, internal interfund activity has been eliminated from the government-wide financial statements. However, charges between the Town's water and sewer fund and other governmental functions are not eliminated because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Net Position reports the Town's financial position as of the end of the fiscal year. In this statement, the Town's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. The Statement of Activities is displayed using a net cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and other revenues not properly included among program revenues.

(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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax 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 pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, 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 revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Town reports the following major governmental fund:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary fund:

The **Water & Sewer Fund** accounts for the financial activities of the Town's water and sewer system.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

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

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(g) **Deposits and investments**—The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the Town at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and improvements	30 years
Furniture and equipment	3 – 10 years
Water and sewer system	40 – 50 years

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Compensated absences**—The Town’s personnel policies allow for limited vesting of employee vacation pay and accumulated sick leave. The liability for compensated absences is accrued when incurred in the government-wide financial statements. In the fund financial statements, for the General Fund, a liability for compensated absences is reported to the extent that the liability will be liquidated with expendable available financial resources.

(k) **Property taxes**—The Dixie County Tax Collector bills and collects property taxes for the Town. In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Lien Date	January 1
Levy Date:	October 1
Due Date:	March 31, of the following year
Delinquency Date:	April 1, of the following year

(l) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

(m) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (8).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the one item in this category is deferred inflows of resources related to pensions, as discussed further in Note (8).

(n) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (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 such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as the fund balance of the permanent fund which was restricted in perpetuity by referendum.

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Council are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the Town Council or (b) a body or official to which the Town Council has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the Town's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(o) **Net position flow assumption**—Sometimes, the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) Deposits and Investments:

The Town's cash and cash equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2022, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

The Town held no assets or investments carried at fair value at September 30, 2022, and subject to the required disclosures of GASB 72. All of the Town's investments were comprised of certificates of deposits, recorded at cost plus accrued interest, which approximates fair value.

(4) Accounts Receivable:

The Town's accounts receivable consists of the following at September 30, 2022:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	\$ 51,201	\$ -	\$ 51,201
Totals – Governmental Type Activities	<u>51,201</u>	<u>-</u>	<u>51,201</u>
Business-Type Activities			
Water & Sewer Fund			
Accounts receivable	263,114	(60,000)	203,114
Totals – Business-Type Activities	<u>263,114</u>	<u>(60,000)</u>	<u>203,114</u>
Totals	<u>\$ 314,315</u>	<u>\$ (60,000)</u>	<u>\$ 254,315</u>

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(5) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

Governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 262,051	\$ -	\$ -	\$ 262,051
Construction in progress	9,261	-	-	9,261
Total assets not being depreciated	<u>271,312</u>	<u>-</u>	<u>-</u>	<u>271,312</u>
Capital assets being depreciated:				
Building improvements	444,691	-	-	444,691
Land improvements	1,242,145	-	-	1,242,145
Furniture and equipment	1,518,260	87,126	-	1,605,386
Total assets being depreciated	3,205,096	87,126	-	3,292,222
Less: accumulated depreciation	(2,209,971)	(102,184)	-	(2,312,155)
Total capital assets being depreciated, net	995,125	(15,058)	-	980,067
Governmental activities capital assets, net	<u>\$ 1,266,437</u>	<u>\$ (15,058)</u>	<u>\$ -</u>	<u>\$ 1,251,379</u>

Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,368,071	\$ -	\$ -	\$ 1,368,071
Total assets not being depreciated	<u>1,368,071</u>	<u>-</u>	<u>-</u>	<u>1,368,071</u>
Capital assets being depreciated:				
Buildings and improvements	538,161	-	-	538,161
Furniture and equipment	340,130	-	-	340,130
Water plant	14,317,034	-	-	14,317,034
Sewer plant	10,143,527	-	-	10,143,527
Total assets being depreciated	25,338,852	-	-	25,338,852
Less: accumulated depreciation	(11,509,016)	(625,727)	-	(12,134,743)
Total capital assets being depreciated, net	13,829,836	(625,727)	-	13,204,109
Business-type activities capital assets, net	<u>\$ 15,197,907</u>	<u>\$ (625,727)</u>	<u>\$ -</u>	<u>\$ 14,572,180</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 14,481
Public safety	28,927
Public environment	535
Transportation	32,739
Culture and recreation	25,502
Total depreciation expense - governmental activities	<u>\$ 102,184</u>
Business-type activities:	
Water and sewer	\$ 625,727
Total depreciation expense - business-type activities	<u>\$ 625,727</u>

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(6) Long-Term Debt:

For the fiscal year ended September 30, 2022, a summary of the long-term liability transactions for the Town is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 34,828	\$ -	\$ (10,475)	\$ 24,353	\$ 10,831
Compensated absences	45,127	33,115	(40,762)	37,480	27,497
Governmental activities – Total long-term liabilities	<u>\$ 79,955</u>	<u>\$ 33,115</u>	<u>\$ (51,237)</u>	<u>\$ 61,833</u>	<u>\$ 38,328</u>
Business-type activities:					
Bonds payable	\$ 2,730,000	\$ -	\$ (119,000)	\$ 2,611,000	\$ 125,000
Notes payable	497,336	-	(41,151)	456,185	42,354
Compensated absences	18,023	27,518	(16,784)	28,757	24,581
Business-type activities – Total long-term liabilities	<u>\$ 3,245,359</u>	<u>\$ 27,518</u>	<u>\$ (176,935)</u>	<u>\$ 3,095,942</u>	<u>\$ 191,935</u>

Annual debt service requirements to maturity for the Town's bonds and notes payable are as follows:

<u>Governmental-type Activities</u>			
<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,831	\$ 651	\$ 11,482
2024	11,200	282	11,482
2025	2,322	11	2,333
Total	<u>\$ 24,353</u>	<u>\$ 944</u>	<u>\$ 25,297</u>
<u>Business-type Activities</u>			
<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 167,354	\$ 79,206	\$ 246,560
2024	176,605	72,567	249,172
2025	183,879	65,500	249,379
2026	124,190	58,074	182,264
2027	127,539	54,464	182,003
2028-2032	564,618	221,320	785,938
2033-2037	341,000	168,907	509,907
2038-2042	384,000	130,900	514,900
2043-2047	425,000	88,273	513,273
2048-2052	473,000	41,141	514,141
2053	100,000	2,125	102,125
Total	<u>\$ 3,067,185</u>	<u>\$ 982,477</u>	<u>\$ 4,049,662</u>

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(6) **Long-Term Debt:** (Continued)

Long-term debt in the Town's governmental-type activities at September 30, 2022, are comprised of the following obligation:

Note payable, dated January 13, 2021, due in monthly payments of \$957, including interest at 3.35% through January 13, 2025.	\$ 24,353
Total notes payable	<u>\$ 24,353</u>

Long-term debt in the Town's business-type activities at September 30, 2022, are comprised of the following obligations:

State Revolving Fund note payable, dated March 24, 1999, due in semiannual payments of \$27,645, including interest at 2.58% to 2.99% through May 15, 2033. Repayment of loan balance is secured by a pledge of water and sewer revenues.	\$ 456,185
Water and Sewer Bonds (1986 Series); Due in installments of \$7,000 to \$62,000, from September 1, 1988 through September 1, 2025; interest at 6.250%; Repayment of loan balance is secured by a pledge of water and sewer revenues.	174,000
Water and Sewer Bonds (1988 Series); Due in installments of \$4,000 to \$24,000, from September 1, 1990 through September 1, 2028; interest at 5.000%; Repayment of loan balance is secured by a pledge of water and sewer revenues.	126,000
Water and Sewer Bonds (2013 Series); Due in installments of \$44,000 to \$65,000, from September 1, 2014 through September 1, 2053; interest at 2.125%. Repayment of loan balance is secured by a pledge of water and sewer revenues.	2,311,000
Total revenue bonds and notes payable	<u>\$ 3,067,185</u>

(7) **Interfund Balances and Transfers:**

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2022, are comprised of the following:

	Due From Other Funds	Due to Other Funds
Governmental Activities:		
General Fund:		
Water and Sewer Fund:	\$ -	\$ 402,388
Business-Type Activities:		
Water and Sewer Fund:		
General Fund	402,388	-
Total – All Funds	<u>\$ 402,388</u>	<u>\$ 402,388</u>

For the year ended September 30, 2022, the Water and Sewer Fund had no transfers to the General Fund.

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) Employees' Retirement Plans:

A. Florida Retirement System

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

(8) Employees' Retirement Plans: (Continued)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2022	After June 30, 2022
Regular Class	10.82%	11.91%
Special Risk Class	25.89%	27.83%
Senior Management	29.01%	31.57%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2022, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 130,509
Entity Contributions – HIS	10,755
Employee Contributions – FRS	19,436

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Employees' Retirement Plans:** (Continued)

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

At September 30, 2022, the entity reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 1,137,983
HIS	188,252
Total	<u>\$ 1,326,235</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2022 and June 30, 2021, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2022</u>	<u>2021</u>
FRS	0.003058434%	0.003072252%
HIS	0.001777372%	0.001763767%

For the year ended June 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 166,493
HIS	9,330
Total	<u>\$ 175,823</u>

Deferred outflows/inflows related to pensions:

At September 30, 2022, the entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 54,048	\$ -	\$ 5,714	\$ (828)
Changes of assumptions	140,147	-	10,791	(29,122)
Net difference between projected and actual investment earnings	75,141	-	273	-
Change in Town's proportionate share	41,931	(49,095)	7,138	(3,274)
Contributions subsequent to measurement date	34,933	-	2,737	-
	<u>\$ 346,200</u>	<u>\$ (49,095)</u>	<u>\$ 26,653</u>	<u>\$ (32,224)</u>

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) Employees' Retirement Plans: (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2023	\$ 72,763	\$ (3,024)	\$ 69,739
2024	24,678	(1,251)	23,427
2025	(27,734)	183	(27,551)
2026	182,575	(250)	180,325
2027	9,890	(3,242)	6,648
Thereafter	-	(1,724)	(1,724)
Total	\$ 262,172	\$ (9,308)	\$ 252,864

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate decreased from the prior year rate of 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.16%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2022, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Employees' Retirement Plans:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.6%
Fixed income	19.8%	4.4%
Global equities	54.0%	8.8%
Real estate	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 1,968,064	\$ 1,137,983	\$ 443,937
HIS	3.54%	215,376	188,252	165,808

(9) **Other Postemployment Benefits:**

The Town provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(10) **Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

TOWN OF CROSS CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) Contingencies and Uncertainties:

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute, a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town is involved in various legal proceedings incidental to the conduct of its affairs. It is the Town's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2022, no amounts have been accrued.

Recent Accounting Pronouncements:

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

- (a) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

- (b) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023

TOWN OF CROSS CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 586,400	\$ 586,400	\$ 663,416	\$ 77,016
Licenses, permits, and special assessments	100,000	100,000	133,844	33,844
Intergovernmental	1,118,900	1,118,900	1,372,201	253,301
Charges for services	300,600	300,600	332,748	32,148
Fines and forfeitures	3,450	3,450	131	(3,319)
Miscellaneous	5,000	5,000	15,241	10,241
Total revenues	<u>2,114,350</u>	<u>2,114,350</u>	<u>2,517,581</u>	<u>403,231</u>
Expenditures				
Current:				
General government	442,800	442,800	418,550	24,250
Public safety	503,700	503,700	454,925	48,775
Physical environment	293,000	293,000	305,696	(12,696)
Transportation	1,040,000	1,040,000	914,584	125,416
Culture and recreation	10,000	10,000	2,004	7,996
Human services	4,000	4,000	4,000	-
Contingency	50,000	50,000	-	50,000
Capital outlay	15,500	15,500	87,126	(71,626)
Debt Service:				
Principal	12,000	12,000	10,475	1,525
Interest and fiscal charges	2,000	2,000	1,015	985
Total expenditures	<u>2,373,000</u>	<u>2,373,000</u>	<u>2,198,375</u>	<u>174,625</u>
Excess (deficiency) of revenues over expenditures	<u>(258,650)</u>	<u>(258,650)</u>	<u>319,206</u>	<u>577,856</u>
Other financing sources (uses)				
Transfers in	25,000	25,000	-	(25,000)
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	<u>(233,650)</u>	<u>(233,650)</u>	<u>319,206</u>	<u>552,856</u>
Fund balances, beginning of year	1,399,061	1,399,061	1,399,061	-
Fund balances, end of year	<u>\$ 1,165,411</u>	<u>\$ 1,165,411</u>	<u>\$ 1,718,267</u>	<u>\$ 552,856</u>

The accompanying notes to schedule of revenues, expenditures, and changes in fund balance - budget and actual - general fund are an integral part of this schedule.

**TOWN OF CROSS CITY, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2022**

The Town adopts an annual budget for the General Fund. The Town generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Clerk submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Any revision that alters the expenditures of any fund must be approved by the Town Council. The fund is the legal level of control.

The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

TOWN OF CROSS CITY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)								
Proportion of the net pension liability	0.003058434%	0.003072252%	0.003283812%	0.003105879%	0.003134676%	0.002630915%	0.002723169%	0.002677384%
Proportionate share of the net pension liability	\$ 1,137,983	\$ 232,074	\$ 1,423,253	\$ 1,069,622	\$ 944,181	\$ 778,474	\$ 687,602	\$ 345,820
Covered employee payroll	647,867	624,545	587,564	564,067	562,184	568,877	551,251	549,337
Proportionate share of the net pension liability as a percentage of covered employee payroll	175.65%	37.16%	242.23%	189.63%	167.95%	136.84%	124.73%	62.95%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)								
Proportion of the net pension liability	0.001777372%	0.001763767%	0.001692582%	0.001686239%	0.001720856%	0.001760723%	0.001783402%	0.001810712%
Proportionate share of the net pension liability	\$ 188,252	\$ 216,353	\$ 206,661	\$ 188,673	\$ 182,137	\$ 188,265	\$ 207,848	\$ 184,664
Covered employee payroll	647,867	624,545	587,564	564,067	562,184	568,877	551,251	549,337
Proportionate share of the net pension liability as a percentage of covered employee payroll	29.06%	34.64%	35.17%	33.45%	32.40%	33.09%	37.70%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

**TOWN OF CROSS CITY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	As of the Plan Year Ended September 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)								
Contractually required contribution	\$ 130,509	\$ 119,652	\$ 109,107	\$ 96,305	\$ 89,336	\$ 70,814	\$ 68,753	\$ 64,753
Contributions in relation to the contractually required contribution	(130,509)	(119,652)	(109,107)	(96,305)	(89,336)	(70,814)	(68,753)	(64,753)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 647,867	\$ 629,692	\$ 587,564	\$ 564,067	\$ 562,184	\$ 568,877	\$ 551,251	\$ 549,337
Contributions as a percentage of covered payroll	20.14%	19.00%	18.57%	17.07%	15.89%	12.45%	12.47%	11.79%
Health Insurance Subsidy Program (HIS)								
Contractually required contribution	\$ 10,755	\$ 10,453	\$ 9,754	\$ 9,364	\$ 9,332	\$ 9,094	\$ 9,484	\$ 7,341
Contributions in relation to the contractually required contribution	(10,755)	(10,453)	(9,754)	(9,364)	(9,332)	(9,094)	(9,484)	(7,341)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 647,867	\$ 629,692	\$ 587,564	\$ 564,067	\$ 562,184	\$ 568,877	\$ 551,251	\$ 549,337
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

CITY OF LAKE CITY, FLORIDA
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
STATE FINANCIAL ASSISTANCE			
Florida Department of Transportation			
Direct Programs:			
Small County Outreach Program	55.009	G1F10	\$ 812,374
Total Florida Department of Transportation			<u>812,374</u>
Total State Financial Assistance			<u><u>\$ 812,374</u></u>

The accompanying notes to the schedule of expenditures of state financial assistance are an integral part of this schedule.

**TOWN OF CROSS CITY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the Town of Cross City, Florida. The information in this schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or Chapter 10.550, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No grant awards were passed through to subrecipients.

(3) **De Minimis Indirect Cost Rate Election:**

The Town has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

(4) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the Town. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable state laws and regulations.

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

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Modified*

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? yes X none reported

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Identification of major State programs:

CSFA Number	Project Name
55.009	Small County Outreach Program (SCOP)

B. Financial Statement Findings:

2022-001 – Segregation of Duties

Criteria: Internal controls over financial reporting should include proper segregation of duties to mitigate the risk of error and fraud.

Condition: Due to the limited number of people working for the Town, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions.

**TOWN OF CROSS CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)**

B. Financial Statement Findings (Continued):

Cause: The Town has a limited number of employees and thus many of the critical duties are combined and assigned to the available employees.

Effect: The Town is at a higher risk for error or fraud as the key financial duties are performed by a single individual.

Recommendation: We recommend the Town segregate the key financial duties to the extent possible.

2022-002 Bank Reconciliations

Criteria: Internal controls over financial reporting should include timely reconciliations of all significant cash account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities. These reconciliations should be performed on a timely and regular basis to help prevent misappropriation and ensure timely identification of errors or other issues.

Condition: All balances should be reconciled to bank statements and reconciled with the general ledger.

Cause: During the year ended September 30, 2022, cash accounts were not reconciled on a timely basis for several months.

Effect: Errors or improper activity may not be detected and corrected on a timely basis if reconciliations are not performed timely.

Recommendation: We recommend management perform reconciliations on a timely and regular basis and include procedures related to the proper cutoff of significant revenue and expense activities.

B. State Financial Assistance Findings and Questioned Costs: None.

C. Summary Schedule of Prior Audit Findings: N/A as there was no single audit for the year ended September 30, 2021.

D. Corrective Action Plan: See management response to findings as noted in the table of contents.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor and Town Council,
Town of Cross City, Florida:

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Town of Cross City, Florida (the Town)'s compliance with the types of compliance requirements identified as subject to audit in the *Florida Department of Financial Services' State Project Compliance Supplement*, that could have a direct and material effect on each of the Town's major state projects for the year ended September 30, 2022. The Town's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town 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 state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town 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 state program. Our audit does not provide a legal determination of the Town'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 Town's state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town'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 GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town'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 Town'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 Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

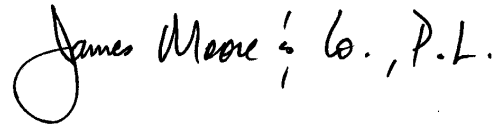
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a state project 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 Auditors' 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 results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looping initial "J".

Gainesville, Florida
July 10, 2023

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

To the Honorable Mayor and Town Council,
Town of Cross City, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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, and each major fund, of the Town of Cross City, Florida, (the Town) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 10, 2023.

As discussed in Note (9) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the water and sewer fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the water and sewer fund, has not been determined.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2022-001 through 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

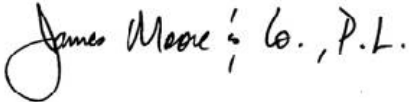
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the management's response as listed in the table of contents. The Town'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 it.

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
July 10, 2023

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor and Town Council,
Town of Cross City, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Cross City, Florida (the Town), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated July 10, 2023.

As discussed in Note (9) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the water and sewer fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the water and sewer fund, has not been determined.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated July 10, 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 annual financial audit report. Comment 2022-001 remains uncorrected from the second preceding audit report. The following is a summary of all findings and recommendations reported in the preceding annual financial audit report:

2021-001 – Segregation of Duties – Corrective action not taken. See repeat recommendation 2022-001. Previously reported as 2021-001 and 2020-001.

2021-002 – Impact Fee Accounting – Corrective action not taken. See repeat recommendation 2022-004. Previously reported as 2021-002.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town 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 Town 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 Town. It is management's responsibility to monitor the Town'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 noted the following recommendation:

2022-003 – Accounting Policies and Procedures

We noted the Town did not bill occupational licenses, request fire funds, and post water, sewer and garbage revenue timely. The Town also had issues with meeting reporting requirements along with issues with accounting errors throughout the year. We noted that the Town does not have an accounting procedures manual. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions that management performs. It will take some time and effort for management to complete this manual; however, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.

2022-004 – Impact Fee Accounting (Repeat Comment)

At year-end, the Town's impact fees were not being recorded in a separate fund. In fiscal year 2021, the State of Florida adopted a bill modifying Section 163.31801 (4b), Florida Statutes, which requires impact fees to be recorded in a separate accounting fund. We recommend the Town transition its impact fees to a separate fund in fiscal year 2022 and in the fiscal year 2023 budget process.

2022-005 – City Manager Contract

We noted the City Manager does not have a formal contract or agreement with the Town. We recommend that the Town have a formal written agreement in place to ensure the agreed upon wages are paid properly and accurately.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Additional Matters

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

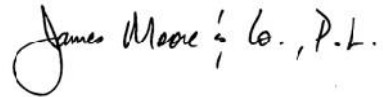
Town's Response to Recommendations

The Town's responses to the recommendations identified in our audit are described in the management's response as listed in the table of contents. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 State granting agencies, the Town Council, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

Gainesville, Florida
July 10, 2023

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a distinct "Co." at the end.



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and Town Council,
Town of Cross City, Florida

We have examined the Town of Cross City, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2022. The Town's management is responsible for the Town's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the Town's compliance against the Statute, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards established for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating the Town's compliance against the Statute and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Town's compliance for the year ended September 30, 2022. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Town's compliance was not in accordance with the aforementioned requirements, in all material respects, 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 of Town of Cross City, Florida and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

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

A handwritten signature in black ink that reads 'James Moore & Co., P.L.' The signature is written in a cursive, professional style.

Gainesville, Florida
July 10, 2023



P.O. Box 417/99 NE 210th Avenue, Cross City, FL 32628 (352)498-3306

Kenneth Lee, Mayor
Ryan Fulford, Vice Mayor
Angela Carter, Council Member
Heather Bellot, City Clerk
John Driggers, City Manager

Charlie Heidelberg, Council Member
Kirk Marhefka, Council Member
Jamey King, Chief of Police
Joseph Henderson, City Supt.
George Edmonds, Utility Supt.

To Whom it May Concern,

In accordance with the Auditor General's requirements to respond to certain issues raised as a result of the financial audit report, the following is offered as an explanation or rebuttal to the noted deficiencies identified in the 2021-2022 Independent Auditor's Report concerning the Town of Cross City, Florida.

In finding 022-01 of the cited report, it was noted, as in past years, that the Town does not adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. This area, unfortunately, is beyond the Town's control. As in past years, due to the small staff within the Town Hall, it is virtually impossible to adequately segregate duties. However, every possible effort is made to ensure that all appropriate controls are adhered to, including direct oversight.

In finding 22-002 of the cited report it was noted bank reconciliations were not completed in a timely manner. The Town has taken measures to ensure reconciliation is completed in a timely manner going forward.

Finding 22-003- The Town has spoken with staff on the importance of following proper accounting procedures. The issues stated in this finding were a result of a management change mid fiscal year. New management was not provided with training at the time of transition, but is now informed on reporting requirements, procedures, and has begun working with Town staff to create a more effective and streamlined department. While an accounting manual could be beneficial, it is nearly impossible with the Town's limited staffing to create an exhaustive manual outside of the current Policies and Procedures Manual. If time permits, management will work with the Town Attorney to create a document that management deems beneficial to the Town's functioning. Management is working on delegating duties and educating staff in areas of accounting functions to provide necessary support.



In finding 22-004 Regarding Impact Fee Accounting, the Town will rectify the recording issue and will now record impact fees in a separate accounting fund in the following budget years.

Finding 22-005- At the time of the appointment of the City Manager, the Town Council did not deem a contract necessary, and has not deemed a contract for the previous City Manager's necessary. All wage increases are per Council vote and thus are recorded in the Town's meeting minutes to ensure payment accuracy.

We hope this information is acceptable for your purposes. Should you require any additional information, please contact me at (352) 498-3468.

Sincerely,

Heather Bellot, Town Clerk

Town of Cross City

BEFORE ME, the undersigned authority, personally appeared Heather Bellot, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of Town of Cross City which is a local governmental entity of the State of Florida;
2. Town of Cross City adopted (Ordinance No. 286 implementing and Impact fee; and
3. Town of Cross City has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.



 Heather Bellot

STATE OF FLORIDA
COUNTY OF Dixie


SWORN TO AND SUBSCRIBED before me this 21st day of June, 2023.





NOTARY PUBLIC

Print Name Michelle F. Cannon

Personally known 

Produced Identification _____

Type of Identification _____

My Commission Expires: _____