

**GOING FURTHER**

**CITY OF CRYSTAL RIVER, FLORIDA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2025**

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CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT  
SEPTEMBER 30, 2025

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## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crystal River, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the General Fund and Community Redevelopment Agency budget comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17, schedules of contributions – FRS and HIS, schedules of the City's proportionate share of the net pension liability – FRS and HIS, and schedule of the City's total OPEB liability and related ratios on pages 51 through 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bradenton, Florida  
May 5, 2026

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**CITY OF CRYSTAL RIVER, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025**

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As management of the City of Crystal River, Florida, (the "City") we offer readers of the City of Crystal River, Florida's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

**Overview of the Financial Statements**

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

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

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

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

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

The government-wide financial statements can be found on pages 18 through 20 of this report.

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

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

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

# CITY OF CRYSTAL RIVER, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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

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

The basic governmental fund financial statements can be found on pages 21 through 24 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 27 through 30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 50 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements can be found on pages 56 and 57 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68,031,456 at the close of the most recent fiscal year.

By far the largest portion of the City's net position, 58%, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

**CITY OF CRYSTAL RIVER, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025**

**City of Crystal River, Florida's Net Position**

**Statement of Net Position**  
**As of September 30, 2025**

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 21,975,426	\$ 22,413,609	\$ 10,636,883	\$ 10,692,281	\$ 32,612,309	\$ 33,105,890
Capital assets	20,396,201	17,565,766	29,441,880	30,517,880	49,838,081	48,083,646
Total assets	42,371,627	39,979,375	40,078,763	41,210,161	82,450,390	81,189,536
Total deferred outflows of resources	777,420	737,954	164,053	208,062	941,473	946,016
Other liabilities	630,458	1,773,872	576,590	893,698	1,207,048	2,667,570
Long-term liabilities	10,743,982	10,413,413	2,673,761	3,477,124	13,417,743	13,890,537
Total liabilities	11,374,440	12,187,285	3,250,351	4,370,822	14,624,791	16,558,107
Total deferred inflows of resources	626,939	398,637	108,677	73,527	735,616	472,164
Net position:						
Net investment in capital assets	12,360,544	10,032,550	27,295,057	27,773,245	39,655,601	37,805,795
Restricted	8,688,386	10,357,192	2,406,343	2,316,750	11,094,729	12,673,942
Unrestricted	10,098,738	7,741,665	7,182,388	6,883,879	17,281,126	14,625,544
Total net position	\$ 31,147,668	\$ 28,131,407	\$ 36,883,788	\$ 36,973,874	\$ 68,031,456	\$ 65,105,281

An additional portion of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining \$17,281,126 balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

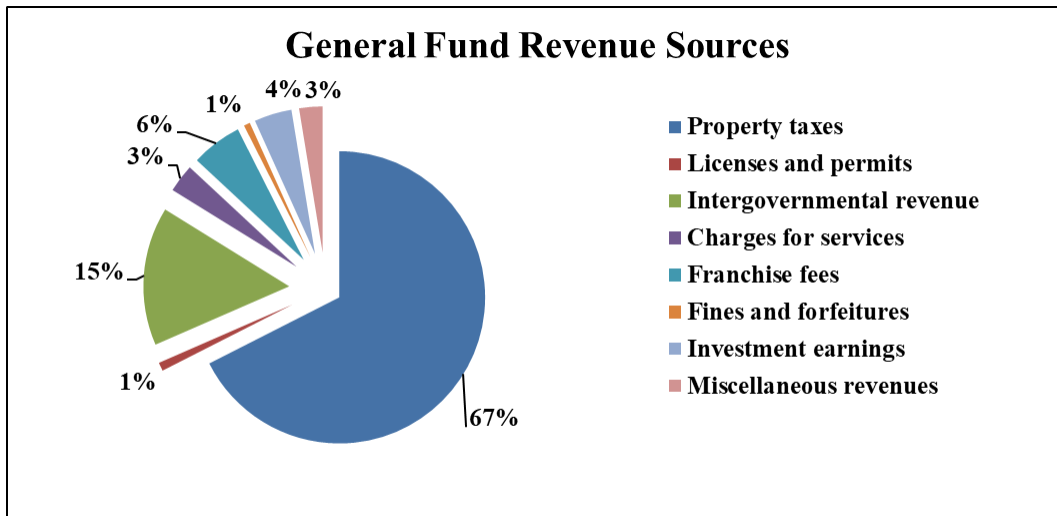
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental activities.** Governmental activities increased the City's net position by \$3,016,261.

**CITY OF CRYSTAL RIVER, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025**

**City of Crystal River, Florida's Changes in Net Position**

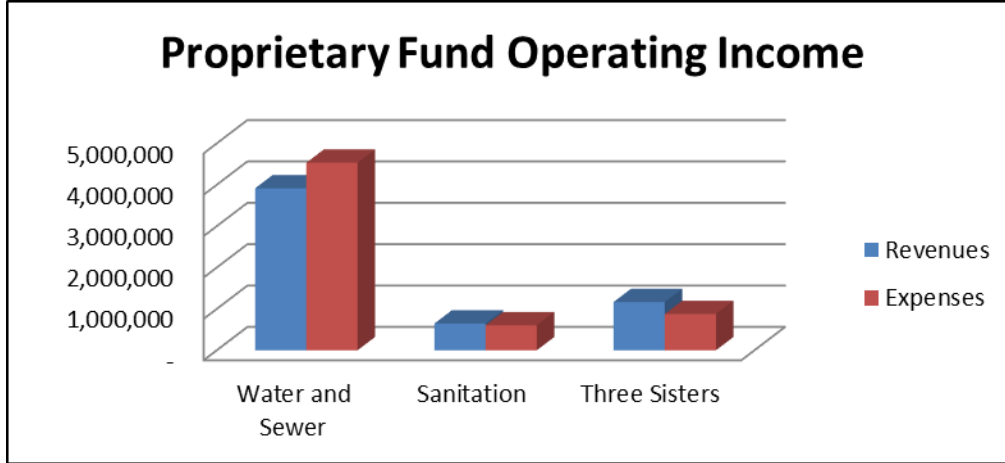
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,063,259	\$ 1,704,467	\$ 5,726,299	\$ 6,507,012	\$ 6,789,558	\$ 8,211,479
Operating grants and contributions	1,073,872	2,201,838	-	-	1,073,872	2,201,838
Capital grants and contributions	493,828	51,975	239,546	284,837	733,374	336,812
<b>General revenues:</b>						
Property taxes	6,959,078	6,573,125	-	-	6,959,078	6,573,125
Other taxes	776,514	760,267	-	-	776,514	760,267
Other	1,588,272	1,071,115	309,071	352,442	1,897,343	1,423,557
<b>Total revenues</b>	<b>11,954,823</b>	<b>12,362,787</b>	<b>6,274,916</b>	<b>7,144,291</b>	<b>18,229,739</b>	<b>19,507,078</b>
<b>Operating expenses:</b>						
General government	3,444,920	4,013,036	-	-	3,444,920	4,013,036
Public safety	2,491,086	2,148,585	-	-	2,491,086	2,148,585
Highways and streets	1,319,811	942,030	-	-	1,319,811	942,030
Physical environment	1,162,638	1,066,004	-	-	1,162,638	1,066,004
Culture and recreation	504,331	472,653	-	-	504,331	472,653
Economic development	233,762	277,779	-	-	233,762	277,779
Interest	89,978	67,240	-	-	89,978	67,240
Water and sewer	-	-	4,574,609	4,252,652	4,574,609	4,252,652
Sanitation	-	-	605,468	571,545	605,468	571,545
Three Sisters	-	-	876,961	1,256,861	876,961	1,256,861
<b>Total operating expenses</b>	<b>9,246,526</b>	<b>8,987,327</b>	<b>6,057,038</b>	<b>6,081,058</b>	<b>15,303,564</b>	<b>15,068,385</b>
Increase in net position before transfers	2,708,297	3,375,460	217,878	1,063,233	2,926,175	4,438,693
Transfers	307,964	342,930	(307,964)	(342,930)	-	-
<b>Change in net position</b>	<b>3,016,261</b>	<b>3,718,390</b>	<b>(90,086)</b>	<b>720,303</b>	<b>2,926,175</b>	<b>4,438,693</b>
Net position, beginning	28,131,407	24,413,017	36,973,874	36,253,571	65,105,281	60,666,588
<b>Net position, ending</b>	<b>\$ 31,147,668</b>	<b>\$ 28,131,407</b>	<b>\$ 36,883,788</b>	<b>\$ 36,973,874</b>	<b>\$ 68,031,456</b>	<b>\$ 65,105,281</b>



CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025

**Business-type activities.** Business-type activities decreased the City’s net position by \$90,086.



**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$21,320,857 an increase of \$1,044,646 in comparison with the prior year. Of the total, \$6,682,710 or 31% constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is *non-spendable, restricted or committed* to indicate that it is not available for new spending because it has already been restricted or committed for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,682,710 while total fund balance increased to \$16,174,629. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 71% of total General Fund expenditures, while total fund balance represents 171% of that same amount.

The fund balance of the City’s General Fund increased \$459,175 during the fiscal year fiscal year 2025 as shown on page 25, compared to a \$7,209,367 increase for fiscal year 2024. This increase was attributable to both revenue and expenditure variances. The economic uncertainties continued to impact this fiscal year. Fiscal year 2025 reflects revenue receipts 40% less than budgeted and expenditures 44% less than budgeted.

On the revenue side, approximately half of our revenues come from our Ad Valorem Tax. Unfortunately, for the public sector some of our revenue sources come from the state and continue to reflect economic uncertainties; the City remained conservative as the economic condition continues to remain unclear as displayed for the last few years. Fortunately, our state revenue collections were approximately \$6,108 more or 1.4% more than budgeted. However, the City saw an overall decrease with regards to electric service tax and electric franchise fees; we collected \$68,925 less or 5.5% less than budgeted.

**CITY OF CRYSTAL RIVER, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025**

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Also, building permits and zoning fees were \$18,102 or 3.8% less than projected; this was considerably less than fiscal year 2024 that saw an increase of \$856,590. Unfortunately, the City experienced three hurricanes in a year which impacted building permits. The economy was so uncertain, so the City was conservative in this area.

ARPA funds totaling \$1,595,000 were received in fiscal year 2022; however, funds have been deferred over the last three years based on spending activity. Most of the funding was spent by the close of this fiscal year creating revenue recognition of over \$676,000. Hurricane Idalia, which hit the City of Crystal River in August 2023 created a significant number of expenditures in fiscal year 2023 and fiscal year 2024 to be recovered. In fiscal year 2025, the City received almost \$690,000 from FEMA. Both revenue sources were not included within the adopted budget.

The Visitor Services Fund encompasses the Kings Bay Paddlecraft Kayak Corral Lease program and Parking Meter Enforcement program. Management, as with many City revenue sources, remained conservative budgeting both revenue streams as the economy can still impact this revenue source. Unfortunately, we collected almost \$96,225 less or 34% less than projected for the Paddlecraft portion and the parking meter collections were \$83,046 or 3% less than projected. Hurricane activity greatly impacted our City parks' operations causing closures for a month or greater fees were waived for Paddlecraft operations for a few months until they were fully operational. Parking Meters also were non-operational until April 2025 due to saltwater intrusion.

The City continued to benefit from a prior year investment of over \$8 million in Certificates of Deposit city-wide; fortunately, the City was able to lock in when interest rates were higher. The total invested into General Fund was \$5.7 million. As reflected in our financials, our investment earnings exceeded the budget by slightly over \$71,000. Management's conservative revenue budgeting strategy along with other revenue sources continues to create a positive cash flow for the City.

On the expenditure side, the City remained conservative with its spending due to economic uncertainties. Hurricane costs continued to affect our expenditures; these are reflected within the amended budgets primarily under the Highways and Streets area. A few operating expenditures came in less than budget. Overall, expenditures came in approximately \$1,800,000 more than adopted budgeted which the amended budget reflects. This increase was attributed to the purchase of an Aerial fire truck with a cost of \$1,669,384 funding partially from renewal and replacement, a portion of ARPA funds, and a loan, and the amortization of a three-year lease for a building rental for a temporary City Hall relocation.

Overall, the net result of these revenue and expenditure variances did increase the City's General Fund balance at the close of the year by \$459,175. The General Fund revenues collected and operating expenditures both were slightly more than projected; however, the increased revenues were more than the increased expenditures, and the City maintained a positive net position.

The Crystal River Community Redevelopment Agency (CRA) of the City continues to develop and grow. Management and staff continue to promote our downtown area through Main Street, and festivals and events on both Kings Bay and Town Square. Business owners see the growth of our City and continue to bring new businesses to our CRA district. The CRA provides mini grants for the local businesses to encourage growth and improvements to their façade.

The CRA water phase of the Riverwalk project began to come to fruition toward the close of this fiscal year. All but two of the property owners' easement agreements were finalized, which enabled Management to finalize the construction plans for the first segment of the water side of the project. The community will now see this \$4 million Phase II segment 1 of an overall projected \$17.2 million project maintain economic viability among our CRA district businesses with hopes to see increased growth for these businesses. Economic impact to our businesses is a key concern for Council and Management.

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

## CITY OF CRYSTAL RIVER, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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The Water and Sewer Fund shows revenues less than expenditures for the year with an operating loss of \$618,131 in the Water and Sewer Improvement fund. The overall loss is attributed to the year-end accounting adjustment of depreciation for the various Water and Sewer assets. Revenues for this fund primarily are derived from water and sewer utility billings. The utility billings were 82% of total revenues and grant revenues comprised 5.4% of total revenues. The City also receives funds monthly from Duke Energy for reclaimed water; the City pumps reclaimed water to the Duke Energy Crystal River Power Plant. The effluent water is used to cool the two coal fire plants CR4 and CR5. The City received a total of \$25,969 from Duke Energy for the fiscal year 2025. The overall fund balance for the water and sewer operating and capital funds is almost \$35.5 million, a decrease of \$234,300 for the current year. In fiscal year 2025, staff continued with the construction of the sewer line system within Indian Waters at an estimated cost of \$2.6 million. The Indian Waters project has been partially funded through a state grant from the Department of Environmental Protection. This year, through reimbursement from the grant, the City was able to refund 57 of the 83 residents for their costs associated with connecting to the system. The City also purchased a backhoe loader for the total cost of \$142,572 of which Water and Sewer funded \$100,000 of the total cost; the remaining was funding by the General Fund Improvement Fund.

U.S. Water took over the City's Utility Operations Management effective December 1, 2016, after the City had employed the previous company in this position for approximately 26 years. Council approved Amendment 3 to the U.S. Water Services Corporation on August 12, 2025. This amendment extended their contract in the amount of \$1,551,343 for an additional five years, from October 1, 2025 to September 30, 2029, with an option for an additional five-year extension. This amendment included maintaining the annual maintenance fee cap at \$150,000 as well as establishing a one-time 8.9% increase in annual compensation, with future adjustments based on the Consumer Price Index. If the annual CPI adjustment is less than 4%, then the contract shall be adjusted by 1% plus the actual CPI. If the actual CPI adjustment is 4% or greater, then the annual adjustment will be the actual CPI. The CPI adjustment shall never be less than zero. U.S. Water continues to make important operational improvements related to the City water and sewer systems.

The City has experienced a water loss for several years and U.S. Water continues to perform leak tests on our lines to determine areas of concern as well as replace customer aging meters for more accurate comparisons of water pumped to water billed. Management continues to see a decrease in water loss due to the new water meters. These meters alert when a possible leak occurs as well as provide accurate readings.

Sanitation, an enterprise fund, saw a loss of \$98,889 for the year. Garbage pickup has been contracted to an outside carrier for years to retain lower rates for the City customers. In December 2021, the vendor took over the commercial accounts, including pickup, customer service and billing. Unfortunately, County landfill rates continue to increase which in turn increases our Garbage vendor contract prices. The City has not passed this increase on to the residents for several years and understood this must be considered; an adjustment was included in the fiscal year 2025-2026 budget adoption.

Crystal River continues to remain a worldwide tourist destination, with about 350,000 visitors annually. Over eighty-five thousand people visited the Three Sisters Springs units of the Crystal River National Wildlife Refuge this year. Three Sister Springs entered its ninth year of operations in 2025 to continue to provide the community and tourists the opportunity to share an experience with the manatees and enjoy one of the most beautiful and memorable sites of the City of Crystal River. The City serves as the official concessionaire for land access to the Three Sisters Springs Unit of the Crystal River National Wildlife Refuge. The Three Sisters Springs Center provides valuable information to visitors to Crystal River about Three Sisters Springs, manatee eco-tourism, shopping, dining, entertainment, and other points of interest that the City and Citrus County has to offer. Manatee season runs from November 15 through March 31; however, the Center and Refuge are still open seven days a week year-round and are closed only for a few select holidays. City personnel staff the Refuge and the Welcome Center, and a shuttle bus service is provided to transport visitors to and from the Center and Refuge as well as make various stops throughout the City to assist in promoting the local businesses. The City has purchased both a trolley and 14 passenger van since its inception along with developing a capital improvement plan to complete various infrastructure projects. As an enterprise fund which

# CITY OF CRYSTAL RIVER, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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relies on tourism as a revenue source, management understands this fund may not always close with a positive net position. Fortunately, Management is happy to see this fund continue to close the year with a positive net position; fiscal year 2025 reflected an increase in net position of \$331,538 and a total fund balance of slightly over \$1,331,500. This enterprise fund has prospered as a business and has been a self-sufficient fund. The City continues to work with U.S. Fish and Wildlife to maintain a desirable management plan for all parties involved.

### **Capital Improvements Fund Budgetary Highlights**

During the year there was an increase between the original budget and the final amended budget due to a few projects that began in prior years and were not completed; as a result, the remaining budget was rolled forward to 2025. Such projects included the Riverwalk, Copeland Park Fishing Pier, Citywide Form Based Land Development Code, the Kings Bay Master Plan, Stormwater Master Plan, 8<sup>th</sup> Avenue Trail Design and NW 1<sup>st</sup> Parking Lot along with the construction of the sewer expansion project within the Indian Waters area of the City and the Paradise Point Forcemain Project.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of September 30, 2025, amounts to \$49,838,081 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities and roads. The total increase in the City's investment in capital assets for the current fiscal year was 4% (a 16% increase for governmental activities and a 4% decrease for business-type activities). Major capital asset events during the current fiscal year included the following:

We added \$2,081,592 of Construction in Progress for the governmental and business type funds, primarily due to the Riverwalk Project, Stormwater Master Plan, the NW 1<sup>st</sup> Parking Lot, and the design for the New City Hall along with the continuance of the Indian Waters Sewer Expansion Project, and the Paradise Pt. Forcemain. Several projects were completed and were capitalized this year.

#### **8<sup>th</sup> Avenue Trail**

This trail is a sidewalk connecting Jim Legrone Memorial Park to Frederick W. Copeland Park. The intent of the sidewalk is to increase safety by keeping pedestrians from walking in the roadway, as well as providing an active option for traveling between the two parks. Hartman Civil Construction Co., Inc was awarded the contract in September 2024.

The City and Citrus County Board of Commissioners entered an MOU where the County would reimburse the City up to \$250,000 for construction costs using the City of Crystal River and District 1 Transportation and Park Impact Fees. The project was completed this year at a total cost of \$195,934.65.

#### **Citywide Form Based Land Development Code**

The City contracted in 2023 with Stringfellow Planning and Design for a total cost of \$135,000 for the creation of a new Crystal River Unified Development Ordinance or Land Development Code. The intent was to codify many of the concepts in the City's Civic Master Plan, a twenty-five-year visioning document adopted by Council in April 2022. This plan established the framework for a new land development code which is adaptable to the Comprehensive Plan. This project was finalized and implemented this year.

The development of the new code was broken into three phases. Phase 1 included a detailed review of the future land use maps, zoning maps, GIS data, zoning overlays and all regulations affecting land development. Phase 2 included the preparation of a Draft Code that included provisions for Process, Administration, Place Types, Zoning, Block Standards, Streets/Thoroughfare, Open/Civic Space, Site and Building requirements, Vernacular Architecture, Uses, Parking & Loading, Landscaping and Definitions. Phase 3 was compilation of the Final Code Document.

**CITY OF CRYSTAL RIVER, FLORIDA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025**

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The development of the City’s new Land Development Code was completed and adopted within the early months of fiscal year 2025. This was an important step to address the expected growth and expansion of the City of Crystal River.

**Copeland Park Fishing Pier**

In August 2023, the State of Florida Department of Environmental Protection awarded a grant to the City in the amount of \$112,500 for the Copeland Park Improvement Project; the City matched a total of \$37,500 for the project. This public park improvement project is one of many the City is administering to better serve the community and its visitors.

In August 2024, the City contracted Shore Builders for the design, permitting and installation of the Copeland Park Fishing Pier. This is a bridge connecting one part of the park to another that was under-utilized and is now ADA accessible. This desire was to make the entire park more user-friendly. The pier was completed in January 2025 at a total cost of \$96,665.

**Downtown NW 1<sup>st</sup> Street Parking Project**

Downtown parking continues to be a concern for the City of Crystal River while the City continues to experience growth as a tourist destination. The City contracted with Kimley Horn to design and permit upgrades to an existing lime rock parking lot on Northwest First Avenue. In November 2023, Council reallocated American Recovering Plan Act (ARPA) funding in the amount of \$500,000 to be utilized for the NW 1<sup>st</sup> Parking lot project. In December 2023, a contract was awarded to Daly & Zilch for over \$812,000 for asphalt surfacing for this parking lot.

This parking project developed a more efficient parking pattern while incorporating the acquired properties that are contiguous to US 19, developed a utility service corridor behind many of the Citrus Avenue businesses and formally connected the Riverwalk with downtown along Citrus Avenue. This project was finalized in March 2025 at a total cost of \$851,053.

Management continues to pursue design options for on-street parking as well. Along with off-street parking lots, the City will benefit from the establishment of on-street parking.

**Golf Cart Crossing Study**

In 2019 Kimley-Horn conducted a Golf Cart Study to assess City of Crystal River roadways for suitability of golf cart use. The City adopted Golf Cart ordinance (Ordinance 11-O-18) establishing the roadway network for allowable golf cart use; unfortunately, it documented that golf carts were not allowed to cross US 19 within the City limits.

The Crystal River Civic Master Plan includes the concept to “explore possibilities for golf carts to be able to cross Highway 19 in downtown as a result of the ordinance. Kimley-Horn was awarded a contract to perform a second study following numerous requests to evaluate the suitability of golf cart crossings of US 19 at existing signalized intersections. The study focused on three (3) potential crossing locations – NW 19<sup>th</sup> Street/Turkey Oak Drive as US 19, NE 3<sup>rd</sup> Avenue/Three Sisters Springs Trail at US 19, and West Fort Island Trail/SE 8<sup>th</sup> Avenue at US 19. These specific locations were selected following preliminary guidance by FDOT and their general geographic location with the City. The Florida Department of Transportation has specific criteria to evaluate golf cart crossings of state highways as outlined in the FDOT Traffic Engineering Manual.

This second study was completed in September 2025 at a total cost of \$21,500. It is being evaluated by FDOT at this time.

## CITY OF CRYSTAL RIVER, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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#### **Hunter Springs Park Erosion Control Project**

Hurricanes over the years have impacted many Florida beaches. Hunter Springs beach, a man-made beach as well as the only Crystal River beach, has suffered damage these last few years. The beach has experienced sand washout into the waterway, contributing to clogging of the spring vents, reduced spring flow and increased nutrient concentration. The City desires to minimize the erosion and to potentially keep tidal waters off the sand and upper beach area. Kimley Horn was awarded a contract in April 2025 to perform a site assessment of the beach and prepare three conceptual layouts of the beach wall, providing options for various wall heights and alignments at a total cost of \$102,900. The contract includes design, construction document development, environmental permitting and bid phase services. At the close of this fiscal year, the assessment was approximately 31% complete.

In July 2025, the State of Florida Department of Environmental Protection awarded a grant to the City in the amount of \$350,000 to pay for the cost of this project. The grant agreement funds construction of the final design and will restore water quality, protect the spring ecosystem, and secure long-term resiliency for one of the City's most popular natural assets.

#### **Indian Waters and Southern Sewer Expansion Projects**

The City began this sewer expansion project in September 2016. It was initially planned for two phases – Indian Waters and Southern Sewer. City staff identified the possibility of expanding the existing Indian Waters Sewer Project (Phase 1) of slightly over 100 canal front residents, all outside the City's limits, served by septic systems and Crystal River State Park for an approximate cost of \$1,850,000. The Southern Sewer (Phase 2) of the project would add almost 300 additional residents for approximately \$4 million, bringing the total investment to \$5,850,000.

The City was originally awarded a \$997,000 Florida Department of Environmental Protection Springs Initiative grant for Phase 1 and the City committed \$100,000 from the Water & Sewer Enterprise Fund. Unfortunately, construction costs significantly increased since the development of the original 2015 cost estimate that formed the basis of the grant award. Costs increased to \$2.15 million for Phase 1 and almost \$5 million for Phase 2. The project does not cost City taxpayers as the benefiting property owners are absorbing the cost differential between actual total project costs less the grant funding and less the City commitment through the levy of a special assessment to their property taxes.

Several assessment workshops were held to explain the full process and financial impact to those property owners. At the start of the workshops, property owners were tentatively facing either an upfront charge of \$10,304 or an annual payment of \$861 on their tax bill for the next twenty years. Before a final assessment was set in September 2021, City staff obtained an additional \$500,000 state grant funding to help offset the increased project costs. The final assessment options were reduced to either a \$5,976 prepay charge or an annual assessment of \$832 over ten years. Council approved a construction contract in September 2021 for Phase 1 and construction was completed in December 2022. This project expanded the City's sewer system outside of City limits and took seventy-seven septic tanks offline reducing the amount of nitrogen entering the groundwater feeding the springs in and around Kings Bay. The affected property owners had 365 days to pump out their septic tanks and hook their homes up to the City's sewer pipeline. The City was awarded a Federal Clean Water Act 2022 319(h) Grant administered through the State of Florida Department of Environmental Protection in the amount of \$774,000, to assist each property owner with the connection to the sewer and demolition of the septic tanks costs of approximately \$3,500. Several residents took advantage of the environmental improvement and the opportunity of a significant if not 100% reimbursement by the City.

The City worked with multiple contractors through the homeowners to complete the connection process for all property owners. There are strict guidelines that must be adhered to for the City to be assured funding reimbursement by FDEP. At the close of the year, there were approximately 26 of the total 83 homeowners still left to connect to the system. The City at the close of the year had billed DEP for reimbursement for a total of \$495,003.

## CITY OF CRYSTAL RIVER, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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The Southern Sewer project has been on pause mode for several years until the City in coordination with Kimley Horn was able to obtain future year funding to offset costs of the projected almost \$13 million project. This project will consist of removing 276 septic tanks within the southern portion of the City of Crystal which are primary contributors to the increased nutrient loads that have led to more frequent algae blooms and decreased water quality. The Florida Department of Environmental Protection recently awarded a grant agreement in the amount of \$533,780. This grant has been added to the Springs multi-year funding project list contingent on satisfactory project progress completed utilizing the existing grant funding.

#### ***Kings Bay Riverwalk***

The Riverwalk project - a two-phase project (land and water) has been under development/construction for a number of years. The land phase was completed in 2018; the waterfront phase has taken a significant amount of time due to the complexities involved with sovereign submerged land leases for both the Riverwalk and multiple private docks and riparian rights agreements with individual property owners. This year brought closure to most of these items enabling the City to finalize the permit process for first segment of the water phase and begin construction in fiscal year 2026.

The water phase was broken down into two segments – Phase IIA covers the construction of the Riverwalk from Kings Bay crossing over to the Crab Plant including two (2) pedestrian bridges and Phase IIB covers the construction of the Riverwalk waterfront portion from Bayview Apartments around to Frye One Pete's Pier. Phase IIA has an associated cost of slightly over \$4.8 million and is fully funded where Phase IIB costs have not been finalized but appear to be around \$12.3 million; full funding has not been determined. Management continues to work with the construction manager to reduce costs for Phase IIB and Management is utilizing a financial council team to look at financing options for the unfunded cost.

The Riverwalk will provide the reason to extend a day trip into an overnight stay to benefit the economy of Crystal River and Citrus County as a whole. The ability to visit downtown and shop, dine, eat and stroll the Riverwalk could be the boost to our local economy the City has been hoping for.

#### **New City Hall Design and Construction**

The City of Crystal River has a history of flooding; unfortunately, the City Hall building where administration has worked is in the center of the City where most of the flooding occurs. Following Hurricane Idalia in August 2023, staff relocated twice to temporary locations until either a new final location was determined, or a new building is constructed. Council made the decision to no longer put funds into a building that consistently flooded; the building will be rebuilt.

In October 2023, the City was awarded a legislative line-item funding appropriation in the amount of \$1,350,000 for the "Crystal River Government Center Project, Phase I". This project consists of preconstruction services including design and permitting of the new City Hall facility. Reconstruction activities (i.e. demolition) were also included as an eligible activity in the scope of the project if any unspent funds remain. Monarch Design Group was awarded a total of \$1,220,010 to complete this process. In September 2025, Council approved a contract with Scorpio (CMAR Contract) to provide the City with Construction Management services for this construction project. Management, Monarch, Scorpio and Council have held numerous meetings to determine a reasonable and cost-effective design for a new City Hall building.

Council accepted the final conceptual design reports presented by Monarch on December 7, 2025, and authorized staff to work with Monarch to proceed with development of detailed drawings and specifications suitable for bidding and construction. This next phase will allow Management to look at funding options for the construction of a new City Hall with a current projected cost of around \$11.5 million. Construction is not anticipated until at least fiscal year 2028.

# CITY OF CRYSTAL RIVER, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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### **Paradise Point Forcemain Project**

Paradise Point Road is a City maintained local collector roadway subject to flooding from an abnormal high tide. The City had budgeted funds for several years to elevate a portion of the road to help alleviate the flooding and drastically increase efficiency by rerouting sewage flow from three lift stations. The sewage in this area was re-pumped up to three times which is extremely inefficient. This project corrected this by creating a manifold-type system.

The original scope of work developed approximately five years ago has now been expanded to include upgrades to the electrical components. Due to the enhancements of the project design coupled with economic conditions, the cost increased from the original estimate of \$300,000 to over \$480,000. This project converts the City's gravity sewer and lift station system from a conventional repump system using lift pumps to a manifold pump station including major upgrades to three existing submersible type pump stations. This project was near 95% completion by the close of this year.

### **Stormwater System Inventory and Improvements Master Plan**

A Stormwater Master Plan is essential for the City to identify and address critical issues to provide flood protection for its residents. The City of Crystal River experiences regular local and regional flooding related to storm and tidal events. The existing stormwater system is adjacent to and outfalls to King's Bay and Crystal River. This stormwater inventory and condition assessment will be conducted in two phases. Phase 1 involves reviewing existing geographic information system (GIS) data, light detection and ranging (LiDAR) data, regional watershed models, staff knowledge and soil classifications. Phase 2 will entail field work to inspect each stormwater structure and conveyance, recording their condition in a GIS data logger for analysis. The total projected cost for this project is \$2 million.

In April 2024, the State of Florida Department of Environmental Protection awarded a grant to the City in the amount of \$2,000,000 to pay for the total cost of this plan. Tasks to comply with the grant include a pre-design study, design and permitting and Construction.

The City contracted with Kimley Horn for the total cost of \$491,000 for the engineering portion of this plan; they had completed 52% of the project at the close of this year.

### **Waste Water Treatment Plant Permit Renewal and Rehab**

The City owns and operates, through a contract with U.S. Water, a 1.5 million gallon per day activated sludge wastewater treatment plant. The plant is located on NE 11<sup>th</sup> Street. The Florida Department of Environmental Protection highly regulates wastewater treatment plants. The permit from FDEP was a five-year permit and was issued on June 12, 2018, and expired on August 20, 2023. The City renewed this permit for an additional five years that will expire December 15, 2028. The permit renewal process identified upgrade improvements for the plant to remain in compliance with updated state standards. The plant currently treats wastewater effluent to secondary standards. Recent changes in state law require the plant be upgraded to tertiary standards designed to remove additional nutrients, more so than the current plan can achieve.

The services proposed to be provided through the Florida Government Utility Authority (FGUA) include several significant components. The first is evaluating the plants' long term flow potential by assessing future growth potential within and out of the City limits. This will be a more detailed evaluation provided in the wastewater master plan. Second is developing facilities plan to evaluate several plant upgrade options and select the best one for future construction. FGUA will then prepare, submit, and obtain the plants' next operating permit. The funding source is the City's allotment of the American Rescue Plan Act (ARPA). Eligible uses of ARPA funds include investments in water, sewer, and broadband. ARPA funds are Federal funds and very restrictive. Because the money is federalized, and highly regulated, management recommended using a portion of the ARPA funds to manage the program for the City.

**CITY OF CRYSTAL RIVER, FLORIDA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

The total cost of the project is approximately \$32 million. The City was awarded a grant through FDEP for \$12,766,895 million in April 2024 and the City was recently informed qualifies for a 100% principal forgiveness State Revolving Fund loan in the amount of \$19,166,503. The wastewater treatment plant services approximately 3,000 parcels in western Citrus County. The project will be fully funded and expected to commence construction in fiscal year 2027 and finish in fiscal year 2029.

**Water Tower Rehab**

This is the fourth year for this project; Council approved a \$175,000 contract with Suez Utility Service Company, Inc. - a \$35,000 annual payment for five years, The over seventy-year-old elevated water tank contained a lead-based paint. Manufacturing during this era required the use of riveting metal which created numerous areas for surface rust and corrosion to form. The water tower had between 16 to 22 mills of coating causing alligator cracking on the surface coating and cause for concern that another overcoat would not provide any significant service life. It was recommended to require containment and abrasive blasting to remove between 90 - 100 years’ worth of paint layers down to the tower’s steel frame before priming and repainting.

This water tower has served the City since the early 19<sup>th</sup> century without any prior blasting and large-scale major renovations. This is a testament to the overall structure of the asset and what has allowed it to serve the community for almost a century. Maintenance is an integral part of all City assets. The historic water tower may not be an in-service water tower, but it is an iconic part of our downtown.

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

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 2,952,789	\$ 2,952,789	\$ 813,785	\$ 616,898	\$ 3,766,574	\$ 3,569,687
Construction in progress	3,526,873	3,254,019	4,842,460	5,111,819	8,369,333	8,365,838
Buildings and improvements	7,016,389	6,041,172	8,639,447	9,120,624	15,655,836	15,161,796
Equipment and vehicles	2,755,378	1,084,189	2,115,018	2,526,833	4,870,396	3,611,022
Infrastructure	4,144,772	4,233,597	13,031,170	13,141,706	17,175,942	17,375,303
Total capital assets	<u>\$ 20,396,201</u>	<u>\$ 17,565,766</u>	<u>\$ 29,441,880</u>	<u>\$ 30,517,880</u>	<u>\$ 49,838,081</u>	<u>\$ 48,083,646</u>

Additional information on the City of Crystal River, Florida’s capital assets can be found in Note 5 on pages 39 and 40 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$233,000 and notes payable of \$9,949,480. The bonds payable represent bonds secured solely by specified revenue sources (i.e., revenue bonds). The City had state revolving loan debt outstanding of \$1,913,823 for the sewer expansion project and a CRA note payable of \$2,341,347 for the Riverwalk Project. Additional information can be found in Note 6 on pages 41 through 43.

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

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Total OPEB liability	\$ 155,937	\$ 168,543	\$ -	\$ -	\$ 155,937	\$ 168,543
Compensated absences	217,691	167,544	-	-	217,691	167,544
Net pension liability	2,334,697	2,544,110	526,938	724,757	2,861,635	3,268,867
Bonds payable	-	-	233,000	695,000	233,000	695,000
Notes payable	8,035,657	7,533,216	1,913,823	2,057,367	9,949,480	9,590,583
Total debt	<u>\$ 10,743,982</u>	<u>\$ 10,413,413</u>	<u>\$ 2,673,761</u>	<u>\$ 3,477,124</u>	<u>\$ 13,417,743</u>	<u>\$ 13,890,537</u>

**CITY OF CRYSTAL RIVER, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2025**

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**Economic Factors**

- The City of Crystal River continued to thrive primarily due to tourism. Businesses benefited from the City's location; Crystal River provides access to the water and outdoors through paddlecraft, boating and Three Sister Springs Refuge. This outdoor environment continues to bring many visitors to our City which means many people are visiting our businesses.
- Utility rate increases for water and sewer usage were implemented in 2013 and increased 3% each year through the year 2016 based on a rate study completed in 2012. October 2021, management elected to access a 2% increase as rates had not been adjusted for five years and management recognized expenditures would continue to exceed revenues and ultimately would impact fund balance. The City's Utility Operations Management contract is indexed, and staff had recommended the rates be indexed going forward. Management has proceeded with a full rate study with anticipation of rolling out adjustments as recommended by October 2026.
- Ad Valorem tax variances impact our General Fund revenues every year – they comprise almost 50% of the General Fund revenue sources. The County indicated taxable values had increased approximately 7.597%; however, City staff only saw approximately a 6.43% increase. History has shown the City receiving approximately 1% - 2% less than the original County tax estimate.
- Health care insurance premiums increased approximately 1.9% compared to the 6.75% increase in fiscal year 2024; this increase resulted in almost \$19 per employee per month accounting for approximately \$9,500 additional employee cost for the year. The FRS pension requirements for the City increased slightly as well for fiscal year 2025 equating to around \$1,120 impact to General Fund.
- Interest rates held consistent this year unlike the increase observed in the prior year. The City cannot control the economy, but Management does consider options to receive the best rate of return for our funds and continuously monitor the market. In January 2025, management chose to look at investment options available. The City invested a total of \$8.5 million in Certificates of Deposit to receive a better return on our cash holdings as permissible per our investment policy.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF CRYSTAL RIVER, FLORIDA**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 11,866,089	\$ 2,912,229	\$ 14,778,318
Investments	6,559,859	3,173,833	9,733,692
Accounts receivables, net	967,352	1,655,691	2,623,043
Notes receivable	-	431,597	431,597
Due from other governments	380,074	-	380,074
Internal balances	531,122	(531,122)	-
Prepaid items	127,737	127,032	254,769
Inventory	-	226,172	226,172
Restricted assets, cash and cash equivalents	1,543,193	2,641,451	4,184,644
Capital assets			
Non-depreciable	6,479,662	5,656,245	12,135,907
Depreciable, net	13,916,539	23,785,635	37,702,174
<b>Total assets</b>	<b>42,371,627</b>	<b>40,078,763</b>	<b>82,450,390</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	726,867	164,053	890,920
Deferred outflows - OPEB	50,553	-	50,553
<b>Total deferred outflows</b>	<b>777,420</b>	<b>164,053</b>	<b>941,473</b>
<b>Liabilities</b>			
Accounts payable	403,840	276,732	680,572
Accrued liabilities	88,117	22,024	110,141
Due to other governments	127,546	-	127,546
Accrued interest payable	10,955	11,098	22,053
Customer deposits payable	-	266,736	266,736
Noncurrent liabilities			
Due within one year	467,661	378,111	845,772
Due in more than one year	10,276,321	2,295,650	12,571,971
<b>Total liabilities</b>	<b>11,374,440</b>	<b>3,250,351</b>	<b>14,624,791</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	481,512	108,677	590,189
Deferred inflows - OPEB	145,427	-	145,427
<b>Total deferred inflows</b>	<b>626,939</b>	<b>108,677</b>	<b>735,616</b>
<b>Net position</b>			
Net investment in capital assets	12,360,544	27,295,057	39,655,601
Restricted for			
Capital improvements	1,774,793	-	1,774,793
Community development	1,796,036	-	1,796,036
Public safety	66,325	-	66,325
Hurricane recovery	5,000,000	-	5,000,000
Cemetery	51,232	-	51,232
Debt service	-	2,406,343	2,406,343
Unrestricted	10,098,738	7,182,388	17,281,126
<b>Total net position</b>	<b>\$ 31,147,668</b>	<b>\$ 36,883,788</b>	<b>\$ 68,031,456</b>

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

**CITY OF CRYSTAL RIVER, FLORIDA**

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

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/programs</b>				
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 3,444,920	\$ 793,841	\$ -	\$ -
Public safety	2,491,086	61,452	-	-
Highways and streets	1,319,811	207,966	1,073,872	493,828
Physical environment	1,162,638	-	-	-
Culture/recreation	504,331	-	-	-
Economic development	233,762	-	-	-
Interest on long-term debt	89,978	-	-	-
Total governmental activities	<u>9,246,526</u>	<u>1,063,259</u>	<u>1,073,872</u>	<u>493,828</u>
<b>Business-type activities:</b>				
Water and sewer	4,574,609	3,915,219	-	239,546
Sanitation	605,468	645,151	-	-
Three Sisters	876,961	1,165,929	-	-
Total business-type activities	<u>6,057,038</u>	<u>5,726,299</u>	<u>-</u>	<u>239,546</u>
Total primary government	<u>\$ 15,303,564</u>	<u>\$ 6,789,558</u>	<u>\$ 1,073,872</u>	<u>\$ 733,374</u>

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

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

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

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (2,651,079)	\$ -	\$ (2,651,079)
(2,429,634)	-	(2,429,634)
455,855	-	455,855
(1,162,638)	-	(1,162,638)
(504,331)	-	(504,331)
(233,762)	-	(233,762)
(89,978)	-	(89,978)
<u>(6,615,567)</u>	<u>-</u>	<u>(6,615,567)</u>
-	(419,844)	(419,844)
-	39,683	39,683
-	288,968	288,968
-	(91,193)	(91,193)
<u>(6,615,567)</u>	<u>(91,193)</u>	<u>(6,706,760)</u>
6,959,078	-	6,959,078
242,362	-	242,362
36,234	-	36,234
497,918	-	497,918
536,183	309,071	845,254
229,369	-	229,369
822,720	-	822,720
307,964	(307,964)	-
<u>9,631,828</u>	<u>1,107</u>	<u>9,632,935</u>
3,016,261	(90,086)	2,926,175
28,131,407	36,973,874	65,105,281
<u>\$ 31,147,668</u>	<u>\$ 36,883,788</u>	<u>\$ 68,031,456</u>

**CITY OF CRYSTAL RIVER, FLORIDA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 7,989,490	\$ 823,508	\$ 2,206,984	\$ 846,107	\$ 11,866,089
Investments	6,106,864	154,677	298,318	-	6,559,859
Accounts receivable, net	512,573	308,253	-	146,526	967,352
Due from other funds	224,673	306,449	-	-	531,122
Due from other governments	-	248,319	131,755	-	380,074
Prepaid items	118,663	-	9,074	-	127,737
Restricted cash and cash equivalents	1,543,193	-	-	-	1,543,193
Total assets	<u>\$ 16,495,456</u>	<u>\$ 1,841,206</u>	<u>\$ 2,646,131</u>	<u>\$ 992,633</u>	<u>\$ 21,975,426</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 236,857	\$ 31,347	\$ 29,389	\$ 106,247	\$ 403,840
Accrued liabilities	83,970	-	2,202	1,945	88,117
Due to other governments	-	-	-	127,546	127,546
Total liabilities	<u>320,827</u>	<u>31,347</u>	<u>31,591</u>	<u>235,738</u>	<u>619,503</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	35,066	-	-	35,066
<b>Fund balances</b>					
Nonspendable (prepaids)	118,663	-	9,074	-	127,737
<b>Restricted</b>					
Capital improvements	-	1,774,793	-	-	1,774,793
Community development	-	-	1,105,466	690,570	1,796,036
Public safety	-	-	-	66,325	66,325
Hurricane recovery	5,000,000	-	-	-	5,000,000
Cemetery	51,232	-	-	-	51,232
<b>Committed</b>					
Capital improvements	2,243,036	-	1,500,000	-	3,743,036
Emergency reserves	657,500	-	-	-	657,500
Public safety	298,925	-	-	-	298,925
Contingency	1,122,563	-	-	-	1,122,563
Unassigned	6,682,710	-	-	-	6,682,710
Total fund balances	<u>16,174,629</u>	<u>1,774,793</u>	<u>2,614,540</u>	<u>756,895</u>	<u>21,320,857</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,495,456</u>	<u>\$ 1,841,206</u>	<u>\$ 2,646,131</u>	<u>\$ 992,633</u>	<u>\$ 21,975,426</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA**

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

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

Total fund balances - governmental funds		\$ 21,320,857
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 33,017,835	
Accumulated depreciation	<u>(12,621,634)</u>	20,396,201
Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds.		
		35,066
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pension	726,867	
Deferred inflows - pension	(481,512)	
Deferred outflows - OPEB	50,553	
Deferred inflows - OPEB	(145,427)	
Total OPEB liability	(155,937)	
Net pension liability	<u>(2,334,697)</u>	(2,340,153)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Compensated absences	(217,691)	
Accrued interest	(10,955)	
Note payable	<u>(8,035,657)</u>	<u>(8,264,303)</u>
Net position of governmental activities		<u>\$ 31,147,668</u>

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

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

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ 5,973,126	\$ -	\$ 985,952	\$ -	\$ 6,959,078
Other taxes	-	242,362	-	-	242,362
Licenses and permits	82,867	-	-	436,304	519,171
Intergovernmental revenues	1,357,149	530,062	57,036	-	1,944,247
Charges for services	274,670	-	-	-	274,670
Franchise fees	497,918	-	-	-	497,918
Fines and forfeitures	61,452	-	-	-	61,452
Impact fees	-	195,935	-	12,031	207,966
Investment earnings	368,963	83,329	79,936	3,955	536,183
Miscellaneous revenues	229,369	-	-	-	229,369
Total revenues	<u>8,845,514</u>	<u>1,051,688</u>	<u>1,122,924</u>	<u>452,290</u>	<u>11,472,416</u>
<b>Expenditures</b>					
Current					
General government	3,016,822	173,958	-	343,799	3,534,579
Public safety	2,400,213	-	-	-	2,400,213
Highways and streets	399,439	17,910	-	-	417,349
Physical environment	1,173,960	-	-	-	1,173,960
Economic development	4,770	181	167,779	-	172,730
Culture/recreation	409,180	51,916	-	-	461,096
Debt service					
Principal retirement	80,496	-	191,870	-	272,366
Interest	27,611	-	63,265	-	90,876
Capital outlay	1,922,344	1,014,985	889,529	-	3,826,858
Total expenditures	<u>9,434,835</u>	<u>1,258,950</u>	<u>1,312,443</u>	<u>343,799</u>	<u>12,350,027</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(589,321)</u>	<u>(207,262)</u>	<u>(189,519)</u>	<u>108,491</u>	<u>(877,611)</u>
<b>Other financing sources (uses)</b>					
Debt issuance	774,807	-	-	-	774,807
Insurance recoveries	839,486	-	-	-	839,486
Transfers in	324,848	300,000	-	590,645	1,215,493
Transfers out	(890,645)	-	(16,884)	-	(907,529)
Total other financing sources (uses)	<u>1,048,496</u>	<u>300,000</u>	<u>(16,884)</u>	<u>590,645</u>	<u>1,922,257</u>
<b>Change in fund balances</b>	459,175	92,738	(206,403)	699,136	1,044,646
<b>Fund balances, beginning of year</b>	<u>15,715,454</u>	<u>1,682,055</u>	<u>2,820,943</u>	<u>57,759</u>	<u>20,276,211</u>
<b>Fund balances, end of year</b>	<u>\$ 16,174,629</u>	<u>\$ 1,774,793</u>	<u>\$ 2,614,540</u>	<u>\$ 756,895</u>	<u>\$ 21,320,857</u>

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

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

<b>Net change in fund balances – total governmental funds</b>		<b>\$ 1,044,646</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 4,020,454	
Less current year depreciation	<u>(1,173,253)</u>	2,847,201
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.</p>		
		(16,766)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Debt proceeds	(774,807)	
Principal repayment of long-term debt	<u>272,366</u>	(502,441)
<p>Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:</p>		
Intergovernmental revenue		(340,313)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences	(50,147)	
Change in accrued interest	898	
OPEB expense	23,532	
Pension expense	<u>9,651</u>	<u>(16,066)</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 3,016,261</u></b>

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

**CITY OF CRYSTAL RIVER, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 5,972,281	\$ 5,972,281	\$ 5,973,126	\$ 845
Licenses and permits	430,204	530,204	82,867	(447,337)
Intergovernmental revenues	-	3,461,000	1,357,149	(2,103,851)
Charges for services	348,352	348,352	274,670	(73,682)
Franchise fees	494,349	494,349	497,918	3,569
Fines and forfeitures	75,520	75,520	61,452	(14,068)
Investment earnings	280,420	280,420	368,963	88,543
Miscellaneous revenues	458,342	14,765,578	229,369	(14,536,209)
Total revenues	<u>8,059,468</u>	<u>25,927,704</u>	<u>8,845,514</u>	<u>(17,082,190)</u>
<b>Expenditures</b>				
Current				
General government	3,240,096	12,821,844	3,016,822	9,805,022
Public safety	2,243,931	2,926,459	2,400,213	526,246
Highways and streets	314,949	795,133	399,439	395,694
Physical environment	1,264,613	1,389,882	1,173,960	215,922
Economic development	12,000	23,729	4,770	18,959
Culture/recreation	411,063	632,661	409,180	223,481
Debt service				
Principal retirement	-	604,864	80,496	524,368
Interest	-	115,136	27,611	87,525
Capital outlay	129,332	2,236,946	1,922,344	314,602
Total expenditures	<u>7,615,984</u>	<u>21,546,654</u>	<u>9,434,835</u>	<u>12,111,819</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>443,484</u>	<u>4,381,050</u>	<u>(589,321)</u>	<u>(4,970,371)</u>
<b>Other financing sources (uses)</b>				
Debt proceeds	-	-	774,807	774,807
Insurance recoveries	-	220,000	839,486	619,486
Transfers in	144,516	565,837	324,848	(240,989)
Transfers out	(600,000)	(1,882,540)	(890,645)	991,895
Total other financing sources (uses)	<u>(455,484)</u>	<u>(1,096,703)</u>	<u>1,048,496</u>	<u>2,145,199</u>
<b>Change in fund balance</b>	(12,000)	3,284,347	459,175	(2,825,172)
<b>Fund balance, beginning of year</b>	<u>15,715,454</u>	<u>15,715,454</u>	<u>15,715,454</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 15,703,454</u>	<u>\$ 18,999,801</u>	<u>\$ 16,174,629</u>	<u>\$ (2,825,172)</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
COMMUNITY REDEVELOPMENT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 800,000	\$ 869,500	\$ 985,952	\$ 116,452
Intergovernmental revenues	-	2,862,191	57,036	(2,805,155)
Investment earnings	66,000	66,000	79,936	13,936
Total revenues	<u>866,000</u>	<u>3,797,691</u>	<u>1,122,924</u>	<u>(2,674,767)</u>
<b>Expenditures</b>				
Current				
Economic development	593,910	746,021	167,779	578,242
Debt service				
Principal retirement	187,018	191,771	191,870	(99)
Interest	68,118	63,365	63,265	100
Capital outlay	70	5,233,271	889,529	4,343,742
Total expenditures	<u>849,116</u>	<u>6,234,428</u>	<u>1,312,443</u>	<u>4,921,985</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>16,884</u>	<u>(2,436,737)</u>	<u>(189,519)</u>	<u>2,247,218</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	47,338	-	(47,338)
Transfers out	(16,884)	(16,884)	(16,884)	-
Total other financing sources (uses)	<u>(16,884)</u>	<u>30,454</u>	<u>(16,884)</u>	<u>(47,338)</u>
<b>Change in fund balance</b>	-	(2,406,283)	(206,403)	2,199,880
<b>Fund balance, beginning of year</b>	<u>2,820,943</u>	<u>2,820,943</u>	<u>2,820,943</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,820,943</u>	<u>\$ 414,660</u>	<u>\$ 2,614,540</u>	<u>\$ 2,199,880</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2025**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 1,990,960	\$ 113,089	\$ 808,180	\$ 2,912,229
Investments	2,832,951	57,411	283,471	3,173,833
Restricted cash and cash equivalents	2,641,451	-	-	2,641,451
Accounts receivable, net	1,567,234	88,457	-	1,655,691
Notes receivable, current	38,700	-	-	38,700
Prepays	120,935	-	6,097	127,032
Inventory	226,172	-	-	226,172
Total current assets	<u>9,418,403</u>	<u>258,957</u>	<u>1,097,748</u>	<u>10,775,108</u>
Noncurrent assets				
Notes receivable, long-term	392,897	-	-	392,897
Capital assets, non-depreciable	5,459,358	-	196,887	5,656,245
Capital assets, net	<u>23,389,865</u>	<u>-</u>	<u>395,770</u>	<u>23,785,635</u>
Total noncurrent assets	<u>29,242,120</u>	<u>-</u>	<u>592,657</u>	<u>29,834,777</u>
<b>Total assets</b>	<u>38,660,523</u>	<u>258,957</u>	<u>1,690,405</u>	<u>40,609,885</u>
<b>Deferred outflows of resources</b>				
Deferred outflows - pension	67,860	-	96,193	164,053
<b>Total deferred outflows of resources</b>	<u>67,860</u>	<u>-</u>	<u>96,193</u>	<u>164,053</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	209,587	49,137	18,008	276,732
Notes payable	145,111	-	-	145,111
Bonds payable	233,000	-	-	233,000
Accrued liabilities	9,798	690	11,536	22,024
Due to other funds	520,997	-	10,125	531,122
Liabilities payable from restricted assets				
Accrued interest	11,098	-	-	11,098
Customer deposits payable	224,010	-	42,726	266,736
Total current liabilities	<u>1,353,601</u>	<u>49,827</u>	<u>82,395</u>	<u>1,485,823</u>
Noncurrent liabilities				
Notes payable, net of current portion	1,768,712	-	-	1,768,712
Net pension liability	217,966	-	308,972	526,938
Total non-current liabilities	<u>1,986,678</u>	<u>-</u>	<u>308,972</u>	<u>2,295,650</u>
Total liabilities	<u>3,340,279</u>	<u>49,827</u>	<u>391,367</u>	<u>3,781,473</u>
<b>Deferred inflows of resources</b>				
Deferred inflows - pension	44,954	-	63,723	108,677
<b>Net position</b>				
Net investment in capital assets	26,702,400	-	592,657	27,295,057
Restricted for debt service	2,406,343	-	-	2,406,343
Unrestricted	6,234,407	209,130	738,851	7,182,388
Total net position	<u>\$ 35,343,150</u>	<u>\$ 209,130</u>	<u>\$ 1,331,508</u>	<u>\$ 36,883,788</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Major Funds</b>			<b>Total</b>
	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Three Sisters</b>	
<b>Operating revenues</b>				
Charges for services	\$ 3,615,481	\$ 645,151	\$ 1,165,929	\$ 5,426,561
Miscellaneous	299,738	-	-	299,738
Total operating revenues	<u>3,915,219</u>	<u>645,151</u>	<u>1,165,929</u>	<u>5,726,299</u>
<b>Operating expenses</b>				
Personnel services and benefits	244,672	22,703	408,934	676,309
General and administrative	2,551,772	582,765	442,120	3,576,657
Depreciation	1,736,906	-	25,907	1,762,813
Total operating expenses	<u>4,533,350</u>	<u>605,468</u>	<u>876,961</u>	<u>6,015,779</u>
<b>Operating income (loss)</b>	<u>(618,131)</u>	<u>39,683</u>	<u>288,968</u>	<u>(289,480)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	257,537	8,928	42,606	309,071
Interest expense	(41,259)	-	-	(41,259)
Total nonoperating revenues, net	<u>216,278</u>	<u>8,928</u>	<u>42,606</u>	<u>267,812</u>
Income before capital contributions and transfers	(401,853)	48,611	331,574	(21,668)
<b>Capital contributions</b>	239,546	-	-	239,546
<b>Transfers out</b>	<u>(160,428)</u>	<u>(147,500)</u>	<u>(36)</u>	<u>(307,964)</u>
<b>Changes in net position</b>	<u>(322,735)</u>	<u>(98,889)</u>	<u>331,538</u>	<u>(90,086)</u>
<b>Total net position, beginning of year</b>	35,665,885	308,019	999,970	36,973,874
<b>Total net position, end of year</b>	<u>\$ 35,343,150</u>	<u>\$ 209,130</u>	<u>\$ 1,331,508</u>	<u>\$ 36,883,788</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Major Funds</b>			<b>Total</b>
	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Three Sisters</b>	
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 3,435,358	\$ 645,893	\$ 1,166,250	\$ 5,247,501
Cash paid to suppliers for goods and services	(3,200,540)	(628,638)	(450,055)	(4,279,233)
Cash paid to employees for services and benefits	(244,672)	(22,452)	(470,281)	(737,405)
Net cash provided by (used in) operating activities	<u>(9,854)</u>	<u>(5,197)</u>	<u>245,914</u>	<u>230,863</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer to other funds	(160,428)	(148,032)	(36)	(308,496)
Net cash used in noncapital financing activities	<u>(160,428)</u>	<u>(148,032)</u>	<u>(36)</u>	<u>(308,496)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(466,676)	-	(220,137)	(686,813)
Proceeds from notes payable	7,139	-	-	7,139
Principal paid on notes payable	(150,683)	-	-	(150,683)
Principal paid on bonds payable	(462,000)	-	-	(462,000)
Capital grants received	239,546	-	-	239,546
Interest paid	(40,869)	-	-	(40,869)
Net cash used in capital and related financing activities	<u>(873,543)</u>	<u>-</u>	<u>(220,137)</u>	<u>(1,093,680)</u>
<b>Cash flows from investing activities</b>				
Purchase of investments	(115,929)	(2,561)	(12,644)	(131,134)
Interest received	257,537	8,928	42,606	309,071
Net cash provided by investing activities	<u>141,608</u>	<u>6,367</u>	<u>29,962</u>	<u>177,937</u>
<b>Net change in cash and cash equivalents</b>	<u>(902,217)</u>	<u>(146,862)</u>	<u>55,703</u>	<u>(993,376)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>5,534,628</u>	<u>259,951</u>	<u>752,477</u>	<u>6,547,056</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,632,411</u>	<u>\$ 113,089</u>	<u>\$ 808,180</u>	<u>\$ 5,553,680</u>
<b>Cash and cash equivalents classified as</b>				
Cash and cash equivalents	\$ 1,990,960	\$ 113,089	\$ 808,180	\$ 2,912,229
Restricted cash and cash equivalents	2,641,451	-	-	2,641,451
Total cash and cash equivalents	<u>\$ 4,632,411</u>	<u>\$ 113,089</u>	<u>\$ 808,180</u>	<u>\$ 5,553,680</u>

**(Continued)**

**CITY OF CRYSTAL RIVER, FLORIDA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Major Funds</u>			<u>Total</u>
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Three Sisters</u>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (618,131)	\$ 39,683	\$ 288,968	\$ (289,480)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,736,906	-	25,907	1,762,813
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(171,863)	742	-	(171,121)
Notes receivable	(326,213)	-	-	(326,213)
Due from other funds	(311,967)	-	-	(311,967)
Prepays	(22,024)	-	321	(21,703)
Deferred outflows - pension	18,617	-	17,660	36,277
Inventory	24,692	-	-	24,692
Increase (decrease) in liabilities:				
Accounts payable	(281,418)	(45,873)	(7,935)	(335,226)
Accrued liabilities	5,009	251	1,985	7,245
Net pension liability	(94,892)	-	(102,927)	(197,819)
Deferred inflows - pension	13,215	-	21,935	35,150
Customer deposits	18,215	-	-	18,215
Net cash provided by (used in) operating activities	<u>\$ (9,854)</u>	<u>\$ (5,197)</u>	<u>\$ 245,914</u>	<u>\$ 230,863</u>

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

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**CITY OF CRYSTAL RIVER, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

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

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

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

Blended Component Unit

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

B. Government-Wide and Fund Financial Statements – Continued

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

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

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

The following are reported as major proprietary funds:

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

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

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

The City also reports the following fund type:

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

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

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

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

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

D. Deposits and Investments

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

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

**CITY OF CRYSTAL RIVER, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

D. Deposits and Investments – Continued

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

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

E. Receivables

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

F. Inventory and Prepaid Items

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

G. Interfund Receivables/Payables

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

H. Capital Assets

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended September 30, 2025, no interest was capitalized.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

H. Capital Assets – Continued

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

J. Long-Term Obligations

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

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City does allow for employees to accumulate earned but unused vacation time with such time being fully vested when earned. For the City's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Net Position/Fund Balance Classification

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

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

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

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

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

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

L. Net Position/Fund Balance Classification – Continued

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

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

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

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

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

M. Property Taxes

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

The value of all taxable property is assessed as of January 1. The City Council levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the City, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2025. No accrual for the property tax levy becoming due in November of 2025, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

N. Use of Estimates

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

O. Pension

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

**NOTE 2 – LEGAL COMPLIANCE – BUDGETS**

A. Budgets and Budgetary Data

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

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

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

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

B. Encumbrances

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

**NOTE 3 – DEPOSITS AND INVESTMENTS**

At September 30, 2025, the City had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Florida Fund B	39 days weighted average	AAAm	\$ 588,510
Certificates of deposit	3 to 12 months	N/A	9,145,182
			<u>\$ 9,733,692</u>

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

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

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 3 – DEPOSITS AND INVESTMENTS – CONTINUED**

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the City's deposits may not be returned. The City does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of September 30, 2025, the City had no uncollateralized deposits as defined by GASB pronouncements.

**NOTE 4 – RECEIVABLES**

Receivables as of September 30, 2025, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Improvements Fund	Community Redevelopment	Nonmajor Governmental Funds	Water and Sewer Fund	Sanitation Fund	Total
Receivables							
Accounts	\$ 1,582,153	\$ 308,253	\$ -	\$ 146,526	\$ 1,898,293	\$178,607	\$ 4,113,832
Notes	-	-	-	-	431,597	-	431,597
Due from other governments	-	248,319	131,755	-	-	-	380,074
Less allowance for uncollectible receivables	(1,069,580)	-	-	-	(331,059)	(90,150)	(1,490,789)
	<u>\$ 512,573</u>	<u>\$ 556,572</u>	<u>\$ 131,755</u>	<u>\$ 146,526</u>	<u>\$ 1,998,831</u>	<u>\$ 88,457</u>	<u>\$ 3,434,714</u>

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

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 2,952,789	\$ -	\$ -	\$ -	\$ 2,952,789
Construction in progress	3,254,019	1,663,760	-	(1,390,906)	3,526,873
Total assets not being depreciated	<u>6,206,808</u>	<u>1,663,760</u>	<u>-</u>	<u>(1,390,906)</u>	<u>6,479,662</u>
Capital assets being depreciated					
Buildings and improvements	10,668,447	182,223	-	1,306,453	12,157,123
Equipment and vehicles	4,586,036	2,170,670	(854,781)	-	5,901,925
Infrastructure	8,390,871	3,801	-	84,453	8,479,125
Total assets being depreciated	<u>23,645,354</u>	<u>2,356,694</u>	<u>(854,781)</u>	<u>1,390,906</u>	<u>26,538,173</u>
Less accumulated depreciation					
Buildings and improvements	(4,627,275)	(513,459)	-	-	(5,140,734)
Equipment and vehicles	(3,501,847)	(482,715)	838,015	-	(3,146,547)
Infrastructure	(4,157,274)	(177,079)	-	-	(4,334,353)
Total accumulated depreciation	<u>(12,286,396)</u>	<u>(1,173,253)</u>	<u>838,015</u>	<u>-</u>	<u>(12,621,634)</u>
Total assets depreciated, net	11,358,958	1,183,441	(16,766)	1,390,906	13,916,539
Governmental activities, net	<u>\$ 17,565,766</u>	<u>\$ 2,847,201</u>	<u>\$ (16,766)</u>	<u>\$ -</u>	<u>\$ 20,396,201</u>

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 5 – CAPITAL ASSETS – CONTINUED**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 616,898	\$ 196,887	\$ -	\$ -	\$ 813,785
Construction in progress	5,111,819	417,831	-	(687,190)	4,842,460
Total assets not being depreciated	<u>5,728,717</u>	<u>614,718</u>	<u>-</u>	<u>(687,190)</u>	<u>5,656,245</u>
Capital assets being depreciated					
Buildings and improvements	25,294,535	-	-	295,522	25,590,057
Equipment and vehicles	10,946,884	23,250	-	-	10,970,134
Infrastructure	18,420,499	48,845	-	391,668	18,861,012
Total assets being depreciated	<u>54,661,918</u>	<u>72,095</u>	<u>-</u>	<u>687,190</u>	<u>55,421,203</u>
Less accumulated depreciation					
Buildings and improvements	(16,173,911)	(776,699)	-	-	(16,950,610)
Equipment and vehicles	(8,420,051)	(435,065)	-	-	(8,855,116)
Infrastructure	(5,278,793)	(551,049)	-	-	(5,829,842)
Total accumulated depreciation	<u>(29,872,755)</u>	<u>(1,762,813)</u>	<u>-</u>	<u>-</u>	<u>(31,635,568)</u>
Total assets depreciated, net	<u>24,789,163</u>	<u>(1,690,718)</u>	<u>-</u>	<u>687,190</u>	<u>23,785,635</u>
Business-type activities, net	<u>\$ 30,517,880</u>	<u>\$ (1,076,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,441,880</u>

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

**Governmental Activities**

General government	\$ 94,259
Public safety	83,610
Highways and streets	889,925
Culture and recreation	44,427
Economic development	61,032
Total depreciation expense, governmental activities	<u>\$ 1,173,253</u>

**Business-Type Activities**

Water and sewer	\$ 1,736,906
Three Sisters	25,907
Total depreciation expense, business-type activities	<u>\$ 1,762,813</u>

**CITY OF CRYSTAL RIVER, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 6 – LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Notes payable from direct borrowings	\$ 7,533,216	\$ 774,807	\$ (272,366)	\$ 8,035,657	\$ 326,162
Total OPEB liability	168,543	43,750	(56,356)	155,937	-
Net pension liability	2,544,110	1,199,009	(1,408,422)	2,334,697	-
Compensated absences	167,544	250,909	(200,762)	217,691	141,499
Total governmental activities	<u>\$ 10,413,413</u>	<u>\$ 2,268,475</u>	<u>\$ (1,937,906)</u>	<u>\$ 10,743,982</u>	<u>\$ 467,661</u>
Business-type activities					
Bonds payable	\$ 695,000	\$ -	\$ (462,000)	\$ 233,000	\$ 233,000
Notes payable from direct borrowings	2,057,367	-	(143,544)	1,913,823	145,111
Net pension liability	724,757	263,197	(461,016)	526,938	-
Total business-type activities	<u>\$ 3,477,124</u>	<u>\$ 263,197</u>	<u>\$ (1,066,560)</u>	<u>\$ 2,673,761</u>	<u>\$ 378,111</u>

Long-term debt payable as of September 30, 2025 is composed of the following issues:

**Revenue Bonds**

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

	<u>\$ 233,000</u>
Total bonds payable	<u>\$ 233,000</u>

**Notes Payable from Direct Borrowings**

Local government emergency bridge loan from the Florida Department of Commerce due in full on or before November 17, 2033. \$ 5,000,000

Note payable to local financial institution for the purchase of a new Fire Truck due in monthly installments of \$8,535 including interest at the rate of 4.95% through January 2032. 555,841

City Hall lease payable in monthly installments of \$5,000, including interest at 3.99% through February 2028. 138,469

Community Redevelopment Agency Note, due in quarterly installments of \$63,784 including interest at the rate of 2.57% through January 2036. 2,341,347

Total governmental activities notes payable \$ 8,035,657

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 6 – LONG-TERM DEBT – CONTINUED**

Water and Sewer State Revolving Fund Loan, due in annual installments of \$37,977 including interest at the rate of 2.06% on various maturities; collateralized by revenues of the Water and Sewer Fund.	\$ 243,227
Water and Sewer State Revolving Fund Loan, due in annual installments of \$37,518 including interest at the rate of 1.46% on various maturities; collateralized by revenues of the Water and Sewer Fund.	293,282
Water and Sewer State Revolving Fund Loan, due in annual installments of \$34,050 including interest at the rate of 1.23% on various maturities; collateralized by revenues of the Water and Sewer Fund.	273,520
Water and Sewer State Revolving Fund Loan, due in annual installments including interest at the rate of 0.68% on various maturities; collateralized by revenues of the Water and Sewer Fund. This loan is still in the draw down phase.	<u>1,103,794</u>
Total business-type notes payable	<u>\$ 1,913,823</u>

The annual debt service payments required on outstanding debt at September 30, 2025 are as follows:

Fiscal Year	Revenue Bonds, Series 2012			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 233,000	\$ 2,784	\$ 235,784	\$ 145,111	\$ 28,052	\$ 173,163
2027	-	-	-	147,817	25,345	173,162
2028	-	-	-	150,587	22,575	173,162
2029	-	-	-	153,422	19,740	173,162
2030	-	-	-	156,325	16,838	173,163
2031-2035	-	-	-	636,174	42,643	678,817
2036-2040	-	-	-	304,792	13,195	317,987
2041-2044	-	-	-	219,595	2,997	222,592
	<u>\$ 233,000</u>	<u>\$ 2,784</u>	<u>\$ 235,784</u>	<u>\$ 1,913,823</u>	<u>\$ 171,385</u>	<u>\$ 2,085,208</u>

Fiscal Year	Community Redevelopment Agency Note			Fire Truck Note		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 196,849	\$ 58,286	\$ 255,135	\$ 76,627	\$ 25,791	\$ 102,418
2027	201,957	53,178	255,135	80,508	21,911	102,419
2028	207,197	47,937	255,134	84,585	17,834	102,419
2029	212,574	42,561	255,135	88,868	13,551	102,419
2030	218,090	37,045	255,135	93,368	9,051	102,419
2031-2035	1,178,332	97,341	1,275,673	131,885	4,672	136,557
2036-2037	126,348	1,219	127,567	-	-	-
	<u>\$ 2,341,347</u>	<u>\$ 337,567</u>	<u>\$ 2,678,914</u>	<u>\$ 555,841</u>	<u>\$ 92,810</u>	<u>\$ 648,651</u>

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 6 – LONG-TERM DEBT – CONTINUED**

Fiscal Year	City Hall Lease		
	Principal	Interest	Total
2026	\$ 55,686	\$ 4,314	\$ 60,000
2027	57,949	2,051	60,000
2028	24,834	166	25,000
2029	-	-	-
2030	-	-	-
2031-2035	-	-	-
2036-2037	-	-	-
	<u>\$ 138,469</u>	<u>\$ 6,531</u>	<u>\$ 145,000</u>

**NOTE 7 – INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of September 30, 2025 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 214,548
General Fund	Three Sisters Fund	10,125
Capital Improvements Fund	Water and Sewer Fund	306,449
		<u>\$ 531,122</u>

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Water and Sewer Fund	\$ 160,428
General Fund	Sanitation Fund	147,500
General Fund	Community Redevelopment Fund	16,884
General Fund	Three Sisters	36
Capital Improvements Fund	General Fund	300,000
Nonmajor Governmental Funds	General Fund	590,645
		<u>\$ 1,215,493</u>

**NOTE 8 – RISK MANAGEMENT**

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

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

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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**NOTE 9 – PENSION PLANS**

**Defined Benefit Plans**

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

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

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

**Benefits Provided**

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

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

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 9 – PENSION PLANS – CONTINUED**

**Contributions**

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2024 through June 30, 2025, and from July 1, 2025 through September 30, 2025, respectively, were as follows: Regular–13.63% and 14.03%; Senior Management–34.52% and 33.24%; Elected Officers’–58.68% and 54.57%; and DROP participants–21.13% and 22.02%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2024 through September 30, 2025.

The City’s contributions for the year ended September 30, 2025 were \$431,994 to FRS and \$53,421 to HIS.

**Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2025, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2025, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2025. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<b>FRS</b>	<b>HIS</b>	<b>Total</b>
Net pension liability	\$ 2,112,559	\$ 749,076	\$ 2,861,635
Proportion at:			
Current measurement date	0.00680699%	0.00584419%	
Prior measurement date	0.00638796%	0.00531768%	
Pension expense	\$ 296,842	\$ 52,229	\$ 349,071

As of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>FRS</b>		<b>HIS</b>		<b>Totals</b>	
	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
<b>Description</b>						
Differences between expected and actual experience	\$ 225,644	\$ -	\$ 4,471	\$ 1,188	\$ 230,115	\$ 1,188
Change of assumptions	245,323	-	6,630	181,182	251,953	181,182
Net difference between projected and actual earnings on Pension Plan investments	-	352,713	-	623	-	353,336
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	147,620	54,483	124,975	-	272,595	54,483
City Pension Plan contributions subsequent to the measurement date	121,937	-	14,320	-	136,257	-
Total	\$ 740,524	\$ 407,196	\$ 150,396	\$ 182,993	\$ 890,920	\$ 590,189

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 9 – PENSION PLANS – CONTINUED**

**Pension Liabilities and Pension Expense – Continued**

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2026. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	<u>FRS</u>	<u>HIS</u>
September 30:		
2026	\$ 611,990	\$ (10,350)
2027	(108,734)	(12,391)
2028	(162,725)	(10,433)
2029	(129,140)	(8,361)
2030	-	(5,382)
Thereafter	-	-

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2025, was determined by an actuarial valuation dated July 1, 2025, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	5.20%

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2025, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2025:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.93% to 5.20%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.5%

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 9 – PENSION PLANS – CONTINUED**

**Discount Rate**

The discount rate used to measure the total pension liability for FRS was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 5.20% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Sensitivity Analysis**

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

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
City's proportionate share of the net pension liability	\$ 4,145,864	\$ 2,112,559	\$ 407,865	\$ 844,704	\$ 749,076	\$ 668,875

**Pension Plan Fiduciary Net Position**

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

**Payables to the Pension Plan**

At September 30, 2025, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS**

A. Plan Description

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

B. Plan Membership

Membership of the OPEB Plan consisted of the following at October 1, 2023, the date of the latest actuarial valuation:

Inactive employees and beneficiaries, receiving benefits	17
Active employees	36
	<u>53</u>

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

C. Contributions

The City has elected to fund the OPEB Plan on a “pay as you go” basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The City is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. For the year ended September 30, 2025, the City contributed \$10,016 for the pay as you go benefits of the OPEB Plan.

D. Total OPEB Liability of the City

The City’s total OPEB liability was measured as of September 30, 2024, and was determined by an actuarial valuation as of October 1, 2023 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the October 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	4.06%
Salary increases:	3.00%
Cost of living adjustments:	In accordance with healthcare cost trend rates
Healthcare cost trend rate:	7.50% - 5.00%, ultimate trend in 2028
Participation rate:	75% single coverage and 25% single and spouse coverage

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

The actuarial assumptions used in the October 1, 2023 valuation were based on the results of an actuarial experience study for the period 2008-2012.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 4.06%. This rate was determined using the 20 year municipal bond index as provided by the Asset Consulting Group.

F. Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2025 were as follows:

	<b>Total OPEB Liability</b>
<b>Balances at September 30, 2024</b>	\$ 168,543
<b>Changes for the year:</b>	
Service cost	11,130
Interest	7,093
Experience differences	(46,340)
Assumption changes	25,527
Benefit payments	(10,016)
Net changes	(12,606)
<b>Balance at September 30, 2025</b>	<b>\$ 155,937</b>

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

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.06%) or 1-percentage point higher (5.77%) than the current discount rate:

	1% Decrease 3.06%	Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ 178,270	\$ 155,937	\$ 137,996

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

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.5% decreasing to 4%) or 1-percentage point higher (8.5% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 4%)	Discount Rate (7.0% decreasing to 5%)	1% Increase (8.0% decreasing to 6%)
Total OPEB liability	\$ 153,834	\$ 155,937	\$ 158,326

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

For the year ended September 30, 2025, the City recognized OPEB expense of (\$23,180). In addition, the City reported deferred outflows of resources and deferred in flows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 40,185	\$ 89,360
Changes in expected and actual experience	-	56,067
Contributions subsequent to the measurement date	10,368	-
Totals	\$ 50,553	\$ 145,427

**CITY OF CRYSTAL RIVER, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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

The deferred outflows of resources related to the OPEB Plan, totaling \$10,368 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in OPEB expense as follows:

Year ending September 30:		
2026	\$	31,387
2027		31,387
2028		25,707
2029		9,133
2030		4,383
Thereafter		3,245
Total	<u>\$</u>	<u>105,242</u>

**NOTE 11 – UTILITY OPERATING CONTRACT**

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

The contract is cancelable by either party. During the year ended September 30, 2025, the monthly fee was \$144,436. Annual fees are negotiable annually on or before December 1. Failure to agree upon an annual fee will be resolved by application of a formula based upon the most current annual fee adjusted for the Consumer Price Index.

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

In 2008, The City Council dissolved the police department and entered into a contract with the Citrus County Sheriff's Office to provide public safety services. Substantially all police assets were transferred to the Sheriff's Office. The contract with the Sheriff's Office expires on September 30 of each year, subject to automatic renewal on an annual basis, provided no action is taken to terminate the contract. The City paid \$1,366,215 during the year ended September 30, 2025.

**NOTE 13 – CONSTRUCTION COMMITMENTS**

The City has active construction commitments on various projects in the approximate amount of \$1.470 million as of September 30, 2025.

**NOTE 14 – SUBSEQUENT EVENTS**

The City has evaluated all subsequent events through May 5, 2026 the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF CRYSTAL RIVER, FLORIDA**

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

Reporting period ending Measurement date	<u>9/30/2025</u> <u>6/30/2025</u>	<u>9/30/2024</u> <u>6/30/2024</u>	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>
City's proportion of the FRS net pension liability	0.00680699%	0.00638796%	0.00666274%	0.00647084%	0.00630082%
City's proportionate share of the FRS net pension liability	\$ 2,112,559	\$ 2,471,163	\$ 2,654,893	\$ 2,407,674	\$ 475,955
City's covered payroll	\$ 2,642,469	\$ 2,277,338	\$ 2,058,347	\$ 1,804,624	\$ 1,655,364
City's proportionate share of the pension liability as a percentage of its covered payroll	79.95%	108.51%	128.98%	133.42%	28.75%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%
Reporting period ending Measurement date	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>
City's proportion of the FRS net pension liability	0.00614891%	0.00525489%	0.004972746%	0.004886759%	0.004517327%
City's proportionate share of the FRS net pension liability	\$ 2,665,028	\$ 1,809,710	\$ 1,497,817	\$ 1,445,967	\$ 1,140,629
City's covered payroll	\$ 1,612,907	\$ 1,354,012	\$ 1,308,467	\$ 1,233,491	\$ 1,146,105
City's proportionate share of the pension liability as a percentage of its covered payroll	165.23%	133.66%	114.47%	117.23%	99.52%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%

**CITY OF CRYSTAL RIVER, FLORIDA**

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

	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Reporting period ending					
Contractually required					
FRS contribution	\$ 431,994	\$ 365,965	\$ 335,305	\$ 281,833	\$ 256,892
FRS contributions in relation to the contractually required					
FRS contribution	<u>431,994</u>	<u>365,965</u>	<u>335,305</u>	<u>281,833</u>	<u>256,892</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,700,022	\$ 2,332,994	\$ 2,142,628	\$ 1,844,605	\$ 1,741,622
FRS contributions as a percentage of covered payroll	16.00%	15.69%	15.65%	15.28%	14.75%
Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Contractually required					
FRS contribution	\$ 161,076	\$ 170,238	\$ 144,979	\$ 127,214	\$ 110,162
FRS contributions in relation to the contractually required					
FRS contribution	<u>161,076</u>	<u>170,238</u>	<u>144,979</u>	<u>127,214</u>	<u>110,162</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,634,663	\$ 1,412,818	\$ 1,305,426	\$ 1,308,467	\$ 1,233,491
FRS contributions as a percentage of covered payroll	9.85%	12.05%	11.11%	9.72%	8.93%

**CITY OF CRYSTAL RIVER, FLORIDA**

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

Reporting period ending Measurement date	<u>9/30/2025</u> <u>6/30/2025</u>	<u>9/30/2024</u> <u>6/30/2024</u>	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>
City's proportion of the HIS net pension liability	0.00584419%	0.00531768%	0.00516611%	0.00494376%	0.00466576%
City's proportionate share of the HIS net pension liability	\$ 749,076	\$ 797,704	\$ 820,447	\$ 523,623	\$ 572,326
City's covered payroll	\$ 2,642,469	\$ 2,277,338	\$ 2,058,347	\$ 1,804,624	\$ 1,655,364
City's proportionate share of the pension liability as a percentage of its covered payroll	28.35%	35.03%	39.86%	29.02%	34.57%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%
Reporting period ending Measurement date	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>
City's proportion of the HIS net pension liability	0.00464722%	0.00404857%	0.004006128%	0.004051647%	0.003772839%
City's proportionate share of the HIS net pension liability	\$ 567,418	\$ 452,993	\$ 424,013	\$ 433,221	\$ 439,710
City's covered payroll	\$ 1,612,907	\$ 1,354,012	\$ 1,308,467	\$ 1,308,467	\$ 1,233,491
City's proportionate share of the pension liability as a percentage of its covered payroll	35.18%	33.46%	32.41%	33.11%	35.65%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%

**CITY OF CRYSTAL RIVER, FLORIDA**

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

	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Reporting period ending					
Contractually required					
HIS contribution	\$ 53,421	\$ 47,286	\$ 36,646	\$ 30,598	\$ 28,774
HIS contributions in relation to the contractually required HIS contribution	<u>53,421</u>	<u>47,286</u>	<u>36,646</u>	<u>30,598</u>	<u>28,774</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,700,022	\$ 2,332,994	\$ 2,142,628	\$ 1,844,605	\$ 1,741,622
HIS contributions as a percentage of covered payroll	1.98%	2.03%	1.71%	1.66%	1.65%
Reporting period ending					
Contractually required					
HIS contribution	\$ 20,969	\$ 23,327	\$ 21,675	\$ 21,442	\$ 19,338
HIS contributions in relation to the contractually required HIS contribution	<u>20,969</u>	<u>23,327</u>	<u>21,675</u>	<u>21,442</u>	<u>19,338</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,634,663	\$ 1,412,818	\$ 1,305,426	\$ 1,308,467	\$ 1,233,491
HIS contributions as a percentage of covered payroll	1.28%	1.65%	1.66%	1.64%	1.57%

**CITY OF CRYSTAL RIVER, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>								
Service cost	\$ 11,130	\$ 11,486	\$ 14,085	\$ 29,313	\$ 30,926	\$ 21,345	\$ 18,269	\$ 18,904
Interest	7,093	9,200	13,149	6,722	4,949	10,247	10,990	8,072
Experience differences	(46,340)	(14,714)	6,570	-	(21,021)	(21,019)	-	-
Assumption changes	25,527	(7,495)	(106,156)	(9,116)	41,918	(64,817)	(34,332)	-
Benefit payments	(10,016)	(11,493)	(15,151)	(10,283)	(9,320)	(11,248)	(16,102)	(9,400)
<b>Net change in total OPEB liability</b>	<u>(12,606)</u>	<u>(13,016)</u>	<u>(87,503)</u>	<u>16,636</u>	<u>47,452</u>	<u>(65,492)</u>	<u>(21,175)</u>	<u>17,576</u>
<b>Total OPEB liability - beginning</b>	<u>168,543</u>	<u>181,559</u>	<u>269,062</u>	<u>252,426</u>	<u>204,974</u>	<u>270,466</u>	<u>291,641</u>	<u>274,065</u>
<b>Total OPEB liability - ending</b>	<u>\$ 155,937</u>	<u>\$ 168,543</u>	<u>\$ 181,559</u>	<u>\$ 269,062</u>	<u>\$ 252,426</u>	<u>\$ 204,974</u>	<u>\$ 270,466</u>	<u>\$ 291,641</u>
<b>Covered-employee payroll</b>	\$ 1,606,557	\$ 1,600,822	\$ 1,569,433	\$ 1,422,406	\$ 1,422,406	\$ 1,199,673	\$ 951,649	\$ 951,649
<b>Total OPEB liability as a percentage of covered employee payroll</b>	9.7%	10.5%	11.6%	18.9%	17.7%	17.1%	28.4%	30.6%

**Notes to the Schedule:**

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

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

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## **SUPPLEMENTARY INFORMATION**

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**CITY OF CRYSTAL RIVER, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**

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

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

**Building** is used to account for costs specifically related to the building department of the City.

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

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

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**CITY OF CRYSTAL RIVER, FLORIDA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Expansion	Building	Buy A Brick	Impact Fees	
<b>Assets</b>					
Cash and cash equivalents	\$ 30,631	\$ 686,889	\$ 5,626	\$ 122,961	\$ 846,107
Accounts receivable, net	5,267	-	-	141,259	146,526
<b>Total assets</b>	<u>\$ 35,898</u>	<u>\$ 686,889</u>	<u>\$ 5,626</u>	<u>\$ 264,220</u>	<u>\$ 992,633</u>
<b>Liabilities and fund balances</b>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 106,247	\$ 106,247
Accrued liabilities	-	1,945	-	-	1,945
Due to other governments	-	-	-	127,546	127,546
Total liabilities	<u>-</u>	<u>1,945</u>	<u>-</u>	<u>233,793</u>	<u>235,738</u>
Fund balances					
Restricted					
Community development	-	684,944	5,626	-	690,570
Public safety	35,898	-	-	30,427	66,325
Total fund balances	<u>35,898</u>	<u>684,944</u>	<u>5,626</u>	<u>30,427</u>	<u>756,895</u>
<b>Total liabilities and fund balances</b>	<u>\$ 35,898</u>	<u>\$ 686,889</u>	<u>\$ 5,626</u>	<u>\$ 264,220</u>	<u>\$ 992,633</u>

**CITY OF CRYSTAL RIVER, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Expansion	Building	Buy A Brick	Impact Fees	
<b>Revenues</b>					
Licenses and permits	\$ -	\$ 436,304	\$ -	\$ -	\$ 436,304
Impact fees	8,745	-	-	3,286	12,031
Investment earnings	-	1,794	-	2,161	3,955
Total revenues	<u>8,745</u>	<u>438,098</u>	<u>-</u>	<u>5,447</u>	<u>452,290</u>
<b>Expenditures</b>					
Current					
General government	-	343,799	-	-	343,799
Total expenditures	<u>-</u>	<u>343,799</u>	<u>-</u>	<u>-</u>	<u>343,799</u>
Excess of revenues over expenditures	<u>8,745</u>	<u>94,299</u>	<u>-</u>	<u>5,447</u>	<u>108,491</u>
<b>Other Financing Sources</b>					
Transfers from other funds	-	590,645	-	-	590,645
Total other financing sources	<u>-</u>	<u>590,645</u>	<u>-</u>	<u>-</u>	<u>590,645</u>
Net change in fund balance	8,745	684,944	-	5,447	699,136
Fund balances, beginning	<u>27,153</u>	<u>-</u>	<u>5,626</u>	<u>24,980</u>	<u>57,759</u>
Fund balances, ending	<u>\$ 35,898</u>	<u>\$ 684,944</u>	<u>\$ 5,626</u>	<u>\$ 30,427</u>	<u>\$ 756,895</u>

## **OTHER REPORTS**

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# Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crystal River, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 5, 2026.

## **Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 5, 2026



# Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

## **Report on Compliance for Each Major Federal Program**

### ***Opinion on Each Major Federal Program***

We have audited the City of Crystal River, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

### ***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's 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 City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material 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 City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

A handwritten signature in black ink that reads 'Mauldin & Jenkins, LLC'.

Bradenton, Florida  
May 5, 2026

# City of Crystal River, Florida

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Assistance Listing Number	Grant ID Number	Actual Expenditures
<b>Federal Awards</b>			
<b>U.S. Department of Environmental Protection</b>			
Passed through the Florida Department of Environmental Protection			
Nonpoint Source Implementation Grants	66.460	NF107/319	\$ 238,967
Total Department of Environmental Protection			<u>238,967</u>
<b>U.S. Department of Commerce</b>			
Passed through the Florida Department of Commerce			
New City Hall Design Grant	N/A	HL215	160,487
Total Department of Commerce			<u>160,487</u>
<b>U.S. Department of Treasury</b>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5063	676,220
Total U.S. Department of Treasury			<u>676,220</u>
<b>Total Expenditures of Federal awards</b>			<u>\$ 1,075,674</u>

## **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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### **NOTE 1 – BASIS OF PRESENTATION**

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

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The City did not pass through any of the above to subrecipients.

### **NOTE 2 – DE MINIMIS INDIRECT COST RATE**

The City chose not to use the 15 percent de minimis cost rate for the year ended September 30, 2025.

### **NOTE 3 – NON-CASH AWARDS**

The City did not receive non-cash federal awards during the year ended September 30, 2025.

# City of Crystal River, Florida

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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### SECTION I SUMMARY OF AUDIT RESULTS

#### **Financial Statements**

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

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

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

Noncompliance material to financial statements noted?  yes  no

#### **Federal Programs**

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

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

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?  yes  no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	U.S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B federal programs: \$1,000,000

Auditee qualified as low-risk auditee?  yes  no

#### **State Financial Assistance Projects**

There was not an audit of major state financial assistance projects as of September 30, 2025 due to the total amount expended being less than \$750,000.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

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

None noted.

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

**2022-001. Accounts Payables – Material Weakness (Repeat)**

**Criteria** – Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, accounts payable were not properly recorded.

**Condition** – Invoices relating to fiscal year 2024 were not recorded in accounts payable as of year-end.

**Context** – Our testing of subsequent disbursements identified invoices that were not properly included within accounts payable in the amount of \$47,369.

**Effect** – A correcting adjustment to increase accounts payable by \$47,369 was required to be made to the City's general ledger to properly record actual activity.

**Status** – Resolved.

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## Independent Auditor's Management Letter

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

### **Report on the Financial Statements**

We have audited the financial statements of the City of Crystal River, Florida (the "City"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 5, 2026.

### **Auditor's Responsibility**

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

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated May 5, 2026, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions were fully taken on finding 2022-001 and it has not been repeated in the current year report.

### **Official Title and Legal Authority**

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

### **Financial Condition and Management**

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

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

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

### **Property Assessed Clean Energy (PACE) Programs**

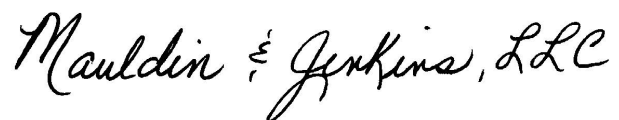
As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

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



Bradenton, Florida  
May 5, 2026



## Independent Accountant's Report

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

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

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 5, 2026

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