

**CITY OF CRYSTAL RIVER
CRYSTAL RIVER, FLORIDA**

**FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

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INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

To the City Council,
City of Crystal River, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Crystal River, Florida, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Crystal River, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crystal River, Florida as of September 30, 2010, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the capital improvements fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2011 on our consideration of the City of Crystal River, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crystal River, Florida's financial statements as a whole. The other supplementary information and other information identified in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information and other information have been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

William McGraw, WAH : Cash, P.A.

Inverness, Florida
February 14, 2011

**CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010**

As management of the City of Crystal River, Florida, 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 of Crystal River, Florida for the fiscal year ended September 30, 2010.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Crystal River'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 of Crystal River, Florida's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Crystal River, Florida 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 and sanitation operation.

The government-wide financial statements can be found on pages 12 - 13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Crystal River 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: governmental funds and 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.

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
(Continued)

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*.

The City of Crystal River maintains two 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 which is considered to be a major fund. Data from the other six 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 of Crystal River adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund and capital improvements fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 -19 of this report.

Proprietary funds. The City of Crystal River 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, sewer and sanitation 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 operations, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 20 - 23 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 24 - 41 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented as supplementary information and can be found on pages 47 - 48 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Crystal River, Florida, assets exceeded liabilities by \$27,899,001 at the close of the most recent fiscal year.

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
(Continued)

By far the largest portion of the City of Crystal River's net assets, 58 percent, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. 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's Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 6,808,890	\$ 6,901,835	\$ 5,281,844	\$ 5,613,939	\$ 12,090,734	\$ 12,515,774
Capital assets	6,588,012	6,261,715	15,958,098	15,528,905	22,546,110	21,790,620
Total assets	<u>\$ 13,396,902</u>	<u>\$ 13,163,550</u>	<u>\$ 21,239,942</u>	<u>\$ 21,142,844</u>	<u>\$ 34,636,844</u>	<u>\$ 34,306,394</u>
Long-term liabilities						
outstanding	\$ 41,474	\$ 47,878	\$ 6,355,851	\$ 6,789,896	\$ 6,397,325	\$ 6,837,774
Other liabilities	111,698	503,322	228,820	144,961	340,518	648,283
Total liabilities	<u>153,172</u>	<u>551,200</u>	<u>6,584,671</u>	<u>6,934,857</u>	<u>6,737,843</u>	<u>7,486,057</u>
Net assets						
Invested in capital						
assets, net of related						
debt	6,588,012	6,261,715	9,602,247	8,792,385	16,190,259	15,054,100
Restricted	1,896,852	949,498	1,435,913	1,480,912	3,332,765	2,430,410
Unrestricted	<u>4,758,866</u>	<u>5,401,137</u>	<u>3,617,111</u>	<u>3,934,690</u>	<u>8,375,977</u>	<u>9,335,827</u>
Total net assets	<u>\$ 13,243,730</u>	<u>\$ 12,612,350</u>	<u>\$ 14,655,271</u>	<u>\$ 14,207,987</u>	<u>\$ 27,899,001</u>	<u>\$ 26,820,337</u>

An additional portion of the City's net assets (11.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining \$8,442,396 balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

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

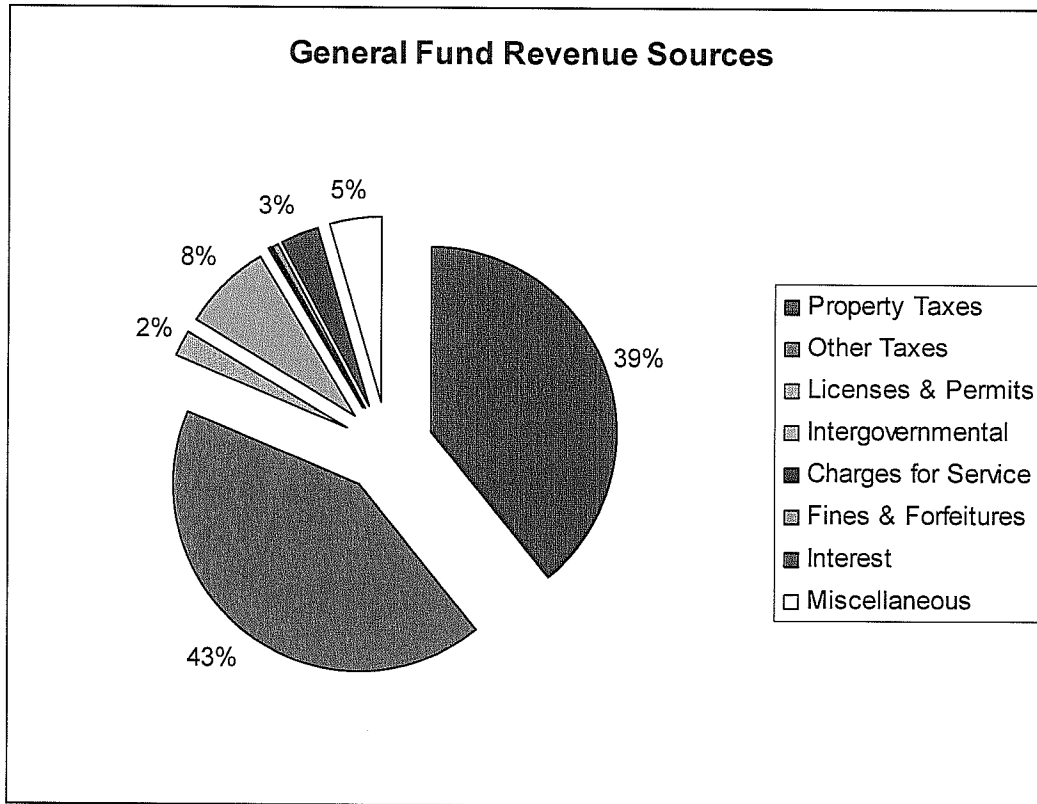
Governmental activities. Governmental activities increased the City of Crystal River's net assets by \$631,380. The increase to revenues included the payment from the lawsuit related to Methyl Tertiary Butyl Ether (MTBE) in the water supply. The total received was \$144,870. Expenditures were below budget due to a couple of positions that were vacant for a portion of the fiscal year.

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
(Continued)

City of Crystal River, Florida's Changes in Net Assets

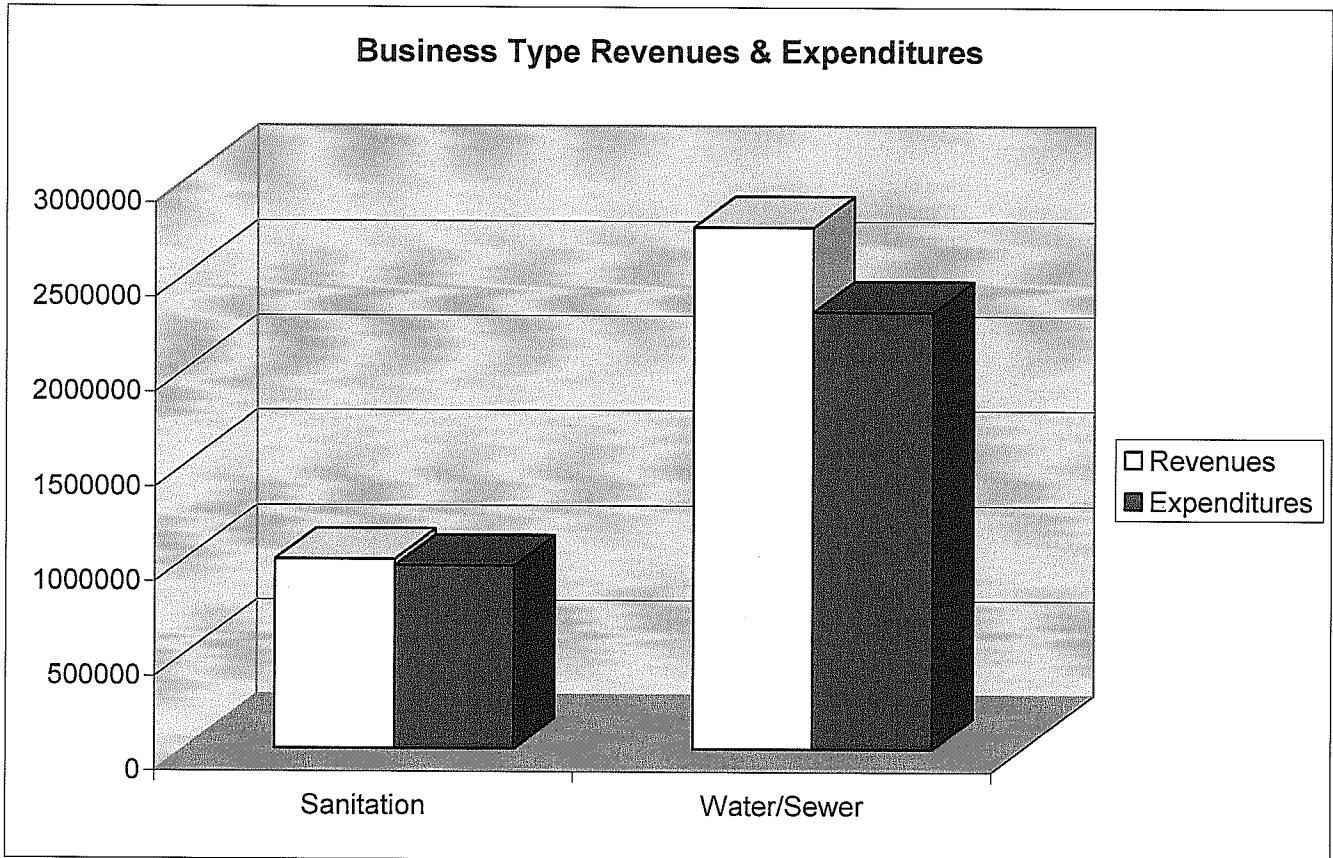
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 364,838	\$ 482,223	\$ 3,635,046	\$ 3,672,460	\$ 3,999,884	\$ 4,154,683
Operating grants and contributions	189,032	230,638	-	-	189,032	230,638
Capital grants and contributions	-	88,380	9,820	336,471	9,820	424,851
General revenues:						
Property taxes	1,751,300	1,895,606	-	-	1,751,300	1,895,606
Other taxes	1,881,016	1,779,974	-	-	1,881,016	1,779,974
Other	141,302	80,200	105,568	34,066	246,870	114,266
Total revenues	4,327,488	4,557,021	3,750,434	4,042,997	8,077,922	8,600,018
Expenses:						
General government	1,237,129	1,329,222	-	-	1,237,129	1,329,222
Public safety	1,261,396	1,349,328	-	-	1,261,396	1,349,328
Highways and streets	851,192	930,808	-	-	851,192	930,808
Developmental services	243,468	289,466	-	-	243,468	289,466
Culture and recreation	169,758	144,545	-	-	169,758	144,545
Water and sewer	-	-	2,307,714	2,701,944	2,307,714	2,701,944
Sanitation	-	-	943,601	894,142	943,601	894,142
Total expenses	3,762,943	4,043,369	3,251,315	3,596,086	7,014,258	7,639,455
Increase in net assets before transfers	564,545	513,652	499,119	446,911	1,063,664	960,563
Transfers	66,835	208,152	(51,835)	(193,152)	15,000	15,000
Increase in net assets	631,380	721,804	447,284	253,759	1,078,664	975,563
Net assets, beginning of year	12,612,350	11,890,546	14,207,987	13,954,228	26,820,337	25,844,774
Net assets, end of year	\$ 13,243,730	\$ 12,612,350	\$ 14,655,271	\$ 14,207,987	\$ 27,899,001	\$ 26,820,337

**CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
(Continued)**

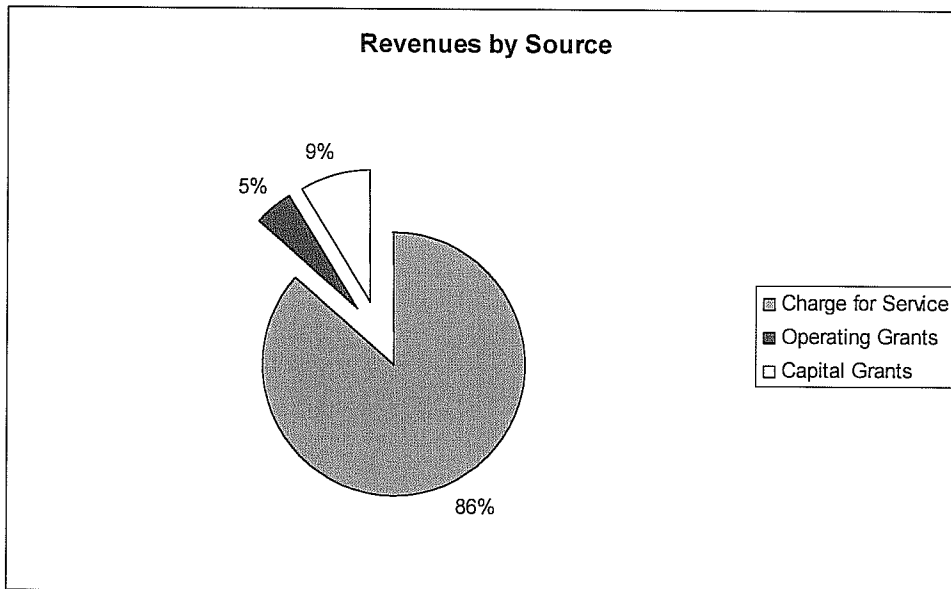


Business-type activities. Business-type activities increased the City of Crystal River's net assets by \$447,284 accounting for 42% of the total growth in the government's net assets.

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
(Continued)



CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
(Continued)



Financial Analysis of the Government's Funds

As noted earlier, the City of Crystal River 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Crystal River's governmental funds reported combined ending fund balances of \$6,808,890, an increase of \$401,377 in comparison with the prior year. Of the total, \$3,956,340 or 59%, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed to fund capital projects.

The general fund is the chief operating fund of the City of Crystal River. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$3,956,340, while total fund balance reached \$4,866,759. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 113% of total general fund expenditures, while total fund balance represents 139% of that same amount.

The fund balance of the City's general fund decreased by \$648,675 during the current fiscal year, as shown on page 16. This was due to the transfer toward the Cutler Spur project of \$1,000,000.

Proprietary funds. The City of Crystal River'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 DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
(Continued)

Unrestricted net assets of the Water and Sewer and Sanitation funds at the end of the year amounted to \$3,439,445 and \$177,666, respectively. The total increase in net assets for the funds was \$447,284. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there was an \$184,926 increase in appropriations between the original and the final amended budget. The increase in the budget was primarily the City's \$100,000 contribution toward the purchase of the 3 Sisters Park property.

Additional appropriations were funded by amounts carried forward from the previous year.

Capital Improvements Fund Budgetary Highlights

During the year there was a \$1,646,739 increase between the original budget and the final amended budget due primarily to uncompleted projects at year-end which were not included in the original budget.

Capital Asset and Debt Administration

Outstanding Water & Sewer Bonds issued in 1966 and 1978 matured as of September 1, 2006.

Capital assets. The City of Crystal River's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$22,546,110 (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 3%. (a 5% increase for governmental activities and a 3% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- We contracted to have a physical inventory completed of all fixed assets. There was an adjustment to our capital assets based on that inventory.

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

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,897,040	\$ 1,797,040	\$ 616,898	\$ 616,898	\$ 2,513,938	\$ 2,413,938
Buildings & improvements	1,530,602	1,508,884	11,879,273	11,734,361	13,409,875	13,243,245
Vehicles & equipment	45,587	131,299	1,961,551	2,338,924	2,007,138	2,470,223
Infrastructure	2,824,576	2,588,753	-	-	2,824,576	2,588,753
Construction in progress	290,207	235,739	1,500,376	838,722	1,790,583	1,074,461
Total	\$ 6,588,012	\$ 6,261,715	\$ 15,958,098	\$ 15,528,905	\$ 22,546,110	\$ 21,790,620

Additional information on the City of Crystal River's capital assets can be found in Note IV. C. on pages 33 - 35 of this report.

CITY OF CRYSTAL RIVER, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
(Continued)

Long-term debt. At the end of the current fiscal year, the City of Crystal River had total bonded debt outstanding of \$5,771,260. This debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Crystal River, Florida's Outstanding Debt
Revenue Bonds

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue bonds (less deferred refunding costs)	\$ -	\$ -	\$ 5,771,260	\$ 6,031,482	\$ 5,771,260	\$ 6,031,482
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,771,260</u>	<u>\$ 6,031,482</u>	<u>\$ 5,771,260</u>	<u>\$ 6,031,482</u>

Additional information on the City of Crystal River's long-term debt can be found in note IV.E. on pages 36 - 38 of this report.

Economic Factors

- ➔ Rate increases of 3% for water usage and sewer usage were implemented in FY 2010.
- ➔ The City bid out property/liability insurance coverage in 2010. As a result, insurance coverage was moved from PRM to Florida Municipal Insurance Trust which is operated by Florida League of Cities. The savings to the City from this transfer was \$15,000.
- ➔ Health care insurance premiums increased by 7.9% for FY 2009-2010.
- ➔ Interest rates have fallen significantly on money placed on deposit with SBA and local bank accounts. The City maintains \$6,850,000 in short-term CD's in order to earn a higher rate of interest on funds.

Requests for Information

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	UNIT COMMUNITY REDEVELOPMENT
ASSETS:				
Cash and cash equivalents	\$ 2,912,567	\$ 217,840	\$ 3,130,407	\$ 605,924
Certificates of deposit	2,365,537	2,584,540	4,950,077	464,494
Investments	1,304,640	80,172	1,384,812	15,989
Receivables (net)	170,337	674,333	844,670	-
Other assets	53,492	29,337	82,829	4,503
Internal balances	2,317	(2,317)	-	-
Intergovernmental receivables	-	-	-	320
Restricted assets:				
Cash and cash equivalents	-	132,155	132,155	-
Investments and certificates of deposit	-	1,435,913	1,435,913	-
Unamortized bond issuance costs	-	129,871	129,871	-
Fixed assets, net of accumulated depreciation	6,588,012	15,958,098	22,546,110	505,771
TOTAL ASSETS	\$ 13,396,902	\$ 21,239,942	\$ 34,636,844	\$ 1,597,001
LIABILITIES:				
Accounts payable and accrued expenses	\$ 111,698	\$ 96,600	\$ 208,298	\$ 11,660
Customer deposits	-	132,220	132,220	-
Noncurrent liabilities:				
Due within one year	24,000	-	24,000	-
Due in more than one year	17,474	6,355,851	6,373,325	-
TOTAL LIABILITIES	153,172	6,584,671	6,737,843	11,660
NET ASSETS:				
Invested in capital assets, net of related debt	6,588,012	9,602,247	16,190,259	-
Restricted for:				
Capital projects	1,816,634	826,279	2,642,913	-
Debt service	-	609,634	609,634	-
Other purposes	80,218	-	80,218	-
Unrestricted	4,758,866	3,617,111	8,375,977	1,585,341
TOTAL NET ASSETS	\$ 13,243,730	\$ 14,655,271	\$ 27,899,001	\$ 1,585,341

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNIT COMMUNITY REDEVELOPMENT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
Primary government:								
Governmental activities								
General government	\$ 1,237,129	\$ 204,041	\$ 189,032	\$ -	\$ (844,056)	\$ -	\$ (844,056)	\$ -
Public safety	1,261,396	20,104	-	-	(1,241,292)	-	(1,241,292)	-
Highways and streets	851,192	79,382	-	-	(771,810)	-	(771,810)	-
Developmental services	243,468	61,111	-	-	(182,357)	-	(182,357)	-
Culture and recreation	169,758	200	-	-	(169,558)	-	(169,558)	-
Total governmental activities	<u>3,762,943</u>	<u>364,838</u>	<u>189,032</u>	<u>-</u>	<u>(3,209,073)</u>	<u>-</u>	<u>(3,209,073)</u>	<u>-</u>
Business-Type Activities:								
Water and sewer	2,307,714	2,754,684	-	9,820	-	456,790	456,790	-
Sanitation	943,601	880,362	-	-	-	(63,239)	(63,239)	-
Total business-type activities	<u>3,251,315</u>	<u>3,635,046</u>	<u>-</u>	<u>9,820</u>	<u>-</u>	<u>393,551</u>	<u>393,551</u>	<u>-</u>
Total primary government	<u>\$ 7,014,258</u>	<u>\$ 3,999,884</u>	<u>\$ 189,032</u>	<u>\$ 9,820</u>	<u>\$ (3,209,073)</u>	<u>\$ 393,551</u>	<u>\$ (2,815,522)</u>	<u>\$ -</u>
Component unit:								
Community redevelopment	<u>\$ 210,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (210,814)</u>
General Revenues								
Taxes:								
Property taxes					1,751,300	-	1,751,300	439,470
Sales and fuel taxes					428,340	-	428,340	-
Franchise taxes					639,326	-	639,326	-
Utility service taxes					813,350	-	813,350	-
Unrestricted investment earnings					80,814	72,711	153,525	10,460
Unrealized gain/loss on investments					60,488	32,857	93,345	(6,624)
Transfers					66,835	(51,835)	15,000	(15,000)
Total General Revenues and Transfers					<u>3,840,453</u>	<u>53,733</u>	<u>3,894,186</u>	<u>428,306</u>
Change in Net Assets					631,380	447,284	1,078,664	217,492
Net assets, beginning of year					<u>12,612,350</u>	<u>14,207,987</u>	<u>26,820,337</u>	<u>1,367,849</u>
Net assets, end of year					<u>\$ 13,243,730</u>	<u>\$ 14,655,271</u>	<u>\$ 27,899,001</u>	<u>\$ 1,585,341</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,600,835	\$ 297,795	\$ 13,937	\$ 2,912,567
Certificates of deposit	2,039,210	326,327	-	2,365,537
Investments	101,022	1,203,618	-	1,304,640
Accounts receivable	154,587	15,750	-	170,337
Other assets	53,492	-	-	53,492
Due from other funds	2,317	-	-	2,317
	<u>2,317</u>	<u>-</u>	<u>-</u>	<u>2,317</u>
TOTAL ASSETS	<u>\$ 4,951,463</u>	<u>\$ 1,843,490</u>	<u>\$ 13,937</u>	<u>\$ 6,808,890</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 84,704	\$ 26,856	\$ 138	\$ 111,698
Total Liabilities	<u>84,704</u>	<u>26,856</u>	<u>138</u>	<u>111,698</u>
Fund Balances:				
Reserved for:				
Capital projects	-	1,816,634	-	1,816,634
Public safety	-	-	13,799	13,799
Cemetery	66,419	-	-	66,419
Unreserved, designated for:				
Capital projects	844,000	-	-	844,000
Unreserved, undesignated	3,956,340	-	-	3,956,340
Total fund balances	<u>4,866,759</u>	<u>1,816,634</u>	<u>13,799</u>	<u>6,697,192</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,951,463</u>	<u>\$ 1,843,490</u>	<u>\$ 13,937</u>	<u>\$ 6,808,890</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

Amounts reported for governmental activities in the statement of net assets (page 12) are different because:

Total fund balance of governmental funds (page 14)	\$ 6,697,192
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,588,012
Long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported as fund liabilities.	<u>(41,474)</u>
Net assets of governmental activities (page 12)	<u>\$ 13,243,730</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 3,385,304	\$ 247,012	\$ -	\$ 3,632,316
Licenses and permits	98,317	-	-	98,317
Intergovernmental	182,474	-	-	182,474
Charges for services	24,237	-	-	24,237
Fines and forfeitures	21,221	-	-	21,221
Impact fees	-	47,217	400	47,617
Interest	49,596	31,120	98	80,814
Miscellaneous	221,414	19,072	-	240,486
Total revenues	<u>3,982,563</u>	<u>344,421</u>	<u>498</u>	<u>4,327,482</u>
EXPENDITURES:				
Current:				
General government	1,178,116	-	-	1,178,116
Public safety	1,248,739	-	-	1,248,739
Highways and streets	535,493	-	-	535,493
Developmental services	236,693	-	-	236,693
Culture and recreation	148,411	-	-	148,411
Capital outlay:				
General government	105,647	3,598	-	109,245
Public safety	11,826	-	-	11,826
Highways and streets	17,378	593,991	-	611,369
Culture and recreation	15,746	-	-	15,746
Total expenditures	<u>3,498,049</u>	<u>597,589</u>	<u>-</u>	<u>4,095,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>484,514</u>	<u>(253,168)</u>	<u>498</u>	<u>231,844</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	171,445	1,200,024	-	1,371,469
Transfers out	(1,304,634)	-	-	(1,304,634)
Total other financing sources (uses)	<u>(1,133,189)</u>	<u>1,200,024</u>	<u>-</u>	<u>66,835</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>(648,675)</u>	<u>946,856</u>	<u>498</u>	<u>298,679</u>
Fund balances , beginning of year	5,515,434	869,778	13,301	6,398,513
Fund balances , end of year	<u>\$ 4,866,759</u>	<u>\$ 1,816,634</u>	<u>\$ 13,799</u>	<u>\$ 6,697,192</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Amounts reported for governmental activities in the statement of activities (page 13)
are different because:

Net change in fund balances - total governmental funds (page 16) . \$ 298,679

Governmental funds report capital outlays as expenditures. However, in the statement
of activities, the cost of those assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by which capital outlays
exceeded depreciation in the current period. 326,297

Compensated absences reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in the
governmental funds. 6,404

Change in net assets of governmental activities (page 13) \$ 631,380

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

CITY OF CRYSTAL RIVER, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GENERAL FUND BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE (NEGATIVE)</u>
REVENUES:				
Taxes	\$ 3,346,720	\$ 3,346,720	\$ 3,385,304	\$ 38,584
Licenses and permits	101,520	101,520	98,317	(3,203)
Intergovernmental	230,486	230,486	182,474	(48,012)
Charges for services	27,200	27,200	24,237	(2,963)
Fines and forfeitures	35,600	35,600	21,221	(14,379)
Interest	88,947	88,947	49,596	(39,351)
Miscellaneous	47,445	47,245	221,414	174,169
Total revenues	<u>3,877,918</u>	<u>3,877,718</u>	<u>3,982,563</u>	<u>104,845</u>
EXPENDITURES:				
Current:				
General government	1,218,071	1,256,002	1,178,116	77,886
Public safety	1,312,920	1,312,920	1,248,739	64,181
Highways and streets	577,146	577,146	535,493	41,653
Developmental services	257,877	288,377	236,693	51,684
Culture and recreation	170,462	183,962	148,411	35,551
Capital outlay:				
General government	7,500	107,500	105,647	1,853
Public safety	113,520	113,520	11,826	101,694
Highways and streets	18,500	18,500	17,378	1,122
Culture and recreation	13,000	15,795	15,746	49
Total Expenditures	<u>3,688,996</u>	<u>3,873,722</u>	<u>3,498,049</u>	<u>270,955</u>
Excess of revenues over expenditures	188,922	3,996	484,514	375,800
OTHER FINANCING SOURCES (USES):				
Transfers in	177,688	177,688	171,445	(6,243)
Transfers out	(366,610)	(366,610)	(1,304,634)	(1,304,634)
Total other financing sources (uses)	<u>(188,922)</u>	<u>(188,922)</u>	<u>(1,133,189)</u>	<u>(1,310,877)</u>
Deficiency of revenues and other financing sources (uses) under expenditures and other uses	-	(184,926)	(648,675)	(648,675)
Fund balances , beginning of year	5,515,434	5,515,434	5,515,434	-
Fund balances , end of year	<u>\$ 5,515,434</u>	<u>\$ 5,330,508</u>	<u>\$ 4,866,759</u>	<u>\$ (648,675)</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - CAPITAL IMPROVEMENT FUND BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Taxes	\$ 230,000	\$ 230,000	\$ 247,012	\$ 17,012
Intergovernmental	100,000	100,000	-	(100,000)
Impact fees	600,000	600,000	47,217	(552,783)
Interest	20,000	20,000	31,120	11,120
Miscellaneous	400,000	400,000	19,072	(380,928)
Total revenues	<u>1,350,000</u>	<u>1,350,000</u>	<u>344,421</u>	<u>(1,005,579)</u>
EXPENDITURES:				
Capital outlay:				
General government	26,000	26,000	3,598	22,402
Highways and streets	2,668,000	4,314,739	593,991	3,720,748
Total Expenditures	<u>2,694,000</u>	<u>4,340,739</u>	<u>597,589</u>	<u>3,743,150</u>
Deficiency of revenues under expenditures	<u>(1,344,000)</u>	<u>(2,990,739)</u>	<u>(253,168)</u>	<u>2,737,571</u>
OTHER FINANCING SOURCES:				
Transfers in	1,344,000	1,344,000	1,200,024	(143,976)
Total other financing sources	<u>1,344,000</u>	<u>1,344,000</u>	<u>1,200,024</u>	<u>(143,976)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	(1,646,739)	946,856	2,593,595
Fund balances, beginning of year	869,778	869,778	869,778	-
Fund balances, end of year	<u>\$ 869,778</u>	<u>\$ (776,961)</u>	<u>\$ 1,816,634</u>	<u>\$ 2,593,595</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SANITATION	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 101,953	\$ 115,887	\$ 217,840
Certificates of deposit	2,584,540	-	2,584,540
Investments	79,453	719	80,172
Accounts receivable (net of allowance for uncollectible accounts)	533,055	141,278	674,333
Other assets	29,337	-	29,337
Due from other funds	-	450	450
Total current assets	<u>3,328,338</u>	<u>258,334</u>	<u>3,586,672</u>
Noncurrent assets:			
Restricted cash and cash equivalents:			
Customer deposits	132,155	-	132,155
Restricted investments:			
Revenue bond covenant account	1,435,913	-	1,435,913
Unamortized bond issuance costs	129,871	-	129,871
Property and equipment, net of accumulated depreciation and amortization	15,958,098	-	15,958,098
Total noncurrent assets	<u>17,656,037</u>	<u>-</u>	<u>17,656,037</u>
TOTAL ASSETS	<u>\$ 20,984,375</u>	<u>\$ 258,334</u>	<u>\$ 21,242,709</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$ 15,932	\$ 80,668	\$ 96,600
Customer deposits	132,220	-	132,220
Due to other funds	2,767	-	2,767
Total current liabilities	<u>150,919</u>	<u>80,668</u>	<u>231,587</u>
Noncurrent liabilities:			
Revenue bonds payable, net of deferred amount on refunding	5,771,260	-	5,771,260
State revolving loan	584,591	-	584,591
Total noncurrent liabilities	<u>6,355,851</u>	<u>-</u>	<u>6,355,851</u>
Total liabilities	<u>6,506,770</u>	<u>80,668</u>	<u>6,587,438</u>
Net Assets:			
Invested in capital assets, net of related debt	9,602,247	-	9,602,247
Restricted for:			
Capital projects	826,279	-	826,279
Debt service	609,634	-	609,634
Unrestricted	3,439,445	177,666	3,617,111
Total net assets	<u>14,477,605</u>	<u>177,666</u>	<u>14,655,271</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,984,375</u>	<u>\$ 258,334</u>	<u>\$ 21,242,709</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SANITATION	TOTALS
OPERATING REVENUES:			
Pledged as security for revenue bonds			
Water service	\$ 1,334,311	\$ -	\$ 1,334,311
Sewer service	1,397,580	-	1,397,580
Sanitation service	-	880,023	880,023
Miscellaneous	22,793	339	23,132
Total operating revenues	<u>2,754,684</u>	<u>880,362</u>	<u>3,635,046</u>
OPERATING EXPENSES:			
Contractual services	1,345,414	943,601	2,289,015
Depreciation	612,705	-	612,705
Other	27,696	-	27,696
Total operating expenses	<u>1,985,815</u>	<u>943,601</u>	<u>2,929,416</u>
Operating income (loss)	768,869	(63,239)	705,630
NONOPERATING REVENUES (EXPENSES):			
Interest income	71,959	752	72,711
Interest expense	(295,748)	-	(295,748)
Unrealized gain (loss) on investments	32,564	293	32,857
Amortization of bond issuance costs	(26,151)	-	(26,151)
Total nonoperating revenues (expenses)	<u>(217,376)</u>	<u>1,045</u>	<u>(216,331)</u>
Income (loss) before contributions and transfers	551,493	(62,194)	489,299
Capital contributions	9,820	-	9,820
Transfers in (out)	<u>(133,502)</u>	<u>81,667</u>	<u>(51,835)</u>
Change in net assets	427,811	19,473	447,284
Net assets , beginning of year	14,049,794	158,193	14,207,987
Net assets , end of year	<u>\$ 14,477,605</u>	<u>\$ 177,666</u>	<u>\$ 14,655,271</u>

The accompanying 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, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SANITATION	TOTALS
Cash flows from operating activities :			
Cash received from customers	\$ 2,736,052	\$ 869,889	\$ 3,605,941
Cash payments to suppliers for goods and services	(1,433,131)	(871,739)	(2,304,870)
Net cash provided by (used in) operating activities	<u>1,302,921</u>	<u>(1,850)</u>	<u>1,301,071</u>
Cash flows from noncapital financing activities :			
Operating transfers to other funds	(133,502)	81,667	(51,835)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(972,939)	-	(972,939)
Principal payments on bonds	(275,000)	-	(275,000)
Principal payments on long term notes	(173,823)	-	(173,823)
Interest paid on bonds	(295,748)	-	(295,748)
Capital contributions received	9,820	-	9,820
Net cash provided by (used in) capital and related financing activities	<u>(1,707,690)</u>	<u>-</u>	<u>(1,707,690)</u>
Cash flows from investing activities :			
Net purchases/proceeds from SBA investment pool	15,942	35,318	51,260
Interest received	5,702	752	6,454
Net cash provided by investing activities	<u>21,644</u>	<u>36,070</u>	<u>57,714</u>
Net increase (decrease) in cash and restricted cash	(516,627)	115,887	(400,740)
Cash and restricted cash, beginning of year	750,735	-	750,735
Cash and restricted cash, end of year	<u>\$ 234,108</u>	<u>\$ 115,887</u>	<u>\$ 349,995</u>
Classified as:			
Cash	\$ 101,953	\$ 115,887	\$ 217,840
Restricted cash	132,155	-	132,155
Total	<u>\$ 234,108</u>	<u>\$ 115,887</u>	<u>\$ 349,995</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SANITATION	TOTALS
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 768,869	\$ (63,239)	\$ 705,630
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	612,705	-	612,705
(Increase) decrease in accounts receivable	(13,238)	(10,023)	(23,261)
(Increase) decrease in due from other funds	4,116	(450)	3,666
Increase in other assets	(29,337)	-	(29,337)
Increase in accounts payable and accrued expenses	12,661	80,668	93,329
Decrease in customer deposits	(9,535)	-	(9,535)
Decrease in due to other funds	(43,320)	(8,806)	(52,126)
Total Adjustments	534,052	61,389	595,441
Net cash provided by (used in) operating activities	\$ 1,302,921	\$ (1,850)	\$ 1,301,071
Noncash investing activities:			
Decrease in fair value of SBA investments	\$ 32,904	\$ 297	\$ 33,201

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

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Crystal River, Florida (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 accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

Discretely presented component unit. The financial statements of the City of Crystal River, Florida Community Redevelopment Agency (the "Agency") are included in the financial reporting entity as a discretely presented component unit. The Agency 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 Agency's board are appointed by the City Council. The Agency is fiscally dependent on the City and the City Council approves the Agency's annual budget.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital improvements fund* is a special revenue fund used to account for a portion of state revenue sharing, which is used for streets and drainage expenditures. In addition, this fund records the local option gas tax, which is also used for those expenditures.

The City reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the City's water distribution operations and sewer collection operations.

The *sanitation fund* accounts for the activities of the City's sanitation collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. 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.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

Investments of the City, as well as for its component unit, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, and net assets or equity (Continued)

2. Receivables and payables

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

Property taxes are billed and collected for the City by the County Tax Collector according to Florida Statute under the following calendar:

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

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond operations and maintenance" account is used to report resources set aside to subsidize potential deficiencies from the City's operation that could adversely affect debt service payments. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" account is used to segregate resources accumulated for debt service payments.

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, and net assets or equity (Continued)

4. Restricted assets (Continued)

The "revenue bond reserve" account is used to report resources that are set aside to make up potential future deficiencies in the revenue bond debt service account. The "revenue bond renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. 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 more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10-40
Infrastructure	10-25
Vehicles and equipment	5-10

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, and net assets or equity (Continued)

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. 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.

7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the near term of the related debt.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. New accounting pronouncements

In March 2009, the Governmental Accounting Standards Board issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for the City's fiscal year beginning October 1, 2010. The objective of Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City is currently evaluating the effect this Statement will have on its financial statements.

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$326,297 difference are as follows:

Capital outlay	\$ 748,192
Depreciation expense	(421,895)
Compensated absences	6,404
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ 332,701

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The City Council made 21 supplemental budgetary appropriations throughout the year.

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

At year-end, the carrying amount of the City's bank deposits was \$3,868,486 and the bank balance was \$5,409,086. Of the bank balance, \$5,409,086 was covered by Federal depository insurance or by collateral held by the City's custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of FDIC coverage. The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Investments

At year-end, the City's certificate of deposit balances with local banks total \$6,850,484. In addition, investments of \$299,194 represent amounts held with the Florida State Board of Administration, Local Government Surplus Funds Trust. This money market investment pool fund is accounted for and reported under GASB 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 provides the options of accounting and reporting as either "2a-7 like" or fluctuating net asset value ("NAV"). The City's Fund B Surplus Funds Trust Fund is accounted for as a fluctuating NAV pool by the Florida State Board of Administration. The Florida State Board of Administration reports the values of the investments to the City at the net asset value which was \$211,570 at September 30, 2010. Fair value for the Fund B Surplus Funds Trust Fund must be calculated using a fair value factor, which was 0.707058094 at September 30, 2010

Credit Risk: The Local Government Surplus Funds Trust is rated by Standards and Poor's. The current rating is AAA. The Fund B Surplus Funds Trust Fund is not rated by any nationally recognized statistical rating agency.

Interest Rate Risk: Due to the nature of the securities in Fund B, the interest rate risk information is not available. The estimated weighted average life (based on expected future cash flows) of Fund B Surplus Funds Trust Fund at September 30, 2010 was 7.49 years.

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of year-end, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Improvements</u>	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Accounts receivable	\$ 154,587	\$ 15,750	\$ 441,199	\$ 146,278	\$ 757,814
Special assessments	-	-	162,735	-	162,735
Gross					
Receivables	154,587	15,750	603,934	146,278	920,549
Less: allowance for uncollectibles	-	-	(70,879)	(5,000)	(75,879)
Net total receivables	<u>\$ 154,587</u>	<u>\$ 15,750</u>	<u>\$ 533,055</u>	<u>\$ 141,278</u>	<u>\$ 844,670</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,797,040	\$ 100,000	\$ -	\$ 1,897,040
Construction in progress	235,739	54,468	-	290,207
Total capital assets, not being depreciated	<u>2,032,779</u>	<u>154,468</u>	<u>-</u>	<u>2,187,247</u>
Capital Assets, being depreciated:				
Buildings and improvements	2,253,269	168,535	-	2,421,804
Vehicles and equipment	1,306,610	19,386	-	1,325,996
Infrastructure	2,960,016	405,803	-	3,365,819
Total capital assets, being depreciated	<u>6,519,895</u>	<u>593,724</u>	<u>-</u>	<u>7,113,619</u>
Less accumulated depreciation:				
Buildings and improvements	(744,385)	(146,817)	-	(891,202)
Vehicles and equipment	(1,175,311)	(105,098)	-	(1,280,409)
Infrastructure	(371,263)	(169,980)	-	(541,243)
Total accumulated depreciation	<u>(2,290,959)</u>	<u>(421,895)</u>	<u>-</u>	<u>(2,712,854)</u>
Total capital assets, being depreciated, net	<u>4,228,936</u>	<u>171,829</u>	<u>-</u>	<u>4,400,765</u>
Governmental activities capital assets, net	<u>\$ 6,261,715</u>	<u>\$ 326,297</u>	<u>\$ -</u>	<u>\$ 6,588,012</u>

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital Assets, not being depreciated:				
Land	\$ 616,898	\$ -	\$ -	\$ 616,898
Construction in progress	838,722	661,654		1,500,376
Total capital assets, not being depreciated	<u>1,455,620</u>	<u>661,654</u>	<u>-</u>	<u>2,117,274</u>
Capital Assets, being depreciated:				
Buildings and improvements	17,955,555	300,974	-	18,256,529
Vehicles and equipment	6,854,874	79,270	-	6,934,144
Total capital assets, being depreciated	<u>24,810,429</u>	<u>380,244</u>	<u>-</u>	<u>25,190,673</u>
Less accumulated depreciation:				
Buildings and improvements	(6,221,194)	(156,062)	-	(6,377,256)
Vehicles and equipment	(4,515,950)	(456,643)	-	(4,972,593)
Total accumulated depreciation	<u>(10,737,144)</u>	<u>(612,705)</u>	<u>-</u>	<u>(11,349,849)</u>
Total capital assets, being depreciated, net	<u>14,073,285</u>	<u>(232,461)</u>	<u>-</u>	<u>13,840,824</u>
Business-type activities capital assets, net	<u>\$ 15,528,905</u>	<u>\$ 429,193</u>	<u>\$ -</u>	<u>\$ 15,958,098</u>

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 65,394
Public Safety	12,657
Highways and Streets	316,421
Developmental Services	6,328
Culture and Recreation	21,095
	<u>\$ 421,895</u>

Business-type activities:

Water & Sewer	<u>\$ 612,705</u>
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CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Discretely presented component unit:				
Capital Assets, not being depreciated:				
Land	\$ -	\$ 9,382	\$ -	\$ 9,382
Total capital assets, not being depreciated	<u>-</u>	<u>9,382</u>	<u>-</u>	<u>9,382</u>
Capital Assets, being depreciated:				
Buildings and improvements	254,949	-	-	254,949
Vehicles and equipment	297,244	20,354	-	317,598
Total capital assets, being depreciated	<u>552,193</u>	<u>20,354</u>	<u>-</u>	<u>572,547</u>
Less accumulated depreciation:				
Buildings and improvements	(60,201)	(12,918)	-	(73,119)
Vehicles and equipment	(2,789)	(250)	-	(3,039)
Total accumulated depreciation	<u>(62,990)</u>	<u>(13,168)</u>	<u>-</u>	<u>(76,158)</u>
Total capital assets, being depreciated, net	<u>489,203</u>	<u>7,186</u>	<u>-</u>	<u>496,389</u>
Community Redevelopment Agency capital assets, net	<u>\$ 489,203</u>	<u>\$ 16,568</u>	<u>\$ -</u>	<u>\$ 505,771</u>

D. Interfund receivables, payables and transfers

The composition of interfund balances at September 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water and Sewer	\$ 2,317
Sanitation	Water and Sewer	450
Total		<u>\$ 2,767</u>

The outstanding balances between funds result mainly 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.

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund receivables, payables and transfers (Continued)

	Transfer In:			Total
	General Fund	Capital Improvements	Sanitation	
Transfer Out:				
General Fund	\$ -	\$ 1,200,024	\$ 104,610	\$ 1,304,634
Proprietary Funds:				
Water and Sewer	133,502	-	-	133,502
Sanitation	22,943	-	-	22,943
Component Unit	15,000	-	-	15,000
	<u>\$ 171,445</u>	<u>\$ 1,200,024</u>	<u>\$ 104,610</u>	<u>\$ 1,476,079</u>

Transfers are used to (1) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs and (2) move revenues from the fund with collection authorization to the general fund for operating expenses.

E. Long-term debt

Revenue Bonds

The City issued revenue bonds on February 12, 2002, where the City pledged income derived from the constructed assets to pay debt service. The purpose of the issuance was (1) refunding the City's Water and Sewer Revenue Refunding Bonds, Series 1992, maturing after October 1, 2002 and its note payable dated September 25, 1995, (2) financing improvements to the City's water and sewer system, and (3) funding the cost of issuance with respect thereto.

Revenue bonds outstanding at September 30, 2010, are as follows:

Purpose	Interest Rates	Amounts
Improvements to water and sewer system	2% - 5%	\$ 5,940,000
Less deferred amount on refunding		(168,740)
Total		<u>\$ 5,771,260</u>

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term debt (Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2011	\$ -	\$ 139,866
2012	285,000	273,890
2013	295,000	261,853
2014	310,000	248,993
2015	325,000	235,178
2016 - 2020	1,845,000	936,018
2021 - 2025	2,340,000	436,038
2026	540,000	13,500
Total	<u>\$ 5,940,000</u>	<u>\$ 2,545,336</u>

Refunded Bonds

From time to time, the City has issued bonds and placed sufficient proceeds or such issues with escrow agents. The proceeds were used to purchase U.S. Treasury securities that, with the principal and interest, will be sufficient to pay specific older bond issues as the obligations come due. Those older bond issues are considered refunded or defeased. Pursuant to the Governmental Accounting Standards Board Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, the City does not report defeased/refunded bonds on its combined balance sheet.

As of September 30, 2010, the City has a total of five outstanding refunded bond issues that were originally reported in the Water and Sewer Fund. The payment of principal and interest on these bond issues is the responsibility of the escrow agents. Following is the schedule of refunded bonds outstanding as of September 30, 2010:

	Date of Issue	Amount Outstanding	Refunding Issue
Revenue refunding bonds	1992	\$ 5,130,000	Revenue refunding bonds 2002

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term debt (Continued)

State Revolving Funds

During 2005-2009, the City incurred construction expenses related to the wastewater expansion project which is financed in part by a Clean Water State Revolving Fund loan. Principal payments will begin after construction is complete. In conjunction with the loan, the City is the recipient of a Disadvantaged Small Community grant. At the completion of the project, funds received under this grant may be applied to the outstanding loan balance.

Changes on long-term liabilities

Long-term liability activity for the year ended September 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:					
Compensated absences	\$ 47,878	\$ 58,954	\$ 65,358	\$ 41,474	\$ 24,000
Business-type activities:					
Bonds payable	\$ 6,031,482	\$ -	\$ (260,222)	\$ 5,771,260	\$ -
State revolving loan fund	584,591	-	-	584,591	-
State revolving loan fund	173,823	-	(173,823)	-	-
Business-type activity long-term liabilities	<u>\$ 6,789,896</u>	<u>\$ -</u>	<u>\$ (434,045)</u>	<u>\$ 6,355,851</u>	<u>\$ -</u>

Total interest expense incurred by the water and sewer fund during the current fiscal year was \$295,748.

F. Restricted assets

The balances of the restricted asset accounts in the Water and Sewer Fund are as follows:

Customer deposits	\$ 132,155
Revenue bond operations and maintenance account	326,279
Revenue bond debt service account	41,884
Revenue bond reserve account	567,750
Revenue bond renewal and replacement account	500,000
Total restricted assets	<u>\$ 1,568,068</u>

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Designation of net assets

As of September 30, 2010 the City has designated \$2,217,997 of the \$3,439,445 in unrestricted net assets of the Water and Sewer fund for future expansion projects.

NOTE 5 - OTHER INFORMATION

A. 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; and natural disasters. The City is a member of Public Risk Management of Florida ("PRMF"), a local government risk management pool, as defined by Florida Statutes 163.01(3)(h), which provides a program of property and casualty coverage for its 49 member organizations, which include cities, counties, authorities, and special districts. The City has transferred its risk of loss to PRMF. According to their audited financial statements for the year ended September 30, 2008, PRMF has purchased specific excess and aggregate excess reinsurance for protection against losses in excess of the applicable retention. In the event all or any of the reinsuring companies might be unable to meet their obligations under existing agreements, PRMF would be liable for such defaulted amounts. The City has had no settlements in excess of insurance coverage. The City has obtained separate insurance coverage for risks that are not included in the pool.

B. Contingent liabilities

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 5 - OTHER INFORMATION (CONTINUED)

C. Retirement plan

Statewide Local Government Retirement System (SLGRS)

Plan Description

The City of Crystal River, Florida contributes to the Florida Retirement System ("FRS"), a cost sharing multiple-employer public employee retirement system, which is controlled by the State Legislature and administrated by the State of Florida, Department of Management Services, Division of Retirement. The FRS provides retirement and disability benefits. The Division of Retirement issues a publicly available financial report that includes the pension benefit obligation, the net assets and unfunded pension benefit obligation. That report may be obtained by writing to the Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or calling (850) 488-5706.

Funding Policy

The City of Crystal River, Florida is required to contribute 9.85% of salary for regular members, 20.92% of salary for special risk members, 13.12% of salary for senior management, and 16.53% for council members. The contribution requirements of City of Crystal River, Florida may be changed by FRS. The City of Crystal River, Florida's contributions to FRS for the years ended September 30, 2010, 2009, 2008, and 2007, were \$102,546, \$122,612, \$200,528, and \$288,504, respectively. For the year ended September 20, 2010, \$25,303 of the \$102,546 in contributions made to FRS by the City, were to a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code on behalf of certain senior management employees.

D. Post-employment benefits other than pension

Plan Description

The City administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

The City does not contribute to the cost of the current-year premiums for eligible, retired plan members and their spouses.

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 5 - OTHER INFORMATION (CONTINUED)

D. Post-employment benefits other than pension (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and the related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 72,000
Interest on net OPEB obligation	<u>2,000</u>
Annual OPEB cost (expense)	74,000
Employer contributions made	<u>(18,000)</u>
Increase in net OPEB obligation	56,000
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ 56,000</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2010 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2010	\$ 56,000	0%	\$ 56,000

Funded Status and Funding Progress

As of September 30, 2010, the actuarial accrued liability for benefits was \$56,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$308,375 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 19 percent.

CITY OF CRYSTAL RIVER, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 5 - OTHER INFORMATION (CONTINUED)

E. 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 operational personnel. The City is responsible for the following: 1) capital expenditures, 2) debt service, 3) maintenance and repairs in excess of approximately \$77,000 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, 2010, the monthly fee was approximately \$86,000. 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.

F. Construction Contract Commitment

The City's one major construction contract commitment at September 30, 2010, is as follows:

	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Disadvantaged Small Community Grant Agreement/Loan - Engineering and Construction	<u>\$ 1,125,232</u>	<u>\$ 943,467</u>	<u>\$ 181,765</u>

G. 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, 2010, subject to automatic renewal on an annual basis, provided no action is taken to terminate the contract. The City paid \$1,144,686 for these services during fiscal year 2010 and is contracted for \$1,138,610 during fiscal year 2011.



**WILLIAMS,
McCRANIE,
WARDLOW
& CASH, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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 City Council
City of Crystal River, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crystal River, Florida, as of and for the year ended September 30, 2010, which collectively comprise the City of Crystal River, Florida's basic financial statements and have issued our report thereon dated February 14, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Crystal River, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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. We identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a material weakness in internal control over financial reporting [2010-01]

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting [2010-02]. 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.

Honorable City Council
City of Crystal River, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crystal River, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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*.

We noted certain matters that we reported to management of the City of Crystal River, Florida, in the accompanying "Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General" dated February 14, 2011.

City of Crystal River, Florida's response to the findings identified in our audit are described in the accompanying management's response to audit findings. We did not audit City of Crystal River, Florida's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City of Crystal River, Florida's management, the City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William McLean Walsh, Cash, P.C.

Inverness, Florida
February 14, 2011

CITY OF CRYSTAL RIVER, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

PART A – FINDINGS – FINANCIAL STATEMENTS

2010-01 *Criteria and Condition:* Part of the fiscal responsibility of safeguarding the assets of the City is to ensure that financial statement data is supported by detail reconciliations. During our audit, we were provided with a detail fixed asset listing that did not reconcile to the capital asset accounts within the general ledger.

Cause: The prior year fixed asset reconciliation included an unidentifiable amount for a group of assets that was termed “fixed assets fully depreciated”. These assets were never identified within the City’s detail asset listing.

Effect: The capital asset accounts within the financial records were not adequately supported by the fixed asset listing provided by the City and a significant audit adjustment was needed in order to reconcile the financial records with the listing.

Recommendation: In order to maintain accountability, the City should perform a physical inventory annually and adjust the accounting records accordingly in order to accurately account for current year additions and disposals.

Response: The City’s response can be found on page 55.

2010-02 *Criteria and Condition:* It is essential that accounting personnel regularly and systematically review the assets and liabilities of the City in order that the financial statements present fairly, in all material respects, the financial position of the City. It was discovered during our audit that a State Revolving Fund (SRF) Loan administered by the Florida Department of Environmental Protection for the sewer expansion project was listed as an outstanding liability within the Water and Sewer Capital Fund when in fact it was paid off.

Cause: The journal entry to record the loan payment by the City was posted in reverse. A correcting entry was then attempted, posting the payment to a “principal reduction” expense account instead of the liability account and incorrectly recording the corresponding interest expense.

Effect: The SRF loan remained as a liability within the Water and Sewer Capital Fund and expenses were overstated, necessitating an audit adjustment to remove the liability and correct the corresponding expense accounts.

Recommendation: Prior to audit, all asset and liability accounts should be reviewed for accuracy, with supporting documentation.

Response: The City’s response can be found on page 55.

CITY OF CRYSTAL RIVER, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

B – PRIOR YEAR FINDINGS (PRIOR AUDITOR) – FINANCIAL STATEMENTS

- 2009-01 **Preparation of financial statements** – A system of internal control over financial reporting should allow the City to prepare financial statements, including note disclosures in accordance with generally accepted accounting principles (GAAP). While auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. A control deficiency exists in instances where the City is not positioned to draft financial statements and all required disclosures. For subsequent audits, management may wish to take an active role in the drafting of the financial statements and related disclosures.
- 2009-02 **Grant related reimbursements** – We noted during our audit of the Clean Vessel Act Grant Program that the City did not accrue a receivable for expenditures under the grant incurred during the year. We recommend accounting policies and procedures be established to ensure all accruals related to grant activity are properly recorded at year-end.
- 2009-03 **Capital assets** – During the year, a physical inventory of the City’s fixed assets was performed. However, this listing was not completely reconciled with the subsidiary property records or financial records. In addition, we noted a significant amount of current year additions were added in to the cost amount of previously existing assets rather than creating new assets for the current year expenditures. As a result, significant adjustments were needed to reconcile the inventory listing to the subsidiary records of the City. We recommend the City perform a reconciliation of capital assets to the subsidiary records and add current year capital expenditures to the records rather than adjusting the cost of previously recorded capital assets. These steps are necessary to safeguard capital assets, and to ensure the capital assets are properly reflected in the City’s records and financial statements.

CITY OF CRYSTAL RIVER, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	<u>SPECIAL REVENUE</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>PUBLIC SAFETY EXPANSION</u>	<u>IMPACT FEES</u>	
<u>ASSETS</u>			
Cash	\$ 13,799	\$ 138	\$ 13,937
TOTAL ASSETS	<u>\$ 13,799</u>	<u>\$ 138</u>	<u>\$ 13,937</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ -	\$ 138	\$ 138
Fund balances:			
Unreserved, designated for fire safety projects	13,799	-	13,799
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,799</u>	<u>\$ 138</u>	<u>\$ 13,937</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>SPECIAL REVENUE</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>PUBLIC SAFETY EXPANSION</u>	<u>IMPACT FEES</u>	
REVENUES:			
Impact fees	\$ 400	\$ -	\$ 400
Interest	98	-	98
Total revenues	<u>498</u>	<u>-</u>	<u>498</u>
EXPENDITURES:			
Current:			
Public safety	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	498	-	498
Fund balances , beginning of year	13,301	-	13,301
Fund balances , end of year	<u>\$ 13,799</u>	<u>\$ -</u>	<u>\$ 13,799</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
 BALANCE SHEET
 COMMUNITY REDEVELOPMENT AGENCY
 SEPTEMBER 30, 2010

ASSETS

Cash	\$ 605,924
Certificate of deposit	464,494
Investments	15,989
Due from other governments	320
Other assets	<u>4,503</u>

TOTAL ASSETS	<u>\$ 1,091,230</u>
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LIABILITIES

Accounts payable and accrued expenses	<u>11,660</u>
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FUND BALANCE

Unreserved, undesignated	1,079,570
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Amounts reported for component unit activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	505,771
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Net assets of discretely presented component unit (page 12)	<u>\$ 1,585,341</u>
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The accompanying notes to the financial statements are an integral part of these statements.

CITY OF CRYSTAL RIVER, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 COMMUNITY REDEVELOPMENT AGENCY
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

REVENUES:

Taxes	\$ 439,470
Interest	10,460
Total revenues	<u>449,930</u>

EXPENDITURES:

Current:	
Developmental services	197,646
Other	6,624
Capital outlay	
Developmental services	29,736
Total expenditures	<u>234,006</u>

Excess of revenues over expenditures 215,924

OTHER FINANCING SOURCES (USES)

Transfers out	<u>(15,000)</u>
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Net change in fund balance 200,924

Fund balance, beginning of year 878,646

Fund balance, end of year \$ 1,079,570

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

Net change in fund balance - discretely presented component unit (page 49) \$ 200,924

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay	29,736
Depreciation expense	(13,168)

Change in net assets of discretely presented component unit (page 13) \$ 217,492

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

CITY OF CRYSTAL RIVER, FLORIDA
 SCHEDULE OF MATURITIES OF WATER AND SEWER REVENUE
 REFUNDING BONDS, SERIES 2002
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Bond Year Beginning October 1,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Debt Service</u>
2010	\$ -	\$ 139,866	\$ 139,866
2011	285,000	273,890	558,890
2012	295,000	261,853	556,853
2013	310,000	248,993	558,993
2014	325,000	235,178	560,178
2015 - 2019	1,845,000	936,018	2,781,018
2020 - 2024	2,340,000	436,038	2,776,038
2025	540,000	13,500	553,500
	<u>\$ 5,940,000</u>	<u>\$ 2,545,336</u>	<u>\$ 8,485,336</u>

CITY OF CRYSTAL RIVER, FLORIDA
 SCHEDULE OF REVENUE BOND COVERAGE -
 WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2002
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Fiscal Year	Gross Revenue	Operating Expense⁽¹⁾	Net Revenue Available for Debt Service	Maximum Debt Service	Coverage Ratio⁽²⁾
2010	\$ 2,837,363	\$ 1,506,612	\$ 1,330,751	\$ 567,750	234%

(1) Total operating expenses excluding depreciation.

(2) The bond covenant requires net revenues and all reserve and other payments required under the Ordinance to be at least 125% of the bond service requirement.

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF
THE RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA

Honorable City Council
City of Crystal River, Florida

We have audited the financial statements of the City of Crystal River, Florida, as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 14, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters and Schedule of Findings and Responses. Disclosures in the report and schedule, which are dated February 14, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report or schedule.

Rules of the Auditor General (Section 10.554(1)(i)1.) require 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 have been taken to address findings and recommendations made in the preceding annual financial audit report.

Rules of the Auditor General (Section 10.554(1)(i)2.) require our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Crystal River, Florida complied with Section 218.415, Florida Statutes.

Rules of the Auditor General (Section 10.554(1)(i)3.) require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Honorable City Council
City of Crystal River, Florida

Rules of Auditor General (Section 10.554(1)(i)4.) require that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Rules of the Auditor General (Section 10.554(1)(i)5.) provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Rules of the Auditor General (Section 10.554(1)(i)6.) require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City of Crystal River, Florida included the following component unit: The City of Crystal River, Florida Community Redevelopment Agency.

Rules of the Auditor General (Section 10.554(1)(i)7.a.) require a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Crystal River did not meet any of the conditions described in Section 218.053(1), Florida Statutes.

Rules of the Auditor General (Section 10.554(1)(i)7.b.) require that we determine whether the annual financial report for the City of Crystal River for the fiscal year ended September 30, 2010, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.

Rules of the Auditor General (Sections 10.554(i)(7)c. and 10.556(7)) require that we apply financial condition assessment procedures. It is management's responsibility to monitor the City of Crystal River'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. In connection with our audit, we applied financial condition assessment procedures.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

William, McBrain, Work & Coyle, P.A.

Inverness, Florida
February 14, 2011



City of Crystal River

123 North West Highway 19 // Crystal River, Florida 34428-3999 // Telephone (352) 795-4216 // Fax (352) 795-6351

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

February 1, 2011

To the Auditor General, State of Florida

This letter represents our required response and follow-up to audit findings under Section 10-538(12), Rules of the Auditor General, State of Florida, for the year ended September 30, 2010.

Management's Responses and Corrective Action

Finding 2010-01 Capital Asset Inventory. Management agrees that it is the City's fiscal responsibility to safeguard the assets of the City and to account for them properly. We did have a physical inventory completed in FY 2009. We have put some procedures in place for Department Heads to keep the Finance Director informed when assets are added or deleted from the inventory. According to GFOA's Best Practice, "The Government Finance Officers Association (GFOA) recommends that every state and local government periodically inventory its tangible capital assets so that all such assets are accounted for, at least on a test basis, no less often than once every five years." We are abiding by this recommendation. In the meantime, we are asking that all departments of the City assist with those assets that are within their area of responsibility.

Finding 2010-02 Asset and Liability Review. Management agrees that a systematic review of the assets and liabilities of the City is essential. The problem in question arose when a liability was set up during the audit performed for the fiscal year ended September 30, 2009, a liability was set up for the payoff of the State Revolving Fund Loan. This payment was made on November 2, 2009, but the liability was set up when the audit was performed, which was after that date. As a result, the liability did not get reduced because the payment had already been made. The Finance Director will review all assets and liabilities on a routine basis from this time forward to make sure this does not occur again.

City of Crystal River, Florida

Andrew R. Houston
City Manager