

CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT
SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities.....	17-18
Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Community Redevelopment.....	24
Statement of Net Position – Proprietary Funds.....	25
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	26
Statement of Cash Flows – Proprietary Funds.....	27-28
Notes to Financial Statements.....	29-53
Required Supplementary Information	
Schedule of the City’s Proportionate Share of the Net Pension Liability – FRS	54
Schedule of Contributions – FRS.....	55
Schedule of the City’s Proportionate Share of the Net Pension Liability – HIS.....	56
Schedule of Contributions – HIS	57
Schedule of the City’s Total OPEB Liability and Related Ratios	58
Supplementary Information	
Combining and Individual Fund Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	60

CITY OF CRYSTAL RIVER, FLORIDA

**FINANCIAL REPORT
SEPTEMBER 30, 2019**

TABLE OF CONTENTS (CONTINUED)

Page

OTHER REPORTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61-62
Schedule of Findings and Responses.....	63
Independent Auditor's Management Letter.....	64-65
Independent Accountant's Report – Investment Compliance.....	66



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Crystal River, Florida** (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Community Redevelopment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the required supplementary information on pages 54 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 29, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

As management of the City of Crystal River, Florida, (the "City") we offer readers of the City of Crystal River, Florida's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 16 - 18 of this report.

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

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

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

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

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

The basic governmental fund financial statements can be found on pages 19 -24 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 25 - 28 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 29 - 53 of this report.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements can be found on pages 59 and 60 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,384,985 at the close of the most recent fiscal year.

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

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

City of Crystal River, Florida's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 9,487,343	\$ 7,525,622	\$ 6,872,869	\$ 6,670,959	\$16,360,212	\$14,196,581
Capital assets	16,599,369	16,868,498	27,555,494	28,691,082	44,154,863	45,559,580
Total assets	<u>26,086,712</u>	<u>24,394,120</u>	<u>34,428,363</u>	<u>35,362,041</u>	<u>60,515,075</u>	<u>59,756,161</u>
Total deferred outflows of resources	<u>768,610</u>	<u>847,366</u>	<u>188,012</u>	<u>179,836</u>	<u>956,622</u>	<u>1,027,202</u>
Other liabilities	243,475	185,313	401,796	677,819	645,271	863,132
Long-term liabilities	5,759,876	4,070,766	4,509,825	4,882,346	10,269,701	8,953,112
Total liabilities	<u>6,003,351</u>	<u>4,256,079</u>	<u>4,911,621</u>	<u>5,560,165</u>	<u>10,914,972</u>	<u>9,816,244</u>
Total deferred inflows of resources	<u>148,889</u>	<u>150,838</u>	<u>22,851</u>	<u>22,641</u>	<u>171,740</u>	<u>173,479</u>
Net position:						
Net investment in capital assets	13,155,822	14,868,498	23,450,445	24,113,684	36,606,267	38,982,182
Restricted	3,936,049	2,495,676	82,902	77,192	4,018,951	2,572,868
Unrestricted	<u>3,611,211</u>	<u>3,470,395</u>	<u>6,148,556</u>	<u>5,768,195</u>	<u>9,759,767</u>	<u>9,238,590</u>
Total net position	<u>\$20,703,082</u>	<u>\$20,834,569</u>	<u>\$29,681,903</u>	<u>\$29,959,071</u>	<u>\$50,384,985</u>	<u>\$50,793,640</u>

An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining \$9,759,767 balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

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

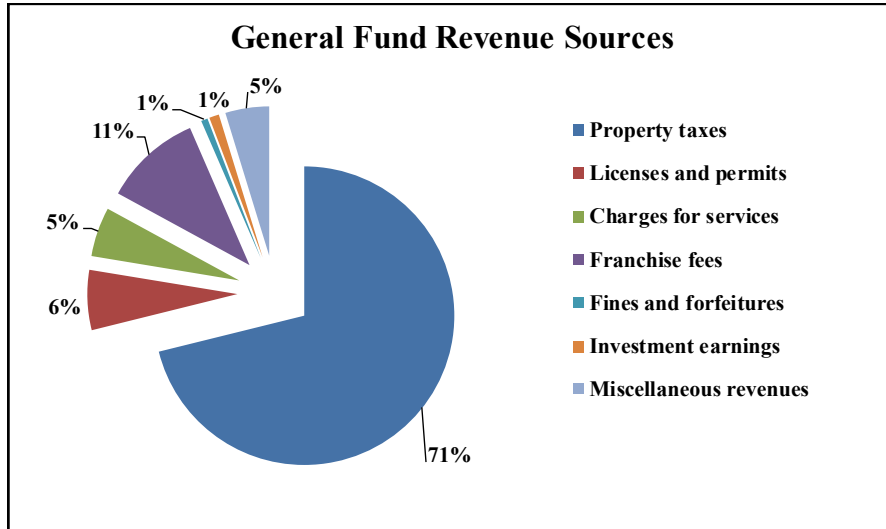
Governmental activities. Governmental activities decreased the City’s net position by \$131,487.

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

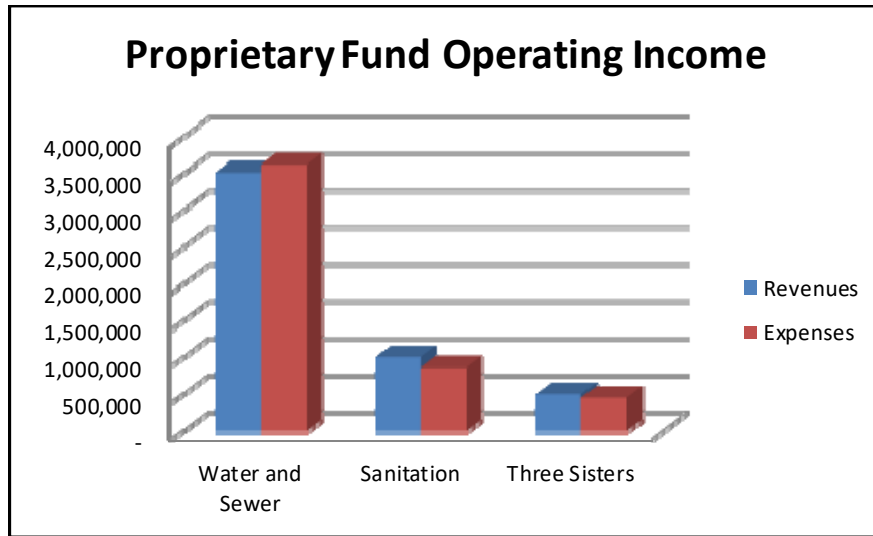
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 572,910	\$ 535,552	\$ 5,032,366	\$ 5,024,876	\$ 5,605,276	\$ 5,560,428
Operating grants and contributions	-	133,429	-	-	-	133,429
Capital grants and contributions	-	11,110	327	101,697	327	112,807
General revenues:						
Property taxes	3,774,913	3,582,012	-	-	3,774,913	3,582,012
Other taxes	737,695	704,476	-	-	737,695	704,476
Other	199,664	339,162	56,216	49,310	255,880	388,472
Total revenues	<u>5,285,182</u>	<u>5,305,741</u>	<u>5,088,909</u>	<u>5,175,883</u>	<u>10,374,091</u>	<u>10,481,624</u>
Operating expenses:						
General government	1,845,770	1,351,214	-	-	1,845,770	1,351,214
Public safety	1,416,109	1,214,931	-	-	1,416,109	1,214,931
Highways and streets	1,634,740	1,611,366	-	-	1,634,740	1,611,366
Culture and recreation	257,614	718,350	-	-	257,614	718,350
Economic development	453,576	423,330	-	-	453,576	423,330
Interest	116,790	43,114	-	-	116,790	43,114
Water and sewer	-	-	3,733,552	3,423,710	3,733,552	3,423,710
Sanitation	-	-	866,653	754,340	866,653	754,340
Three Sisters	-	-	457,942	282,421	457,942	282,421
Total operating expenses	<u>5,724,599</u>	<u>5,362,305</u>	<u>5,058,147</u>	<u>4,460,471</u>	<u>10,782,746</u>	<u>9,822,776</u>
Increase in net position before transfers	(439,417)	(56,564)	30,762	715,412	(408,655)	658,848
Transfers	307,930	186,252	(307,930)	(186,252)	-	-
Change in net position	(131,487)	129,688	(277,168)	529,160	(408,655)	658,848
Net position, beginning	20,834,569	20,704,881	29,959,071	29,429,911	50,793,640	50,134,792
Net position, ending	<u>\$ 20,703,082</u>	<u>\$ 20,834,569</u>	<u>\$ 29,681,903</u>	<u>\$ 29,959,071</u>	<u>\$ 50,384,985</u>	<u>\$ 50,793,640</u>

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019



Business-type activities. Business-type activities decreased the City’s net position by \$277,168.



Financial Analysis of the Government's Funds

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

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,001,627 an increase of \$1,980,497 in comparison with the prior year. Of the total, \$2,834,340 or 31% constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *non-spendable, restricted or committed* to indicate that it is not available for new spending because it has already been restricted or committed for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,834,340 while total fund balance increased to \$5,112,684. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 70% of total General Fund expenditures, while total fund balance represents 127% of that same amount.

The fund balance of the City's General Fund increased \$541,972 during the current fiscal year as shown on page 21 compared to a \$590,410 increase for fiscal year 2018. This year the increase was attributable to both revenue and expenditure variances where in 2018 it was primarily due to reimbursement for hurricane expenditures the City incurred over a two year period. 2019 reflects revenue receipts 5.7% more than budgeted and expenditures 16.3% less than budgeted.

On the revenue side, in 2019 the City continued to receive reimbursement for storm expenditures exceeding \$70,000. Also, this year's financials reflect a cumulative net contribution to the Citrus Information Cooperative of \$56,888. The City of Crystal River has been a participant of an interlocal agreement with Citrus County for years. It was determined it was in the best interest of the citizens of the City to participate in such an agreement as it provides a cost effective and efficient means for the participants to share data processing, mapping and property information.

On the expenditure side, the City budgeted \$200,000 for Hurricane Doran which was expected to be an imminent threat to the State of Florida at the close of 2019. Fortunately, Crystal River was spared the impact. The City unfortunately had to cancel several special events throughout the year due to weather conditions. Also, several planned projects budgeted within departments involving professional services did not occur as well as a long-time employee retired during 2019. These budgeted appropriations aided in the increase to the City's General Fund increase this year. The net result of these revenue and expenditure variances did significantly increase the City's General Fund balance at the close of the year by \$541,972.

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

The City installed parking meters within several of the City parks near the end of fiscal year 2015. These were installed to generate some additional revenue to assist with the expense of operating the parks of which our residents as well as the many tourists that visit our City benefit from. Management understood the ongoing maintenance and future of our parks would soon become a potential increase to our taxpayers if a source of additional funding was not determined. While some returning tourists to our City do not like this fee, the majority understand the necessity to extend this City park expense to everyone that benefits from the use of the City Parks versus just the City residents through their tax bill. Many have purchased annual parking passes for the convenience. With the meters active for a little over four years, management can see the positive cash flow it has generated and now has setup a renewal and replacement fund for excess revenues for the benefit of future park improvements.

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

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

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

The Water and Sewer Fund shows revenues less than expenditures for the year. Revenues for this fund primarily are derived from water and sewer utility billings – 92.3% of total revenues. The City also receives funds monthly from Duke Energy for reclaimed water; the City pumps reclaimed water to the Duke Energy Crystal River Power Plant for electricity. The effluent water is used in lieu of operation of two coal plants CR4 and CR5. The City received a total of \$37,077 from Duke Energy for fiscal year 2019. The overall fund balance for the water and sewer operating and construction funds still is in excess of \$29 million. However, management recognizes a continuous shortfall will impact the fund balance and continues to pursue the review of the water and sewer rates that remain the same for the last three years along with a meter replacement program. In fiscal year 2019 staff continued the preparation stages of the U.S. Highway 19 utility relocations in connection with the Florida Department of Transportation road widening project along with the preparation to add another extension of the sewer line system within Indian Shores at an estimated cost of \$1.8 million.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

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

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

The Three Sister Springs entered in its fourth year of operations in 2019 in order to continue to provide the community and tourists the opportunity to share an experience with the manatee and enjoy one of the most beautiful and memorable sites of the City of Crystal River. The City serves as the official concessionaire for land access to the Three Sisters Springs Unit of the Crystal River National Wildlife Refuge. The Three Sisters Springs Center provides valuable information to visitors to Crystal River about Three Sisters Springs, manatee eco-tourism, shopping, dining, entertainment and other points of interest that the City and Citrus County has to offer. 2019 was the third year for the site to remain open year-round. Manatee season runs from November 15 through March 31; however, the Center and Refuge are still open seven days a week and closed for a few select holidays. City personnel staff the Refuge and the Welcome Center, and a trolley service is provided to transport visitors to and from the Center and Refuge as well as make various stops throughout the City to assist in promote the local businesses. The City purchased a trolley in 2017 and 14 passenger van in 2018. This enterprise fund continues to prosper as a business. The City continues to work with U.S. Fish and Wildlife to work through a desirable management plan for all parties involved.

Capital Improvements Fund Budgetary Highlights

During the year there was an increase between the original budget and the final amended budget due to a few projects that began in prior years and were not completed; as a result the remaining budget was rolled forward to 2019. Such projects included the various improvements to the Legrone Park, several storm water, waterline replacement and lift station projects as well as the Riverwalk project that began in 2015. The Riverwalk land phase was completed in 2018 and the water phase has been on hold this last year due to relocations permitting for four individual property owner's docks directly affected by the Riverwalk and easements for a few properties due to finalization of some easement agreements. Management has received many compliments for the landward portion of the project and now the community continues to wait for the waterfront phase to begin. The Riverwalk will provide a walkable connection between the bay and the downtown businesses. Lined with restaurants, bars, shops, nature and public art, it will be tourist magnet in its own right. All of this has the potential for making the Riverwalk an economic engine for the City.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$44,154,863 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities and roads. The total decrease in the City's investment in capital assets for the current fiscal year was 3.08% (a 1.6% decrease for governmental activities and a 1.6% decrease for business-type activities). Major capital asset events during the current fiscal year included the following:

- We added \$518,448 of Construction in Progress for the governmental and business type funds, primarily due to the manufacturing of a new firetruck, the Pumphouse renovation, the beginning phase of a Splash Pad and Town Square, along with the U.S. 19 Road Widening/Utility Relocation project and the Three Sisters Springs Infrastructure Improvement Project. The City also finalized and began capitalization of \$49,300 for the Hunter Springs Drainage improvement project that began in 2018.
- Town Square has created a new momentum for the City; it is believed it is going to be the start of a major revitalization for the City. For half a century, City and business leaders have discussed what should happen at the NW corner of Highway 19 and Citrus Avenue. The Town Square will tie in the business district with Hunter Springs park and King's Bay Park along with the Riverwalk project. The park will consist of two entry ways, green space, sidewalks, bathrooms and landscaping and is expected to cost around \$850,000; this project is funded with CRA funds. New private sector efforts are filling the buildings along Citrus Avenue and spreading out into the neighboring streets. The Town Square signifies real progress in the City and is meant to be an attractive entryway into the heart of downtown Crystal River.
- The City is in the beginning stages of implementing the Bayside Master Plan. This master plan is a planning and design process that will provide a chance to design key streets, public spaces and areas and put into place regulations that are in alignment with the community's values. In moving forward with the development of downtown Crystal River, staff and Council identified a piece of property as critical to moving forward with this plan. This property of 14,542 square feet located at US Highway 19 and NE 5th Street was purchased in September 2019, and is to be utilized as part of the Town Square for placement of the future Splash Pad.
- The Pumphouse Restoration began in 2018. The Crystal River Pump House was one of the first projects of the City and brought the first water system to the community. It is one of very few Spanish Revival buildings in Citrus County and was reputedly designed by Nery Taylor, the same architect who designed the Vinoy Hotel in St Petersburg. The left side of the building housed the water system equipment, the right side was the jail. In 2018, Crystal River Main Street, in cooperation with the City, received a grant from the Florida Department of Historic Preservation to restore, repair and replace the pumphouse. The grant work was completed in August 2019, and the City continues to make improvements to the building and property surrounding it as part of the development of the Town Square area. The total project cost with grant, private investment and in-kind labor is expected at \$165,100.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

- In 2018, the City applied for a grant requesting funding assistance to perform certain paving and utility improvements on the Three Sisters Springs property for a total cost of \$600,000. The grant application for the design and construction of the Crystal River Three Sisters Springs Infrastructure Improvement Project was approved this year and Florida Department of Transportation has committed to a maximum share of \$400,000 with the City maximum share established as the \$200,000 difference. The current improvements include paving the existing access road, constructing two new parking areas, installing a stormwater cross drain, elevating a short section of existing access road currently subject to flooding and constructing water/sewer improvements to support a restroom facility proposed to be constructed by USFWS.
- The Fire Department has been funding a Renewal and Replacement fund for many years as a means for funding new equipment when needed. The City currently utilizes a 1993 Pumper engine. The life span of an engine is 20 years. This engine has served the City well, but management understands the need for replacement. The City is under contract to manufacture a Level 1 Customer Pumper at a total cost of \$404,875 with an anticipated delivery near the end of this year.
- In September 2016, City staff identified the possibility of expanding the existing Indian Waters Sewer Project that currently includes 95 canal front residents currently served by septic systems and Crystal River State Park for an approximate cost of \$1,850,000. The second phase of this project would add 287 additional residents for approximately \$4,000,000 brings the total investment to \$5,850,000. The approved project requires a 10% local match investment which can be secured through a special assessment. There is currently an operational package plant that presently sends wastewater effluent directly into Indian River which flows into local canals and Crystal River, which will be taken off line with this expansion project. All wastewater influent will be treated in Crystal River Wastewater Plant and then sent to Duke Energy for reuse in the pollution control devices for generating Plants #4 and #5. This project continues to move closer to fruition.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,952,789	\$ 2,952,789	\$ 616,898	\$ 616,898	\$ 3,569,687	\$ 3,569,687
Construction in progress	2,774,696	2,396,222	319,313	228,639	3,094,009	2,624,861
Buildings and improvements	5,774,131	6,095,188	9,869,316	10,535,435	15,643,447	16,630,623
Equipment and vehicles	418,893	531,545	1,528,743	1,580,869	1,947,636	2,112,414
Infrastructure	4,678,860	4,892,754	15,221,224	15,729,241	19,900,084	20,621,995
Total capital assets	<u>\$ 16,599,369</u>	<u>\$ 16,868,498</u>	<u>\$ 27,555,494</u>	<u>\$ 28,691,082</u>	<u>\$ 44,154,863</u>	<u>\$ 45,559,580</u>

Additional information on the City of Crystal River, Florida's capital assets can be found in Note 5 on pages 41-42 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$2,844,000 and notes payable of \$4,750,990. The bonds payable represent bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also had state revolving loan debt outstanding of \$1,307,443 for the sewer expansion project and had drawn down the CRA note payable of \$3,500,000 in full and begun to make principal payments this year. Additional information can be found in Note 6 on pages 42-44.

City of Crystal River, Florida's Long-term Liabilities Outstanding

**Debt Outstanding
As of September 30, 2018**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Total OPEB liability	\$ 270,466	\$ 291,641	\$ -	\$ -	\$ 270,466	\$ 291,641
Compensated absences	141,542	108,117	-	-	141,542	108,117
Net pension liability	1,904,321	1,671,008	358,382	250,822	2,262,703	1,921,830
Bonds payable	-	-	2,844,000	3,245,000	2,844,000	3,245,000
Notes payable	3,443,547	2,000,000	1,307,443	1,386,524	4,750,990	3,386,524
Total debt	<u>\$ 5,759,876</u>	<u>\$ 4,070,766</u>	<u>\$ 4,509,825</u>	<u>\$ 4,882,346</u>	<u>\$ 10,269,701</u>	<u>\$ 8,953,112</u>

Economic Factors

- Utility rate increases for water and sewer usage were implemented in 2013 and were increased 3% each year through the year 2016 based on a rate study completed in 2012. The City continues to take steps to begin pursuing another rate study as rates have not been adjusted for three years and management recognizes if this continues, expenditures will continue to exceed revenues as reflected this year and ultimately will impact fund balance. The City's Utility Operations Management contract is indexed and staff will be recommending the rates be indexed in futures years.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

- Ad Valorem tax variances continue to impact our General Fund revenues – they comprise almost 50% of the General Fund revenue sources. The County indicated taxable values had increased approximately 4.8%; however, City staff only saw approximately a 4.7% increase. Over the last few years, the final certified taxable value has reflected a decrease of half to almost 2% less than originally reported.
- Health care insurance premiums increased approximately 14%; this increase resulted in almost \$1,200 per employee per year accounting for an increase of a little over \$21,000 in just the General Fund. The FRS pension requirements for the City increased slightly as well for 2019 equating to over a \$9,000 impact to in General Fund.
- Interest rates have increased over this last year on money placed on deposit with SBA and local bank accounts. The City continues to maintain over \$1 million in a short-term CD and over \$1 million in money market funds in order to earn a slightly 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. Ken Frink, City Manager, 123 NW Highway 19, Crystal River, Florida 34428.

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,787,903	\$ 5,164,931	\$11,952,834
Investments	1,221,276	60,490	1,281,766
Accounts receivables, net	496,434	924,332	1,420,766
Notes receivable	-	360,178	360,178
Internal balances	868,143	(868,143)	-
Prepaid items	113,587	718,203	831,790
Inventory	-	197,876	197,876
Restricted assets, cash and cash equivalents	-	315,002	315,002
Capital assets			
Non-depreciable	5,727,485	936,211	6,663,696
Depreciable, net	10,871,884	26,619,283	37,491,167
Total assets	26,086,712	34,428,363	60,515,075
Deferred outflows of resources			
Deferred outflows - pension	752,508	141,618	894,126
Deferred outflows - OPEB	16,102	-	16,102
Deferred charge on refunding	-	46,394	46,394
Total deferred outflows	768,610	188,012	956,622
Liabilities			
Accounts payable	138,909	112,628	251,537
Accrued liabilities	69,001	14,342	83,343
Due to other governments	35,565	-	35,565
Accrued interest payable	-	45,130	45,130
Customer deposits payable	-	229,696	229,696
Noncurrent liabilities			
Due within one year	323,804	486,175	809,979
Due in more than one year	5,436,072	4,023,650	9,459,722
Total liabilities	6,003,351	4,911,621	10,914,972
Deferred inflows of resources			
Deferred inflows - pension	121,423	22,851	144,274
Deferred inflows - OPEB	27,466	-	27,466
Total deferred inflows	148,889	22,851	171,740
Net position			
Net investment in capital assets	13,155,822	23,450,445	36,606,267
Restricted for			
Capital improvements	1,815,118	-	1,815,118
Community development	2,052,303	-	2,052,303
Public safety	21,519	-	21,519
Cemetery	47,109	-	47,109
Debt service	-	82,902	82,902
Unrestricted	3,611,211	6,148,556	9,759,767
Total net position	\$ 20,703,082	\$ 29,681,903	\$50,384,985

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,845,770	\$ 539,197	\$ -	\$ -
Public safety	1,416,109	32,713	-	-
Highways and streets	1,634,740	1,000	-	-
Culture/recreation	257,614	-	-	-
Economic development	453,576	-	-	-
Interest on long-term debt	116,790	-	-	-
Total governmental activities	<u>5,724,599</u>	<u>572,910</u>	<u>-</u>	<u>-</u>
Business-type activities:				
Water and sewer	3,733,552	3,517,567	-	327
Sanitation	866,653	1,008,364	-	-
Three Sisters	457,942	506,435	-	-
Total business-type activities	<u>5,058,147</u>	<u>5,032,366</u>	<u>-</u>	<u>327</u>
Total primary government	<u>\$ 10,782,746</u>	<u>\$ 5,605,276</u>	<u>\$ -</u>	<u>\$ 327</u>

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

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

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,306,573)	\$ -	\$ (1,306,573)
(1,383,396)	-	(1,383,396)
(1,633,740)	-	(1,633,740)
(257,614)	-	(257,614)
(453,576)	-	(453,576)
(116,790)	-	(116,790)
<u>(5,151,689)</u>	<u>-</u>	<u>(5,151,689)</u>
-	(215,658)	(215,658)
-	141,711	141,711
-	48,493	48,493
-	<u>(25,454)</u>	<u>(25,454)</u>
<u>(5,151,689)</u>	<u>(25,454)</u>	<u>(5,177,143)</u>
3,774,913	-	3,774,913
213,315	-	213,315
45,099	-	45,099
479,281	-	479,281
55,222	56,216	111,438
144,442	-	144,442
307,930	<u>(307,930)</u>	<u>-</u>
<u>5,020,202</u>	<u>(251,714)</u>	<u>4,768,488</u>
<u>(131,487)</u>	<u>(277,168)</u>	<u>(408,655)</u>
20,834,569	29,959,071	50,793,640
<u>\$ 20,703,082</u>	<u>\$ 29,681,903</u>	<u>\$ 50,384,985</u>

CITY OF CRYSTAL RIVER, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General Fund	Capital Improvements Fund	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,272,644	\$ 1,406,776	\$ 2,054,346	\$ 54,137	\$ 6,787,903
Investments	1,198,584	10,665	12,027	-	1,221,276
Accounts receivable, net	473,927	22,507	-	-	496,434
Due from other funds	454,949	413,194	-	-	868,143
Prepaid items	113,584	-	3	-	113,587
Total assets	<u>\$ 5,513,688</u>	<u>\$ 1,853,142</u>	<u>\$ 2,066,376</u>	<u>\$ 54,137</u>	<u>\$ 9,487,343</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 88,342	\$ 38,024	\$ 12,543	\$ -	\$ 138,909
Accrued liabilities	55,822	-	7,153	-	62,975
Due to other governments	8,573	-	-	26,992	35,565
Total liabilities	<u>152,737</u>	<u>38,024</u>	<u>19,696</u>	<u>26,992</u>	<u>237,449</u>
Deferred inflows of resources					
Unavailable revenue	<u>248,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,267</u>
Fund balances					
Nonspendable	113,584	-	3	-	113,587
Restricted					
Capital improvements	-	1,815,118	-	-	1,815,118
Community development	-	-	2,046,677	5,626	2,052,303
Public safety	-	-	-	21,519	21,519
Cemetery	47,109	-	-	-	47,109
Committed					
Capital improvements	1,070,251	-	-	-	1,070,251
Emergency reserves	1,047,400	-	-	-	1,047,400
Unassigned	2,834,340	-	-	-	2,834,340
Total fund balances	<u>5,112,684</u>	<u>1,815,118</u>	<u>2,046,680</u>	<u>27,145</u>	<u>9,001,627</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,513,688</u>	<u>\$ 1,853,142</u>	<u>\$ 2,066,376</u>	<u>\$ 54,137</u>	<u>\$ 9,487,343</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

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

Total fund balances - governmental funds		\$ 9,001,627
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 25,127,053	
Accumulated depreciation	<u>(8,527,684)</u>	16,599,369
Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds.		
		248,267
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pension	752,508	
Deferred inflows - pension	(121,423)	
Deferred outflows - OPEB	16,102	
Deferred inflows - OPEB	(27,466)	
Total OPEB liability	(270,466)	
Net pension liability	<u>(1,904,321)</u>	(1,555,066)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Compensated absences	(141,542)	
Accrued interest	(6,026)	
Note payable	<u>(3,443,547)</u>	<u>(3,591,115)</u>
Net position of governmental activities		<u><u>\$ 20,703,082</u></u>

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Community Redevelopment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 3,236,364	\$ -	\$ 538,549	\$ -	\$ 3,774,913
Other taxes	-	213,315	-	-	213,315
Licenses and permits	295,400	-	-	-	295,400
Intergovernmental revenues	-	45,099	-	-	45,099
Charges for services	243,797	-	-	-	243,797
Franchise fees	479,281	-	-	-	479,281
Fines and forfeitures	32,713	-	-	-	32,713
Impact fees	-	-	-	1,000	1,000
Investment earnings	47,826	265	7,111	20	55,222
Miscellaneous revenues	215,191	-	163	-	215,354
Total revenues	<u>4,550,572</u>	<u>258,679</u>	<u>545,823</u>	<u>1,020</u>	<u>5,356,094</u>
Expenditures					
Current					
General government	1,383,378	-	396,021	-	1,779,399
Public safety	1,098,955	212,345	-	-	1,311,300
Highways and streets	987,931	-	-	-	987,931
Economic development	356,703	-	-	-	356,703
Culture/recreation	206,447	-	-	-	206,447
Debt service					
Principal retirement	-	-	56,453	-	56,453
Interest	-	-	110,764	-	110,764
Capital outlay	-	374,530	-	-	374,530
Total expenditures	<u>4,033,414</u>	<u>586,875</u>	<u>563,238</u>	<u>-</u>	<u>5,183,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>517,158</u>	<u>(328,196)</u>	<u>(17,415)</u>	<u>1,020</u>	<u>172,567</u>
Other financing sources (uses)					
Note proceeds	-	-	1,500,000	-	1,500,000
Transfers in	324,814	300,000	-	-	624,814
Transfers out	(300,000)	-	(16,884)	-	(316,884)
Total other financing sources	<u>24,814</u>	<u>300,000</u>	<u>1,483,116</u>	<u>-</u>	<u>1,807,930</u>
Change in fund balances	541,972	(28,196)	1,465,701	1,020	1,980,497
Fund balances, beginning of year	<u>4,570,712</u>	<u>1,843,314</u>	<u>580,979</u>	<u>26,125</u>	<u>7,021,130</u>
Fund balances, end of year	<u>\$ 5,112,684</u>	<u>\$ 1,815,118</u>	<u>\$ 2,046,680</u>	<u>\$ 27,145</u>	<u>\$ 9,001,627</u>

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

**CITY OF CRYSTAL RIVER, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net change in fund balances – total governmental funds **\$ 1,980,497**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 564,777	
Less current year depreciation	<u>(833,906)</u>	(269,129)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt proceeds	(1,500,000)	
Principal repayment of long-term debt	<u>56,453</u>	(1,443,547)

Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:

Intergovernmental revenue		(70,912)
---------------------------	--	----------

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

Change in compensated absences	(33,425)	
Change in accrued interest	(6,026)	
OPEB expense	(59)	
Pension expense	<u>(288,886)</u>	<u>(328,396)</u>

Change in net position of governmental activities **\$ (131,487)**

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 3,173,145	\$ 3,173,145	\$ 3,236,364	\$ 63,219
Licenses and permits	242,632	288,732	295,400	6,668
Intergovernmental revenues	-	9,090	-	(9,090)
Charges for services	291,416	291,416	243,797	(47,619)
Franchise fees	433,500	433,500	479,281	45,781
Fines and forfeitures	27,950	27,950	32,713	4,763
Investment earnings	22,500	22,500	47,826	25,326
Miscellaneous revenues	52,170	63,670	215,191	151,521
Total revenues	<u>4,243,313</u>	<u>4,310,003</u>	<u>4,550,572</u>	<u>240,569</u>
Expenditures				
Current				
General government	1,460,212	1,623,487	1,383,378	240,109
Public safety	1,190,347	1,193,847	1,098,955	94,892
Highways and streets	1,088,244	1,294,669	987,931	306,738
Economic development	314,575	369,490	356,703	12,787
Culture/recreation	224,087	248,987	206,447	42,540
Total expenditures	<u>4,277,465</u>	<u>4,730,480</u>	<u>4,033,414</u>	<u>697,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,152)</u>	<u>(420,477)</u>	<u>517,158</u>	<u>937,635</u>
Other financing sources (uses)				
Transfers in	324,814	331,964	324,814	(7,150)
Transfers out	<u>(250,000)</u>	<u>(1,171,251)</u>	<u>(300,000)</u>	<u>871,251</u>
Total other financing sources (uses)	<u>74,814</u>	<u>(839,287)</u>	<u>24,814</u>	<u>864,101</u>
Change in fund balance	40,662	(1,259,764)	541,972	1,801,736
Fund balance, beginning of year	<u>4,570,712</u>	<u>4,570,712</u>	<u>4,570,712</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,611,374</u>	<u>\$ 3,310,948</u>	<u>\$ 5,112,684</u>	<u>\$ 1,801,736</u>

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

CITY OF CRYSTAL RIVER, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 530,000	\$ 538,550	\$ 538,549	\$ (1)
Intergovernmental revenues	1,200,000	1,200,000	-	(1,200,000)
Investment earnings	3,000	3,000	7,111	4,111
Miscellaneous revenues	2,764	2,764	163	(2,601)
Total revenues	<u>1,735,764</u>	<u>1,744,314</u>	<u>545,823</u>	<u>(1,198,491)</u>
Expenditures				
Current				
General government	3,184,323	3,709,595	396,021	3,313,574
Debt service				
Principal retirement	-	56,453	56,453	-
Interest	100,000	110,764	110,764	-
Total expenditures	<u>3,284,323</u>	<u>3,876,812</u>	<u>563,238</u>	<u>3,313,574</u>
Deficiency of revenues under expenditures	<u>(1,548,559)</u>	<u>(2,132,498)</u>	<u>(17,415)</u>	<u>2,115,083</u>
Other financing sources (uses)				
Debt proceeds	1,500,000	1,500,000	1,500,000	-
Transfers in	-	11,509	-	(11,509)
Transfers out	(16,884)	(25,434)	(16,884)	8,550
Total other financing sources	<u>1,483,116</u>	<u>1,486,075</u>	<u>1,483,116</u>	<u>(2,959)</u>
Change in fund balance	(65,443)	(646,423)	1,465,701	2,112,124
Fund balance, beginning of year	<u>580,979</u>	<u>580,979</u>	<u>580,979</u>	<u>-</u>
Fund balance, end of year	<u>\$ 515,536</u>	<u>\$ (65,444)</u>	<u>\$ 2,046,680</u>	<u>\$ 2,112,124</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019**

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u>
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Three Sisters</u>	
Assets				
Current assets				
Cash and cash equivalents	\$ 4,633,315	\$ 180,332	\$ 351,284	\$ 5,164,931
Investments	59,885	605	-	60,490
Restricted cash and cash equivalents	315,002	-	-	315,002
Accounts receivable, net	761,942	162,390	-	924,332
Notes receivable, current	87,740	-	-	87,740
Due from other funds	-	41,912	-	41,912
Prepays	716,022	-	2,181	718,203
Inventory	197,876	-	-	197,876
Total current assets	<u>6,771,782</u>	<u>385,239</u>	<u>353,465</u>	<u>7,510,486</u>
Noncurrent assets				
Notes receivable, long-term	272,438	-	-	272,438
Capital assets, non-depreciable	920,611	-	15,600	936,211
Capital assets, net	26,486,651	-	132,632	26,619,283
Total noncurrent assets	<u>27,679,700</u>	<u>-</u>	<u>148,232</u>	<u>27,827,932</u>
Total assets	<u>34,451,482</u>	<u>385,239</u>	<u>501,697</u>	<u>35,338,418</u>
Deferred outflows of resources				
Deferred outflows - pension	55,603	-	86,015	141,618
Deferred charge on refunding	46,394	-	-	46,394
Total deferred outflows of resources	<u>101,997</u>	<u>-</u>	<u>86,015</u>	<u>188,012</u>
Liabilities				
Current liabilities				
Accounts payable	109,388	381	2,859	112,628
Notes payable	76,175	-	-	76,175
Bonds payable	410,000	-	-	410,000
Accrued liabilities	5,040	-	9,302	14,342
Due to other funds	899,749	-	10,306	910,055
Liabilities payable from restricted assets				
Accrued interest	45,130	-	-	45,130
Customer deposits payable	186,970	-	42,726	229,696
Total current liabilities	<u>1,732,452</u>	<u>381</u>	<u>65,193</u>	<u>1,798,026</u>
Noncurrent liabilities				
Notes payable, net of current portion	1,231,268	-	-	1,231,268
Bonds payable, net of current portion	2,434,000	-	-	2,434,000
Net pension liability	140,710	-	217,672	358,382
Total non-current liabilities	<u>3,805,978</u>	<u>-</u>	<u>217,672</u>	<u>4,023,650</u>
Total liabilities	<u>5,538,430</u>	<u>381</u>	<u>282,865</u>	<u>5,821,676</u>
Deferred inflows of resources				
Deferred inflows - pension	8,972	-	13,879	22,851
Net position				
Net investment in capital assets	23,302,213	-	148,232	23,450,445
Restricted for debt service	82,902	-	-	82,902
Unrestricted	5,620,962	384,858	142,736	6,148,556
Total net position	<u>\$ 29,006,077</u>	<u>\$ 384,858</u>	<u>\$ 290,968</u>	<u>\$ 29,681,903</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u>
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Three Sisters</u>	
Operating revenues				
Charges for services	\$ 3,297,751	\$ 983,248	\$ 496,407	\$ 4,777,406
Miscellaneous	219,816	25,116	10,028	254,960
Total operating revenues	<u>3,517,567</u>	<u>1,008,364</u>	<u>506,435</u>	<u>5,032,366</u>
Operating expenses				
General and administrative	2,147,359	866,653	438,392	3,452,404
Depreciation	1,479,703	-	19,550	1,499,253
Total operating expenses	<u>3,627,062</u>	<u>866,653</u>	<u>457,942</u>	<u>4,951,657</u>
Operating income (loss)	<u>(109,495)</u>	<u>141,711</u>	<u>48,493</u>	<u>80,709</u>
Nonoperating revenues (expenses)				
Investment earnings	53,533	1,552	1,131	56,216
Interest expense	<u>(106,490)</u>	<u>-</u>	<u>-</u>	<u>(106,490)</u>
Total nonoperating revenues (expenses)	<u>(52,957)</u>	<u>1,552</u>	<u>1,131</u>	<u>(50,274)</u>
Income (loss) before capital contributions and transfers	(162,452)	143,263	49,624	30,435
Capital contributions	327	-	-	327
Transfers out	<u>(160,430)</u>	<u>(147,500)</u>	<u>-</u>	<u>(307,930)</u>
Changes in net position	(322,555)	(4,237)	49,624	(277,168)
Total net position, beginning of year	<u>29,328,632</u>	<u>389,095</u>	<u>241,344</u>	<u>29,959,071</u>
Total net position, end of year	<u>\$ 29,006,077</u>	<u>\$ 384,858</u>	<u>\$ 290,968</u>	<u>\$ 29,681,903</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u>
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Three Sisters</u>	
Cash flows from operating activities				
Cash received from customers	\$ 3,569,346	\$ 983,752	\$ 511,791	\$ 5,064,889
Cash paid to suppliers for goods and services	<u>(2,383,273)</u>	<u>(905,015)</u>	<u>(374,507)</u>	<u>(3,662,795)</u>
Net cash provided by operating activities	<u>1,186,073</u>	<u>78,737</u>	<u>137,284</u>	<u>1,402,094</u>
Cash flows from noncapital financing activities				
Transfer to other funds	<u>(160,430)</u>	<u>(147,500)</u>	-	<u>(307,930)</u>
Net cash used in noncapital financing activities	<u>(160,430)</u>	<u>(147,500)</u>	-	<u>(307,930)</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(290,311)	-	(73,354)	(363,665)
Principal paid on notes payable	(79,081)	-	-	(79,081)
Principal paid on bonds payable	(401,000)	-	-	(401,000)
Capital grants received	5,424	-	-	5,424
Interest paid	<u>(104,024)</u>	-	-	<u>(104,024)</u>
Net cash used in capital and related financing activities	<u>(868,992)</u>	-	<u>(73,354)</u>	<u>(942,346)</u>
Cash flows from investing activities				
Purchase of investments	(1,493)	(15)	-	(1,508)
Interest received	<u>53,533</u>	<u>1,552</u>	<u>1,131</u>	<u>56,216</u>
Net cash provided by investing activities	<u>52,040</u>	<u>1,537</u>	<u>1,131</u>	<u>54,708</u>
Net change in cash and cash equivalents	208,691	(67,226)	65,061	206,526
Cash and cash equivalents, beginning of year	<u>4,739,626</u>	<u>247,558</u>	<u>286,223</u>	<u>5,273,407</u>
Cash and cash equivalents, end of year	<u>\$ 4,948,317</u>	<u>\$ 180,332</u>	<u>\$ 351,284</u>	<u>\$ 5,479,933</u>
Cash and cash equivalents classified as				
Cash and cash equivalents	\$ 4,633,315	\$ 180,332	\$ 351,284	\$ 5,164,931
Restricted cash and cash equivalents	<u>315,002</u>	-	-	<u>315,002</u>
Total cash and cash equivalents	<u>\$ 4,948,317</u>	<u>\$ 180,332</u>	<u>\$ 351,284</u>	<u>\$ 5,479,933</u>

(Continued)

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u>
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Three Sisters</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (109,495)	\$ 141,711	\$ 48,493	\$ 80,709
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,479,703	-	19,550	1,499,253
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(32,903)	(24,612)	-	(57,515)
Notes receivable	68,087	-	-	68,087
Prepays	(51,509)	-	5,356	(46,153)
Deferred outflows - pension	1,800	-	(17,708)	(15,908)
Inventory	36,608	-	-	36,608
Increase (decrease) in liabilities:				
Accounts payable	(249,890)	(38,362)	(4,255)	(292,507)
Accrued liabilities	2,267	-	2,888	5,155
Net pension liability	26,177	-	81,383	107,560
Deferred inflows - pension	(1,367)	-	1,577	210
Customer deposits	16,595	-	-	16,595
Net cash provided by operating activities	<u>\$ 1,186,073</u>	<u>\$ 78,737</u>	<u>\$ 137,284</u>	<u>\$ 1,402,094</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Blended Component Unit

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

B. Government-Wide and Fund Financial Statements

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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

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

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

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

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

The City reports the following major governmental funds:

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The following are reported as major proprietary funds:

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

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

The City also reports the following fund type:

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

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

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Deposits and Investments

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

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

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

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

E. Receivables

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

F. Inventory and Prepaid Items

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. Interfund Receivables/Payables

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

H. Capital Assets

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended September 30, 2019, no interest was capitalized.

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Deferred Outflows/Inflows of Resources

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

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

J. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Compensated Absences

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

L. Net Position/Fund Balance Classification

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

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

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

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

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Net Position/Fund Balance Classification – Continued

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

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

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

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Property Taxes

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

The value of all taxable property is assessed as of January 1. The City Council levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the City, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2019. No accrual for the property tax levy becoming due in November of 2019, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

N. Use of Estimates

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

O. Pension

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Data

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

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

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

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

B. Encumbrances

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

NOTE 3 – DEPOSITS AND INVESTMENTS

At September 30, 2019, the City had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Florida Fund B	37 days weighted average	AAAm	\$ 159,846
Certificate of deposit	October 2019	N/A	1,121,920
			<u>\$ 1,281,766</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3 – DEPOSITS AND INVESTMENTS – CONTINUED

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

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution’s failure, the City’s deposits may not be returned. The City does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2019, the City had no uncollateralized deposits as defined by GASB pronouncements.

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Improvements Fund	Water and Sewer Fund	Sanitation Fund	Total
Receivables					
Accounts	\$ 1,434,533	\$ 22,507	\$ 1,141,521	\$ 232,134	\$ 2,830,695
Notes	-	-	360,178	-	360,178
Less allowance for uncollectible receivables	(960,606)	-	(379,579)	(69,744)	(1,409,929)
	\$ 473,927	\$ 22,507	\$ 1,122,120	\$ 162,390	\$ 1,780,944

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 2,952,789	\$ -	\$ -	\$ -	\$ 2,952,789
Construction in progress	2,396,222	427,774	-	(49,300)	2,774,696
Total assets not being depreciated	<u>5,349,011</u>	<u>427,774</u>	<u>-</u>	<u>(49,300)</u>	<u>5,727,485</u>
Capital assets being depreciated					
Buildings and improvements	8,563,136	6,539	-	-	8,569,675
Equipment and vehicles	2,962,601	112,897	-	-	3,075,498
Infrastructure	7,687,528	17,567	-	49,300	7,754,395
Total assets being depreciated	<u>19,213,265</u>	<u>137,003</u>	<u>-</u>	<u>49,300</u>	<u>19,399,568</u>
Less accumulated depreciation					
Buildings and improvements	(2,467,948)	(327,596)	-	-	(2,795,544)
Equipment and vehicles	(2,431,056)	(225,549)	-	-	(2,656,605)
Infrastructure	(2,794,774)	(280,761)	-	-	(3,075,535)
Total accumulated depreciation	<u>(7,693,778)</u>	<u>(833,906)</u>	<u>-</u>	<u>-</u>	<u>(8,527,684)</u>
Total assets depreciated, net	<u>11,519,487</u>	<u>(696,903)</u>	<u>-</u>	<u>49,300</u>	<u>10,871,884</u>
Governmental activities, net	<u>\$ 16,868,498</u>	<u>\$ (269,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,599,369</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 616,898	\$ -	\$ -	\$ -	\$ 616,898
Construction in progress	228,639	90,674	-	-	319,313
Total assets not being depreciated	<u>845,537</u>	<u>90,674</u>	<u>-</u>	<u>-</u>	<u>936,211</u>
Capital assets being depreciated					
Buildings and improvements	22,177,733	-	-	-	22,177,733
Equipment and vehicles	7,923,422	272,991	-	-	8,196,413
Infrastructure	17,994,809	-	-	-	17,994,809
Total assets being depreciated	<u>48,095,964</u>	<u>272,991</u>	<u>-</u>	<u>-</u>	<u>48,368,955</u>
Less accumulated depreciation					
Buildings and improvements	(11,642,298)	(666,119)	-	-	(12,308,417)
Equipment and vehicles	(6,342,553)	(325,117)	-	-	(6,667,670)
Infrastructure	(2,265,568)	(508,017)	-	-	(2,773,585)
Total accumulated depreciation	<u>(20,250,419)</u>	<u>(1,499,253)</u>	<u>-</u>	<u>-</u>	<u>(21,749,672)</u>
Total assets depreciated, net	<u>27,845,545</u>	<u>(1,226,262)</u>	<u>-</u>	<u>-</u>	<u>26,619,283</u>
Business-type activities, net	<u>\$ 28,691,082</u>	<u>\$ (1,135,588)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,555,494</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 – CAPITAL ASSETS – CONTINUED

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

Governmental Activities	
General government	\$ 69,204
Public safety	86,950
Culture and recreation	558,530
Highways and streets	50,225
Economic development	68,997
Total depreciation expense, governmental activities	<u>\$ 833,906</u>
 Business-type activities	
Water and sewer	\$ 1,479,703
Three Sisters	19,550
Total depreciation expense, business-type activities	<u>\$ 1,499,253</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Note payable from direct borrowings	\$ 2,000,000	\$ 1,500,000	\$ (56,453)	\$ 3,443,547	\$ 231,802
Total OPEB liability	291,641	29,259	(50,434)	270,466	-
Net pension liability	1,671,008	890,921	(657,608)	1,904,321	-
Compensated absences	108,117	110,701	(77,276)	141,542	92,002
Total governmental activities	<u>\$ 4,070,766</u>	<u>\$ 2,530,881</u>	<u>\$ (841,771)</u>	<u>\$ 5,759,876</u>	<u>\$ 323,804</u>
Business-type activities					
Bonds payable	\$ 3,245,000	\$ -	\$ (401,000)	\$ 2,844,000	\$ 410,000
Notes payable from direct borrowings	1,386,524	-	(79,081)	1,307,443	76,175
Net pension liability	250,822	169,699	(62,139)	358,382	-
Total business-type activities	<u>\$ 4,882,346</u>	<u>\$ 169,699</u>	<u>\$ (542,220)</u>	<u>\$ 4,509,825</u>	<u>\$ 486,175</u>

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 – LONG-TERM DEBT – CONTINUED

Long-term debt payable as of September 30, 2019, is composed of the following issues:

Revenue Bonds

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

\$ 2,844,000

Total bonds payable

\$ 2,844,000

Notes Payable from Direct Borrowings

Community Redevelopment Agency Note, this is a construction line of credit agreement for \$3,500,000 of which the full amount had been drawn as of September 30, 2019. The note bears interest at 4.20%. Actual principal and interest payments of \$93,203 commenced on June 15, 2019, and are due quarterly through June 15, 2031.

\$ 3,443,547

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

\$ 421,367

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

460,815

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

425,261

Total business-type notes payable

\$ 1,307,443

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 – LONG-TERM DEBT – CONTINUED

The annual debt service payments required on outstanding debt at September 30, 2019, are as follows:

Fiscal Year	Revenue Bonds, Series 2012			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 410,000	\$ 65,558	\$ 475,558	\$ 76,175	\$ 33,391	\$ 109,566
2021	419,000	55,698	474,698	78,165	31,400	109,565
2022	430,000	45,625	475,625	80,206	29,359	109,565
2023	439,000	35,288	474,288	82,302	27,263	109,565
2024	451,000	24,725	475,725	84,452	25,113	109,565
2025-2029	695,000	16,670	711,670	456,541	91,284	547,825
2030-2034	-	-	-	437,994	29,820	467,814
2035	-	-	-	11,608	431	12,039
	<u>\$2,844,000</u>	<u>\$ 243,564</u>	<u>\$3,087,564</u>	<u>\$1,307,443</u>	<u>\$ 268,061</u>	<u>\$1,575,504</u>

Fiscal Year	Community Redevelopment Agency Note		
	Principal	Interest	Total
2020	\$ 231,802	\$ 141,010	\$ 372,812
2021	241,691	131,120	372,811
2022	252,004	120,808	372,812
2023	262,756	110,056	372,812
2024	273,966	98,845	372,811
2025-2029	1,555,468	308,589	1,864,057
2030-2034	625,860	26,561	652,421
2035	-	-	-
	<u>\$3,443,547</u>	<u>\$ 936,989</u>	<u>\$4,380,536</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2019, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 444,643
General Fund	Nonmajor Enterprise Fund	10,306
Capital Improvements Fund	Water and Sewer Fund	413,194
Sanitation Fund	Water and Sewer Fund	41,912
		<u>\$ 910,055</u>

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 160,430
General Fund	Sanitation Fund	147,500
General Fund	Community Redevelopment Fund	16,884
Capital Improvements Fund	General Fund	300,000
		<u>\$ 624,814</u>

NOTE 8 – RISK MANAGEMENT

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

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

NOTE 9 – PENSION PLANS

Defined Benefit Plans

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 – PENSION PLANS (CONTINUED)

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

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

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2018 through June 30, 2019, and July 1, 2019 through September 30, 2019, were as follows: Regular Class 8.26% and 8.47%, Senior Management 24.06% and 25.41%, Special Risk Employee Class 24.50% and 25.48%, Elected Officials 48.70% and 48.82%, and DROP Participants 14.03% and 14.60%.

The City's contributions for the year ended September 30, 2019, were \$170,238 to FRS and \$23,675 to HIS.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 – PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2019, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2019. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability	\$ 1,809,710	\$ 452,993	\$ 2,262,703
Proportion at:			
Current measurement date	0.00525489%	0.00404857%	
Prior measurement date	0.00497275%	0.00400613%	
Pension expense (benefit)	\$ 521,970	\$ 52,344	\$ 574,314

As of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS		Totals	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 107,339	\$ 1,123	\$ 5,502	\$ 555	\$ 112,841	\$ 1,678
Change of assumptions	464,812	-	52,452	37,024	517,264	37,024
Net difference between projected and actual earnings on Pension Plan investments	-	100,123	292	-	292	100,123
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	150,890	-	63,803	5,449	214,693	5,449
City Pension Plan contributions subsequent to the measurement date	43,225	-	5,811	-	49,036	-
Total	<u>\$ 766,266</u>	<u>\$ 101,246</u>	<u>\$ 127,860</u>	<u>\$ 43,028</u>	<u>\$ 894,126</u>	<u>\$ 144,274</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2020. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>FRS</u>	<u>HIS</u>
2020	\$ 200,956	\$ 20,479
2021	81,697	18,720
2022	154,652	15,530
2023	124,076	8,869
2024	54,394	12,180
Thereafter	6,020	3,243

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 – PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2019, was determined by an actuarial valuation dated July 1, 2019, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2019, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.1% to 6.9%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global equity	54%	8.0%	6.8%
Real estate (property)	10%	6.7%	6.1%
Private equity	11%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%
	100%		

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 – PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.90%. FRS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS			HIS		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
City's proportionate share of the net pension liability	\$3,128,386	\$1,809,710	\$708,393	\$517,115	\$452,993	\$399,576

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2019, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2019.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

B. Plan Membership

Membership of the OPEB Plan consisted of the following at September 30, 2019, the date of the latest actuarial valuation:

Inactive employees and beneficiaries, receiving benefits	10
Active employees	23
	<u>33</u>

C. Contributions

The City has elected to fund the OPEB Plan on a “pay as you go” basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The City is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. For the year ended September 30, 2019, the City contributed \$16,102 for the pay as you go benefits of the OPEB Plan.

D. Total OPEB Liability of the City

The City’s total OPEB liability was measured as of September 30, 2018, and was determined by an actuarial valuation as of September 30, 2017, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the September 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	2.80%
Salary increases:	3.00%
Cost of living adjustments:	In accordance with healthcare cost trend rates
Healthcare cost trend rate:	8.00% - 5.00%, ultimate trend in 2023
Participation rate:	75% single coverage and 25% single and spouse coverage

Mortality rates were based on the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.

The actuarial assumptions used in the September 30, 2018, valuation were based on the results of an actuarial experience study for the period 2008-2012.

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.64%. This rate was determined using the 20 year municipal bond index as provided by the Asset Consulting Group.

F. Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2019, were as follows:

	Total OPEB Liability
Balances at September 30, 2018	\$ 291,641
Changes for the year:	
Service cost	18,269
Interest	10,990
Assumption changes	(34,332)
Benefit payments	(16,102)
Net changes	(21,175)
Balance at September 30, 2019	\$ 270,466

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.64%) or 1-percentage point higher (4.64%) than the current discount rate:

	1% Decrease (2.64%)	Discount Rate 3.64%	1% Increase (4.64%)
Total OPEB liability	\$ 297,486	\$ 270,466	\$ 248,008

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (7% decreasing to 4%) or 1-percentage point higher (9% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 4%)	Discount Rate (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Total OPEB liability	\$ 257,435	\$ 270,466	\$ 285,192

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$17,576. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	\$ 27,466
Contributions subsequent to the measurement date	16,102	-
Totals	<u>\$ 16,102</u>	<u>\$ 27,466</u>

The deferred outflows of resources related to the OPEB Plan, totaling \$16,102 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in OPEB expense as follows:

Year ending September 30:	
2020	\$ (6,866)
2021	(6,866)
2022	(6,867)
2023	(6,867)
Total	<u>\$ (27,466)</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 11 – UTILITY OPERATING CONTRACT

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

The contract is cancelable by either party. During the year ended September 30, 2019, the monthly fee was \$108,476. Annual fees are negotiable annually on or before December 1. Failure to agree upon an annual fee will be resolved by application of a formula based upon the most current annual fee adjusted for the Consumer Price Index.

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

In 2008, The City Council dissolved the police department and entered into a contract with the Citrus County Sheriff’s Office to provide public safety services. Substantially all police assets were transferred to the Sheriff’s Office. The contract with the Sheriff’s Office expires on September 30 of each year, subject to automatic renewal on an annual basis, provided no action is taken to terminate the contract. The City paid \$879,339 during the year ended September 30, 2019.

NOTE 13 – CONSTRUCTION COMMITMENTS

The City has active construction commitments on various projects in the amount of \$427,907 as of September 30, 2019.

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through June 29, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact certain City revenues in 2020. Other financial impact could occur though such potential impact is unknown at this time.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CRYSTAL RIVER, FLORIDA

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

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

Notes to the Schedule:

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

CITY OF CRYSTAL RIVER, FLORIDA

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

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

Notes to the Schedule:

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

CITY OF CRYSTAL RIVER, FLORIDA

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

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

Notes to the Schedule:

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

CITY OF CRYSTAL RIVER, FLORIDA

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

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

Notes to the Schedule:

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

CITY OF CRYSTAL RIVER, FLORIDA

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

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 18,269	\$ 18,904
Interest	10,990	8,072
Assumption changes	(34,332)	-
Benefit payments	<u>(16,102)</u>	<u>(9,400)</u>
Net change in total OPEB liability	(21,175)	17,576
Total OPEB liability - beginning	<u>291,641</u>	<u>274,065</u>
Total OPEB liability - ending	<u><u>\$ 270,466</u></u>	<u><u>\$ 291,641</u></u>
Covered-employee payroll	\$ 951,649	\$ 951,649
Total OPEB liability as a percentage of covered employee payroll	28.4%	30.6%

Notes to the Schedule:

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CRYSTAL RIVER, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CRYSTAL RIVER, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Public Safety Expansion	Buy A Brick	Impact Fees	
Assets				
Cash and cash equivalents	\$ 21,519	\$ 5,626	\$ 26,992	\$ 54,137
Total assets	\$ 21,519	\$ 5,626	\$ 26,992	\$ 54,137
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	26,992	26,992
Total liabilities	-	-	26,992	26,992
Fund balances				
Restricted				
Community development	\$ -	\$ 5,626	-	\$ 5,626
Public safety	21,519	-	-	21,519
Total fund balances	21,519	5,626	-	27,145
Total liabilities and fund balances	\$ 21,519	\$ 5,626	\$ 26,992	\$ 54,137

**CITY OF CRYSTAL RIVER, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Public Safety Expansion</u>	<u>Buy A Brick</u>	<u>Impact Fees</u>	
Revenues				
Impact fees	\$ 1,000	\$ -	\$ -	\$ 1,000
Income on investments	-	20	-	20
Total revenues	<u>1,000</u>	<u>20</u>	<u>-</u>	<u>1,020</u>
Expenditures				
Current				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,000	20	-	1,020
Fund balances, beginning	<u>20,519</u>	<u>5,606</u>	<u>-</u>	<u>26,125</u>
Fund balances, ending	<u>\$ 21,519</u>	<u>\$ 5,626</u>	<u>\$ -</u>	<u>\$ 27,145</u>

OTHER REPORTS

THIS PAGE INTENTIONALLY LEFT BLANK



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crystal River, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Bradenton, Florida
June 29, 2020

CITY OF CRYSTAL RIVER, FLORIDA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	___ yes <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	___ yes <u>X</u> no
Noncompliance material to financial statements noted?	___ yes <u>X</u> no

Federal Awards and State Financial Assistance Projects

Federal and state Single Audits were not required as the City did not expend greater than \$750,000 of federal or state funds during its fiscal year ended September 30, 2019.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

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

Not applicable.

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

None reported.

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Crystal River, Florida (the "City"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 29, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 29, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. No audit findings were noted in the City's preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

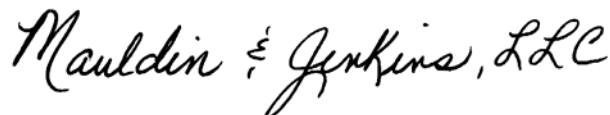
Section 10.554(1)(i)5.c, *Rules of the Auditor General*, requires, if appropriate, to communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within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

Additional Matters

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

Purpose of this Letter

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



Bradenton, Florida
June 29, 2020



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Crystal River, Florida's (the "City") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Bradenton, Florida
June 29, 2020

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

THIS PAGE INTENTIONALLY LEFT BLANK