

CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CRYSTAL RIVER, FLORIDA

FINANCIAL REPORT
SEPTEMBER 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	1 and 2
Management's Discussion and Analysis	3-14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	15
Statement of Activities	16 and 17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Community Redevelopment	23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds.....	26 and 27
Notes to Financial Statements	28-46
Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability – FRS.....	47
Schedule of Contributions – FRS	48
Schedule of the City's Proportionate Share of the Net Pension Liability – HIS.....	49
Schedule of Contributions – HIS	50
Schedule of the City's Total OPEB Liability and Related Ratios	51
Supplementary Information	
Combining and Individual Fund Statements	
Combining Balance Sheet – Nonmajor Governmental Funds.....	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	53
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>	54 and 55
Schedule of Findings and Responses	56
Independent Auditor's Management Letter.....	57 and 58
Independent Accountant's Report – Investment Compliance	59

THIS PAGE INTENTIONALLY LEFT BLANK



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, 2020, 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, 2020, 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 3 through 14 and the required supplementary information on pages 47 through 51 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 25, 2021, 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 25, 2021

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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, 2020.

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 15 through 17 of this report.

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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 18 through 23 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 24 through 27 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 28 through 46 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements can be found on pages 52 and 53 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 \$50,553,748 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

City of Crystal River, Florida's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 9,012,587	\$ 9,487,343	\$ 8,096,287	\$ 6,872,869	\$ 17,108,874	\$ 16,360,212
Capital assets	17,260,261	16,599,369	26,541,090	27,555,494	43,801,351	44,154,863
Total assets	<u>26,272,848</u>	<u>26,086,712</u>	<u>34,637,377</u>	<u>34,428,363</u>	<u>60,910,225</u>	<u>60,515,075</u>
Total deferred outflows of resources	<u>1,012,715</u>	<u>768,610</u>	<u>301,985</u>	<u>188,012</u>	<u>1,314,700</u>	<u>956,622</u>
Other liabilities	299,925	243,475	789,853	401,796	1,089,778	645,271
Long-term liabilities	6,113,514	5,759,876	4,335,181	4,509,825	10,448,695	10,269,701
Total liabilities	<u>6,413,439</u>	<u>6,003,351</u>	<u>5,125,034</u>	<u>4,911,621</u>	<u>11,538,473</u>	<u>10,914,972</u>
Total deferred inflows of resources	<u>125,122</u>	<u>148,889</u>	<u>7,582</u>	<u>22,851</u>	<u>132,704</u>	<u>171,740</u>
Net position:						
Net investment in capital assets	14,048,516	13,155,822	22,916,525	23,450,445	36,965,041	36,606,267
Restricted	3,179,550	3,936,049	88,120	82,902	3,267,670	4,018,951
Unrestricted	3,518,936	3,611,211	6,802,101	6,148,556	10,321,037	9,759,767
Total net position	<u>\$ 20,747,002</u>	<u>\$ 20,703,082</u>	<u>\$ 29,806,746</u>	<u>\$ 29,681,903</u>	<u>\$ 50,553,748</u>	<u>\$ 50,384,985</u>

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining \$10,321,037 balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

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

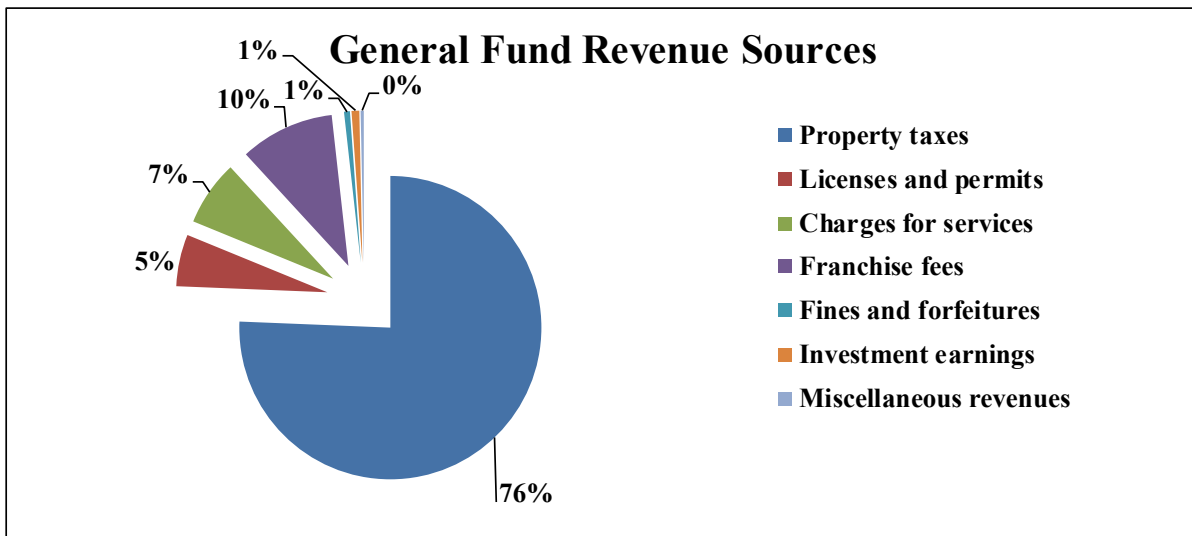
Governmental activities. Governmental activities increased the City's net position by \$43,920.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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

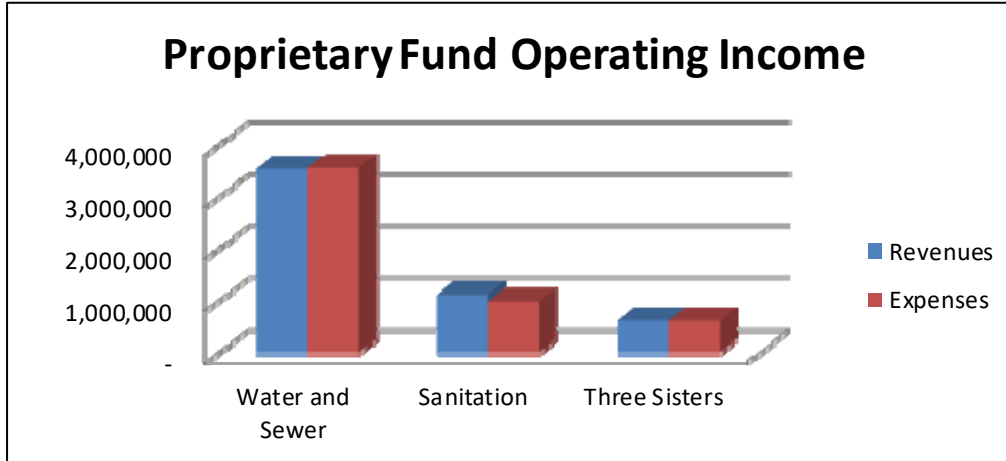
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 615,601	\$ 572,910	\$ 5,276,387	\$ 5,032,366	\$ 5,891,988	\$ 5,605,276
Capital grants and contributions	-	-	346,069	327	346,069	327
General revenues:						
Property taxes	4,110,405	3,774,913	-	-	4,110,405	3,774,913
Other taxes	730,014	737,695	-	-	730,014	737,695
Other	115,355	199,664	69,984	56,216	185,339	255,880
Total revenues	5,571,375	5,285,182	5,692,440	5,088,909	11,263,815	10,374,091
Operating expenses:						
General government	1,901,933	1,845,770	-	-	1,901,933	1,845,770
Public safety	1,301,220	1,416,109	-	-	1,301,220	1,416,109
Highways and streets	1,101,492	1,634,740	-	-	1,101,492	1,634,740
Physical environment	692,324	-	-	-	692,324	-
Culture and recreation	379,886	257,614	-	-	379,886	257,614
Economic development	317,925	453,576	-	-	317,925	453,576
Interest	140,605	116,790	-	-	140,605	116,790
Water and sewer	-	-	3,651,196	3,733,552	3,651,196	3,733,552
Sanitation	-	-	990,071	866,653	990,071	866,653
Three Sisters	-	-	618,400	457,942	618,400	457,942
Total operating expenses	5,835,385	5,724,599	5,259,667	5,058,147	11,095,052	10,782,746
Increase in net position before transfers	(264,010)	(439,417)	432,773	30,762	168,763	(408,655)
Transfers	307,930	307,930	(307,930)	(307,930)	-	-
Change in net position	43,920	(131,487)	124,843	(277,168)	168,763	(408,655)
Net position, beginning	20,703,082	20,834,569	29,681,903	29,959,071	50,384,985	50,793,640
Net position, ending	\$ 20,747,002	\$ 20,703,082	\$ 29,806,746	\$ 29,681,903	\$ 50,553,748	\$ 50,384,985



CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

Business-type activities. Business-type activities increased the City's net position by \$124,843.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,470,016 a decrease of \$531,611 in comparison with the prior year. Of the total, \$4,140,032 or 49% 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 \$4,140,032 while total fund balance increased to \$5,290,463. 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 101% of total General Fund expenditures, while total fund balance represents 129% of that same amount.

The fund balance of the City's General Fund increased \$177,779 during the current fiscal year as shown on page 22 compared to a \$541,972 increase for fiscal year 2019. This increase was attributable to both revenue and expenditure variances. Fiscal year 2020 was a different year for all businesses – both private and public due to the COVID-19 pandemic. Both revenues and expenditures were impacted by all types of businesses. Fiscal year 2020 reflects revenue receipts 20.1% less than budgeted and expenditures 12.2% less than budgeted.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

On the revenue side, unfortunately, for the public sector some of our revenue sources come from the state where they chose to impose several cuts due to the uncertainties of the COVID-19 pandemic. Fortunately, our state funded revenues were budgeted conservatively so the reduction by the state did not impact the Crystal River as drastically as it may have other cities; our state revenue collections were approximately \$8,750 less or 2.3% less than budgeted. Also, due to the pandemic, the City did not receive payment from the state for two quarters of their alcohol tax collections until later into the next fiscal year; this was slightly over \$6,700 less or almost 30% less than budget. The City also agreed to waive some previous year's code violation charges this year accounting for over \$47,000 less revenues than budgeted. As the reverse, the pandemic did contribute to additional revenue for the City with regards to electric service tax and electric franchise fees; we collected over \$87,000 more or almost 17% more than budgeted. Also, building permits and zoning fees were over \$101,000 more than projected. Management's conservative revenue budgeting strategy along with other revenue sources continues to compliment a positive cash flow for the City.

On the expenditure side, the City also was affected by the COVID-19 pandemic. Management cancelled special events planned for April through September 2020. The City had planned to proceed with the Civic Master Plan, but this was put on hold accounting for approximately \$90,000 less in expenditures. The City also contracted with a new attorney as well as changed general liability insurance agents – both accounted for an approximate savings of \$36,000 for the year. A long-time employee retired as well as there were a few position vacancies within several departments accounting for approximately \$54,000 less in expenditures. A few operating expenditures came in less than budgeting accounting for approximately an additional \$25,000 savings. Overall, expenditures came in approximately \$500,000 less than budgeted – a 12.2% overall savings for the City. The net result of these revenue and expenditure variances did increase the City's General Fund balance at the close of the year by \$177,779.

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.

The City parking meter project has proven to be financially prudent to our General Fund since its inception in 2016. Management understood the ongoing maintenance and future of our parks would soon become a potential increase to our taxpayers if an additional source of funding was not found for parks' redevelopment after the almost \$2 million redevelopment of the Hunter Springs Park which took place in 2016.

The City installed parking meters within several of the City parks 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. 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 five 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. Fiscal year 2020 did incur several months of park closures during the pandemic; however, we still exceeded our budget by \$48,714, a 38% increase.

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

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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 – 93% 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 \$27,608 from Duke Energy for fiscal year 2020. The overall fund balance for the water and sewer operating and construction funds is slightly under \$29 million. Management recognizes a continuous shortfall will impact the fund balance and continues to pursue the review of the water and sewer rates that have remained the same for the last four years along with a meter replacement program. In fiscal year 2020 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 \$3.32 million.

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 to retain lower rates for the City customers. Management continues to monitor the activity. The contract is scheduled to be re-bid in fiscal year 2021.

Crystal River has become a worldwide tourist destination, with about 340,000 visitors annually. 45,000 people alone visit the Three Sisters Springs units of the Crystal River National Wildlife Refuge yearly. The Three Sister Springs entered its fifth year of operations in 2020 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. 2020 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 promoting the local businesses. The City purchased a trolley in 2017 and 14 passenger van in 2018. In fiscal year 2019, management and staff had worked to develop a capital improvement plan to complete various infrastructure projects. This enterprise fund continues to prosper as a business and be self-sufficient fund. The City continues to work with U.S. Fish and Wildlife to work through a desirable management plan for all parties involved.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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 2020. Such projects included improvements to Copeland Park, the replacement of thirty-four bypass pumps totaling over \$2.12 million that was funded by a 75/25 split grant with the state, several storm water, waterline replacement 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 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.

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, 2020, amounts to \$43,801,351 (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% (a 4.0% increase for governmental activities and a 3.7% decrease for business-type activities). Major capital asset events during the current fiscal year included the following:

We added \$1,781,982 of Construction in Progress for the governmental and business type funds, primarily due to the beginning phase of the Town Square, Splash Pad, and the Kings Bay Paddlecraft Franchise Program along with more work on the Riverwalk, Legrone Park, Bayside Master Plan, and U.S. 19 Road Widening/Utility Relocation project. The City also finalized and began capitalization of \$1,050,729 for the manufacturing of the Fire Truck Level 1 Pumper and the Three Sister Springs Infrastructure Improvement Project.

Town Square Phase 1 Completed

Last year Council desired to create an attractive entryway into the heart of downtown Crystal River. It was agreed to transform a central piece of property in the heart of the historic downtown from an empty field that had sat vacant for decades into a beautiful Town Square Park. This new park will tie the business district with Hunter Springs Park and King's Bay Park along with the Riverwalk project and at the same time promote efforts of filling the building along Citrus Avenue and spreading out into the neighboring streets. This year the City completed the approximate \$850,000 phase 1 of the Town Square which includes a gateway structure, flagpole, fountain, benches, green space, sidewalks, bathrooms and landscaping. The Town Square will serve as the gateway into our downtown, a place of community gatherings and the start of the revitalization of our City.

Town Square Phase 2 - Splash Pad

The second phase of the Town Square will include a multiple use park fountain pad. This water feature will entertain children and families during the day, showcase a nightly display or be turned off to create more event space. The City has secured funding from the Florida Legislature which will cover approximately 75% of the total cost of the project. This year the City began the design phase of the Linear Park. The projected \$600,000 linear park will serve as a recreational hub for the community that currently lacks a centralized public event/gathering place which will encompass a children's splash pad, event lawn, and open area tied into the City historic pump house, water tower and cross town trail as well as the Riverwalk. The City's vision is to get people downtown and that ultimately helps the commercial district. Construction is scheduled to be complete at the end of fiscal year 2021

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

Riverwalk

The Riverwalk land phase was completed in 2018. Management received compliments on this phase of the project, but the community has been waiting for the waterfront phase to begin. The construction of the water phase had been on hold 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. This year Council and management were able to obtain easement agreements from every affected property owner. Permit applications are currently under review from the various State and Federal agencies with jurisdiction over the project. Unfortunately, over the years of design of the Riverwalk, construction costs have increased. The original planned project cost of \$5.2 million has now grown to \$8.6 million. The most recent land phase cost when added to other completed phases is approximately \$4 million and water phase is nearing \$4.6 million. Citrus County as dedicated \$1.7 million toward the project from its federal allotment of money awarded from the BP Deepwater Horizon oil spill lawsuit, known as RESTORE Act. The City is still looking to close a \$1 million funding gap; the Governor unfortunately included this project in his veto list in June. The City was hoping to get buy-in from the state. The Riverwalk will provide the reason to extend a day trip into that elusive overnight stay needed to benefit the economy of Crystal River and Citrus County as a whole. The ability to visit downtown and shop, dine, eat and stroll the Riverwalk will be the boost to our local economy the City has been searching to find.

Legrone Park Improvements

Each year management desires to make improvements to the City Parks. City staff monitors the various infrastructure and equipment of each park, but at the same time Management and Council listen to the desires of community. This year there was a focus on Legrone Park and the construction of a new pickleball facility. Pickleball is a lively racket game for all ages and abilities and the community members have been requesting the City build this type of a court for several years. Last year Council approved staff to construct a 60' x 120' (800 square yards) area sufficient to accommodate four courts allowing for multiple users and tournament play. The City invested \$38,750 this year for paving, fencing, nets and line striping for the Jim Legrone Park Pickleball Court. The community continues to enjoy this new racketball sport! The City has also had discussions with local non for profits to lease an existing 4,000 square foot. building at Legrone. The City expects to bid out and enter into a contract with a not for profit for them to provide youth and general recreation services to the community some time in fiscal year 2021.

Civic Master Plan

The City is in the beginning stages of developing a Civic Master Plan – the City's blueprint for development and redevelopment in Crystal River for the next 50 years. 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. The COVID-19 pandemic put some of the plan on hold; however, the City approved this year for management to address an immediate issue with the pending SR-44 resurfacing project currently under design by FDOT. SR-44 is a major thoroughfare in Citrus County; it is comprised of national and local businesses, a park, an elementary school, and a traditional grid of streets. This area has the components of a "main street" corridor. Council approved a contract in May 2020 for Dover, Kohl and Partners to maximize the planning process, promote community outreach and engagement and create three conceptual street designs for SR-44 and its surrounding parcels. They created a report that discussed the pros and cons for each of the scenarios and highlighted the community's preferred scenario. They will continue to participate in the City discussions with FDOT, providing recommendations for the desired scenarios as well as future Land Use and Comprehensive Plan changes. This is not an inexpensive endeavor; the City has budgeted \$215,000 to complete the project. Dover Kohl and Partners is a national recognized firm focused on revitalizing traditional towns, building great new places, growing neighborhoods and fixing sprawl by design. This overall Master Plan is a visioning process that will include a comprehensive community charrette exercise involving the entire community. Once the plan is complete, the process will move on to the redevelopment of the City's land development code to shape the City over the upcoming decades.

CITY OF CRYSTAL RIVER, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

U.S. 19 Road Widening

The Florida Department of Transportation had been contemplating widening a section of U.S. 19. The City was contacted by FDOT in 2011/2012 to begin preparing to design the relocation of sewer and water lines within the proposed widened area. Then, the scheduling of the work had been moved as it was not anticipated until approximately 2030. The City halted all work on the project. In 2015 FDOT had advised the City the project was now going forward and being expedited. Construction was then anticipated to begin in 2018 which resulted with the City being required to move quickly with the design plans for the relocation of the water and sewer lines. The utility relocation plans were to be incorporated into the FDOT widening plans for construction. The actual construction work will be completed by FDOT; however, the City will have to bear the cost. The City was required to enter into a third-party escrow agreement with FDOT and State of Florida Department of Financial Services, Division of Treasury requiring the City to deposit funds into an interest bearing escrow account established for the purpose of the project. This escrow agreement is a procedural mechanism which allows for the UWHCA arrangements. As costs increase, the City is required to deposit additional funds. As of the close of this year, the City had deposited \$729,629.31 into the escrow since February 2018. The City continues to earn interest on these funds. Costs to date incurred for the construction part of the project per FDOT reports total \$54,201. The City has expended over \$150,000 for the design portion of the project and expected to incur an additional \$15,000 - \$25,000 as of this date. Unfortunately, the City must adhere to the state guidelines, scheduling of this project as well as additional funding requests by the state due to unexpected relocation work.

Kings Bay Park Paddlecraft Franchise Program

Crystal River is a unique ecosystem on the Florida Coast that affords a unique eco-tourism experience for visitors and residents alike by use of kayaks and paddleboards. The City wished to maintain and enhance the experience of City citizens and visitors while protecting Crystal River's fragile ecosystem. Kings Bay Park is believed to have great tourism potential for the City of Crystal River. Following the loss of our Waterfronts Administration Building located within the park due to Hurricane Hermine in 2018, management desired to construct a building to serve as a Harbormaster Office and include restrooms, showers, and laundry facilities. The desire was to use this park to increase the public waterfront access and provide a more desirable area for community events as well as provide upland facilities for future mooring locations within the bay. New management and new concepts have brought about a slightly different concept for the park now. Many kayak/paddlecraft businesses have been utilizing the City parks to conduct their business at the expense of the City assets for years. This year management contracted with an outside service to assist with developing a Kings Bay Park Master Plan. The new concept is a Regional Paddlecraft Launch Center. All commercial paddle-craft launching has been moved to Kings Bay Park; previously many were utilizing the Hunter Springs Park. Hunter Springs Park kayak/paddlecraft launching is now for individual use only – no commercial launching. This year the City invested \$12,964 of start-up funds for upgrading/improving the existing kayak launch including upgrades to an existing floating dock; additional improvements will be made as the program grows. Franchise Concessionaire Agreements were drawn up for businesses who desire to conduct their business within the park. Any qualified business who desires to enter into this agreement will pay a \$750 per month Kayak Corral Lease fee in exchange for Franchisee's exclusive possession and use of a "kayak corral" within Kings Bay Park during the Park's hours of operation for the orderly storage of paddlecraft. The Franchisee shall pay \$5 per launch for each paddlecraft launched at Kings Bay Park through the use of wristbands that can be purchased in bulk with the City. An Ordinance was adopted in October 2020 concerning the conduct of business at city parks and providing for the aware of franchise to commercial paddlecraft businesses.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Sliplining Gravity Sanitary Sewer Mains

A few years ago, the City conducted a City-wide inspection of the gravity sanitary sewer mains using a remote-controlled crawler camera to identify point of infiltration. Infiltration is groundwater that enters into the sewer collection system through leakage into pipe cracks or separated joints. This infiltration is undesirable as the influx of clean water burdens the wastewater system through an increase in pumping costs and a reduction in treatment efficiency, and the potential to overwhelm the treatment system resulting in regulatory compliance challenges. The City has been diligent in performing slip-lining of the clay gravity mains to mitigate infiltration. This dedication has proven rewarding; average annual daily flows to the wastewater treatment plans have dropped from 1,041,000 gallons per day (GPD) in 2007 to the current rate of 658,000 GPD – more than a 37% reduction. Staff has worked with the water management company to define the areas currently experiencing the heaviest infiltration and identified two target areas the fiscal year. A 3,632 lineal feet of gravity sanitary sewer mains were approved to be televised, cleaned, and slip lined. This expense of \$127,505 will continue to improve efficiency and reduce the cost of running the sewer treatment system.

Fire Department New Truck

The Fire Department has been funding a Renewal and Replacement fund for many years as a means for funding new equipment when needed. In fiscal year 2019 Council approved the replacement of the 1993 Pumper engine. The City signed contract to manufacture a Level 1 Customer Pumper at a total cost of \$404,875 along with equipment costing almost \$35,000. The City took delivery of the new truck February 2020. The City is very proud of this addition to their fleet.

Three Sister Refuge Infrastructure Improvements

The City received a grant for the design and construction of the Crystal River Three Sisters Springs Infrastructure Improvement Project from Florida Department of Transportation. The improvements included 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 constructed by USFWS. The original cost was projected to be approximately \$600,00 with FDOT committing to a maximum share of \$400,000 and the City maximum share at \$200,000. The final cost of the project was \$346,068.95 with almost 100% being reimbursed by the state. The restrooms provide a fresh new look to the refuge over the portolets previously utilized by the public.

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,952,789	\$ 2,952,789	\$ 616,898	\$ 616,898	\$ 3,569,687	\$ 3,569,687
Construction in progress	3,449,720	2,774,696	352,723	319,313	3,802,443	3,094,009
Buildings and improvements	5,589,426	5,774,131	9,209,663	9,869,316	14,799,089	15,643,447
Equipment and vehicles	609,181	418,893	1,277,655	1,528,743	1,886,836	1,947,636
Infrastructure	4,659,145	4,678,860	15,084,151	15,221,224	19,743,296	19,900,084
Total capital assets	\$ 17,260,261	\$ 16,599,369	\$ 26,541,090	\$ 27,555,494	\$ 43,801,351	\$ 44,154,863

Additional information on the City of Crystal River, Florida’s capital assets can be found in Note 5 on pages 36 and 37 of this report.

CITY OF CRYSTAL RIVER, FLORIDA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$2,434,000 and notes payable of \$4,440,972. The bonds payable represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also had state revolving loan debt outstanding of \$1,229,228 for the sewer expansion project and had drawn down the CRA note payable of \$3,561,258 in full and begun to make principal payments in 2019. Additional information can be found in Note 6 on pages 38 and 39.

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

	Debt Outstanding					
	As of September 30, 2020					
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Total OPEB liability	\$ 204,974	\$ 270,466	\$ -	\$ -	\$ 204,974	\$ 270,466
Compensated absences	136,303	141,542	-	-	136,303	141,542
Net pension liability	2,560,492	1,904,321	671,954	358,382	3,232,446	2,262,703
Bonds payable	-	-	2,434,000	2,844,000	2,434,000	2,844,000
Notes payable	3,211,745	3,443,547	1,229,227	1,307,443	4,440,972	4,750,990
Total debt	<u>\$ 6,113,514</u>	<u>\$ 5,759,876</u>	<u>\$ 4,335,181</u>	<u>\$ 4,509,825</u>	<u>\$ 10,448,695</u>	<u>\$ 10,269,701</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 four 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 has recommended the rates be indexed in futures years and are moving forward.
- 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 5.18%; however, City staff only saw approximately a 4.76% 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 8.7%; this increase resulted in almost \$777 per employee per year accounting for an increase of a little over \$23,500 in just the General Fund. The FRS pension requirements for the City increased slightly as well for fiscal year 2020 equating to over a \$7,400 impact to in General Fund.
- Interest rates have decreased over this last year on money placed on deposit with SBA and local bank accounts. The City restructured some investment funds this year. Management renewed certificates of deposit into three CD’s totaling over \$2.2 million with the ladder approach for their maturity. This approach provided the City the opportunity to earn a slightly higher rate of interest on funds versus the lower rates on the regular operating checking accounts.

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, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,206,560	\$ 6,029,633	\$ 11,236,193
Investments	2,303,374	61,209	2,364,583
Accounts receivables, net	531,651	960,549	1,492,200
Notes receivable	-	278,920	278,920
Due from other governments	-	345,946	345,946
Internal balances	867,968	(867,968)	-
Prepaid items	103,034	727,482	830,516
Inventory	-	238,638	238,638
Restricted assets, cash and cash equivalents	-	321,878	321,878
Capital assets			
Non-depreciable	6,402,509	969,621	7,372,130
Depreciable, net	10,857,752	25,571,469	36,429,221
Total assets	26,272,848	34,637,377	60,910,225
Deferred outflows of resources			
Deferred outflows - pension	1,003,395	263,323	1,266,718
Deferred outflows - OPEB	9,320	-	9,320
Deferred charge on refunding	-	38,662	38,662
Total deferred outflows	1,012,715	301,985	1,314,700
Liabilities			
Accounts payable	178,070	490,587	668,657
Accrued liabilities	71,779	22,782	94,561
Due to other governments	50,076	-	50,076
Accrued interest payable	-	39,583	39,583
Customer deposits payable	-	236,901	236,901
Noncurrent liabilities			
Due within one year	330,289	497,165	827,454
Due in more than one year	5,783,225	3,838,016	9,621,241
Total liabilities	6,413,439	5,125,034	11,538,473
Deferred inflows of resources			
Deferred inflows - pension	28,892	7,582	36,474
Deferred inflows - OPEB	96,230	-	96,230
Total deferred inflows	125,122	7,582	132,704
Net position			
Net investment in capital assets	14,048,516	22,916,525	36,965,041
Restricted for			
Capital improvements	2,098,017	-	2,098,017
Community development	1,058,487	-	1,058,487
Public safety	23,046	-	23,046
Debt service	-	88,120	88,120
Unrestricted	3,518,936	6,802,101	10,321,037
Total net position	\$ 20,747,002	\$ 29,806,746	\$ 50,553,748

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, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/programs				
Primary government:				
Governmental activities:				
General government	\$ 1,901,933	\$ 584,764	\$ -	\$ -
Public safety	1,301,220	29,437	-	-
Highways and streets	1,101,492	1,400	-	-
Physical environment	692,324	-	-	-
Culture/recreation	379,886	-	-	-
Economic development	317,925	-	-	-
Interest on long-term debt	140,605	-	-	-
Total governmental activities	<u>5,835,385</u>	<u>615,601</u>	<u>-</u>	<u>-</u>
Business-type activities:				
Water and sewer	3,651,196	3,534,713	-	-
Sanitation	990,071	1,119,128	-	-
Three Sisters	618,400	622,546	-	346,069
Total business-type activities	<u>5,259,667</u>	<u>5,276,387</u>	<u>-</u>	<u>346,069</u>
Total primary government	<u>\$ 11,095,052</u>	<u>\$ 5,891,988</u>	<u>\$ -</u>	<u>\$ 346,069</u>
		General revenues		
		Property taxes		
		Gas taxes		
		Sales taxes		
		Franchise fees		
		Investment earnings		
		Miscellaneous		
		Gain on sale of capital asset		
		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
\$ (1,317,169)	\$ -	\$ (1,317,169)
(1,271,783)	-	(1,271,783)
(1,100,092)	-	(1,100,092)
(692,324)	-	(692,324)
(379,886)	-	(379,886)
(317,925)	-	(317,925)
(140,605)	-	(140,605)
<u>(5,219,784)</u>	<u>-</u>	<u>(5,219,784)</u>
-	(116,483)	(116,483)
-	129,057	129,057
-	350,215	350,215
<u>-</u>	<u>362,789</u>	<u>362,789</u>
<u>(5,219,784)</u>	<u>362,789</u>	<u>(4,856,995)</u>
4,110,405	-	4,110,405
208,335	-	208,335
48,282	-	48,282
473,397	-	473,397
59,537	69,984	129,521
40,388	-	40,388
15,430	-	15,430
307,930	(307,930)	-
<u>5,263,704</u>	<u>(237,946)</u>	<u>5,025,758</u>
43,920	124,843	168,763
<u>20,703,082</u>	<u>29,681,903</u>	<u>50,384,985</u>
<u>\$ 20,747,002</u>	<u>\$ 29,806,746</u>	<u>\$ 50,553,748</u>

CITY OF CRYSTAL RIVER, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	General Fund	Capital Improvements Fund	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,350,997	\$ 1,667,555	\$ 1,116,172	\$ 71,836	\$ 5,206,560
Investments	2,280,413	10,792	12,169	-	2,303,374
Accounts receivable, net	518,111	13,540	-	-	531,651
Due from other funds	458,122	409,446	-	400	867,968
Prepaid items	103,031	-	3	-	103,034
Total assets	<u>\$ 5,710,674</u>	<u>\$ 2,101,333</u>	<u>\$ 1,128,344</u>	<u>\$ 72,236</u>	<u>\$ 9,012,587</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 108,710	\$ 3,316	\$ 66,044	\$ -	\$ 178,070
Accrued liabilities	56,722	-	9,436	-	66,158
Due to other governments	6,512	-	-	43,564	50,076
Total liabilities	<u>171,944</u>	<u>3,316</u>	<u>75,480</u>	<u>43,564</u>	<u>294,304</u>
Deferred inflows of resources					
Unavailable revenue	<u>248,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,267</u>
Fund balances					
Nonspendable	103,031	-	3	-	103,034
Restricted					
Capital improvements	-	2,098,017	-	-	2,098,017
Community development	-	-	1,052,861	5,626	1,058,487
Public safety	-	-	-	23,046	23,046
Committed					
Emergency reserves	1,047,400	-	-	-	1,047,400
Unassigned	4,140,032	-	-	-	4,140,032
Total fund balances	<u>5,290,463</u>	<u>2,098,017</u>	<u>1,052,864</u>	<u>28,672</u>	<u>8,470,016</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,710,674</u>	<u>\$ 2,101,333</u>	<u>\$ 1,128,344</u>	<u>\$ 72,236</u>	<u>\$ 9,012,587</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, 2020**

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

Total fund balances - governmental funds	\$	8,470,016
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$	26,482,480
Accumulated depreciation		(9,222,219)
		17,260,261
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		1,003,395
Deferred inflows - pension		(28,892)
Deferred outflows - OPEB		9,320
Deferred inflows - OPEB		(96,230)
Total OPEB liability		(204,974)
Net pension liability		(2,560,492)
		(1,877,873)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Compensated absences		(136,303)
Accrued interest		(5,621)
Note payable		(3,211,745)
		(3,353,669)
Net position of governmental activities	\$	20,747,002

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, 2020**

	<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	\$ 3,543,285	\$ -	\$ 567,120	\$ -	\$ 4,110,405
Other taxes	-	208,335	-	-	208,335
Licenses and permits	258,925	-	-	-	258,925
Intergovernmental revenues	-	48,282	-	-	48,282
Charges for services	325,839	-	-	-	325,839
Franchise fees	473,397	-	-	-	473,397
Fines and forfeitures	29,437	-	-	-	29,437
Impact fees	-	-	-	1,400	1,400
Grant revenues	-	-	-	-	-
Investment earnings	38,365	8,945	12,100	127	59,537
Miscellaneous revenues	15,388	-	25,000	-	40,388
Total revenues	<u>4,684,636</u>	<u>265,562</u>	<u>604,220</u>	<u>1,527</u>	<u>5,555,945</u>
Expenditures					
Current					
General government	1,639,460	20,301	-	-	1,659,761
Public safety	1,210,877	23,030	-	-	1,233,907
Highways and streets	209,313	177,484	-	-	386,797
Physical environment	692,324	-	-	-	692,324
Economic development	-	560	229,613	-	230,173
Culture/recreation	346,758	-	-	-	346,758
Debt service					
Principal retirement	-	-	231,802	-	231,802
Interest	-	-	141,010	-	141,010
Capital outlay	12,939	511,288	978,727	-	1,502,954
Total expenditures	<u>4,111,671</u>	<u>732,663</u>	<u>1,581,152</u>	<u>-</u>	<u>6,425,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>572,965</u>	<u>(467,101)</u>	<u>(976,932)</u>	<u>1,527</u>	<u>(869,541)</u>
Other financing sources (uses)					
Proceeds from the sale of capital assets	30,000	-	-	-	30,000
Transfers in	324,814	750,000	-	-	1,074,814
Transfers out	(750,000)	-	(16,884)	-	(766,884)
Total other financing sources (uses)	<u>(395,186)</u>	<u>750,000</u>	<u>(16,884)</u>	<u>-</u>	<u>337,930</u>
Change in fund balances	177,779	282,899	(993,816)	1,527	(531,611)
Fund balances, beginning of year	5,112,684	1,815,118	2,046,680	27,145	9,001,627
Fund balances, end of year	<u>\$ 5,290,463</u>	<u>\$ 2,098,017</u>	<u>\$ 1,052,864</u>	<u>\$ 28,672</u>	<u>\$ 8,470,016</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, 2020**

Net change in fund balances – total governmental funds		\$ (531,611)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 1,501,127	
Less current year depreciation	<u>(825,665)</u>	675,462
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.</p>		
		(14,570)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal repayment of long-term debt	<u>231,802</u>	231,802
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences	5,239	
Change in accrued interest	405	
OPEB expense	(10,054)	
Pension expense	<u>(312,753)</u>	<u>(317,163)</u>
Change in net position of governmental activities		<u>\$ 43,920</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
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 3,452,451	\$ 3,452,451	\$ 3,543,285	\$ 90,834
Licenses and permits	243,107	243,107	258,925	15,818
Charges for services	228,849	228,849	325,839	96,990
Franchise fees	457,675	457,675	473,397	15,722
Fines and forfeitures	77,450	77,450	29,437	(48,013)
Investment earnings	28,640	28,640	38,365	9,725
Miscellaneous revenues	39,050	1,170,608	15,388	(1,155,220)
Total revenues	<u>4,527,222</u>	<u>5,658,780</u>	<u>4,684,636</u>	<u>(974,144)</u>
Expenditures				
Current				
General government	1,875,353	2,051,752	1,639,460	412,292
Public safety	1,306,313	1,237,361	1,210,877	26,484
Highways and streets	236,200	232,702	209,313	23,389
Physical environment	728,316	709,851	692,324	17,527
Economic development	7,500	500	-	500
Culture/recreation	384,791	364,257	346,758	17,499
Capital outlay	13,563	15,370	12,939	2,431
Total expenditures	<u>4,552,036</u>	<u>4,611,793</u>	<u>4,111,671</u>	<u>500,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,814)</u>	<u>1,046,987</u>	<u>572,965</u>	<u>(474,022)</u>
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	30,000	30,000
Transfers in	324,814	338,314	324,814	(13,500)
Transfers out	(300,000)	(1,370,301)	(750,000)	620,301
Total other financing sources (uses)	<u>24,814</u>	<u>(1,031,987)</u>	<u>(395,186)</u>	<u>636,801</u>
Change in fund balance	-	15,000	177,779	162,779
Fund balance, beginning of year	<u>5,112,684</u>	<u>5,112,684</u>	<u>5,112,684</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,112,684</u>	<u>\$ 5,127,684</u>	<u>\$ 5,290,463</u>	<u>\$ 162,779</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 535,000	\$ 548,500	\$ 567,120	\$ 18,620
Intergovernmental revenues	4,450,000	4,450,000	-	(4,450,000)
Investment earnings	3,000	3,000	12,100	9,100
Miscellaneous revenues	2,764	27,764	25,000	(2,764)
Total revenues	<u>4,990,764</u>	<u>5,029,264</u>	<u>604,220</u>	<u>(4,425,044)</u>
Expenditures				
Current				
Economic development	885,855	2,528,280	229,613	2,298,667
Debt service				
Principal retirement	100,000	232,000	231,802	198
Interest	-	141,000	141,010	(10)
Capital outlay	<u>3,988,025</u>	<u>4,179,847</u>	<u>978,727</u>	<u>3,201,120</u>
Total expenditures	<u>4,973,880</u>	<u>7,081,127</u>	<u>1,581,152</u>	<u>5,499,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,884</u>	<u>(2,051,863)</u>	<u>(976,932)</u>	<u>1,074,931</u>
Other financing sources (uses)				
Transfers in	-	35,567	-	(35,567)
Transfers out	<u>(16,884)</u>	<u>(30,384)</u>	<u>(16,884)</u>	<u>13,500</u>
Total other financing sources (uses)	<u>(16,884)</u>	<u>5,183</u>	<u>(16,884)</u>	<u>(22,067)</u>
Change in fund balance	-	(2,046,680)	(993,816)	1,052,864
Fund balance, beginning of year	<u>2,046,680</u>	<u>2,046,680</u>	<u>2,046,680</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,046,680</u>	<u>\$ -</u>	<u>\$ 1,052,864</u>	<u>\$ 1,052,864</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, 2020**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Assets				
Current assets				
Cash and cash equivalents	\$ 5,540,706	\$ 320,239	\$ 168,688	\$ 6,029,633
Investments	60,597	612	-	61,209
Restricted cash and cash equivalents	321,878	-	-	321,878
Accounts receivable, net	772,874	187,675	-	960,549
Notes receivable, current	87,740	-	-	87,740
Due from other governments	-	-	345,946	345,946
Due from other funds	-	41,912	-	41,912
Prepays	726,253	1,214	15	727,482
Inventory	238,638	-	-	238,638
Total current assets	<u>7,748,686</u>	<u>551,652</u>	<u>514,649</u>	<u>8,814,987</u>
Noncurrent assets				
Notes receivable, long-term	191,180	-	-	191,180
Capital assets, non-depreciable	969,621	-	-	969,621
Capital assets, net	25,120,970	-	450,499	25,571,469
Total noncurrent assets	<u>26,281,771</u>	<u>-</u>	<u>450,499</u>	<u>26,732,270</u>
Total assets	<u>34,030,457</u>	<u>551,652</u>	<u>965,148</u>	<u>35,547,257</u>
Deferred outflows of resources				
Deferred outflows - pension	110,596	-	152,727	263,323
Deferred charge on refunding	38,662	-	-	38,662
Total deferred outflows of resources	<u>149,258</u>	<u>-</u>	<u>152,727</u>	<u>301,985</u>
Liabilities				
Current liabilities				
Accounts payable	293,282	183,567	13,738	490,587
Notes payable	78,165	-	-	78,165
Bonds payable	419,000	-	-	419,000
Accrued liabilities	9,360	-	13,422	22,782
Due to other funds	899,574	-	10,306	909,880
Liabilities payable from restricted assets				
Accrued interest	39,583	-	-	39,583
Customer deposits payable	194,175	-	42,726	236,901
Total current liabilities	<u>1,933,139</u>	<u>183,567</u>	<u>80,192</u>	<u>2,196,898</u>
Noncurrent liabilities				
Notes payable, net of current portion	1,151,062	-	-	1,151,062
Bonds payable, net of current portion	2,015,000	-	-	2,015,000
Net pension liability	282,222	-	389,732	671,954
Total non-current liabilities	<u>3,448,284</u>	<u>-</u>	<u>389,732</u>	<u>3,838,016</u>
Total liabilities	<u>5,381,423</u>	<u>183,567</u>	<u>469,924</u>	<u>6,034,914</u>
Deferred inflows of resources				
Deferred inflows - pension	3,185	-	4,397	7,582
Net position				
Net investment in capital assets	22,466,026	-	450,499	22,916,525
Restricted for debt service	88,120	-	-	88,120
Unrestricted	6,240,961	368,085	193,055	6,802,101
Total net position	<u>\$ 28,795,107</u>	<u>\$ 368,085</u>	<u>\$ 643,554</u>	<u>\$ 29,806,746</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, 2020**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Operating revenues				
Charges for services	\$ 3,283,202	\$ 1,093,459	\$ 612,760	\$ 4,989,421
Miscellaneous	251,511	25,669	9,786	286,966
Total operating revenues	<u>3,534,713</u>	<u>1,119,128</u>	<u>622,546</u>	<u>5,276,387</u>
Operating expenses				
Personnel services and benefits	274,238	-	398,460	672,698
General and administrative	1,872,865	990,071	191,738	3,054,674
Depreciation	1,406,651	-	28,202	1,434,853
Total operating expenses	<u>3,553,754</u>	<u>990,071</u>	<u>618,400</u>	<u>5,162,225</u>
Operating income (loss)	<u>(19,041)</u>	<u>129,057</u>	<u>4,146</u>	<u>114,162</u>
Nonoperating revenues (expenses)				
Investment earnings	65,943	1,670	2,371	69,984
Interest expense	(97,442)	-	-	(97,442)
Total nonoperating revenues (expenses)	<u>(31,499)</u>	<u>1,670</u>	<u>2,371</u>	<u>(27,458)</u>
Income (loss) before capital contributions and transfers	(50,540)	130,727	6,517	86,704
Capital contributions	-	-	346,069	346,069
Transfers out	<u>(160,430)</u>	<u>(147,500)</u>	<u>-</u>	<u>(307,930)</u>
Changes in net position	(210,970)	(16,773)	352,586	124,843
Total net position, beginning of year	29,006,077	384,858	290,968	29,681,903
Total net position, end of year	<u>\$ 28,795,107</u>	<u>\$ 368,085</u>	<u>\$ 643,554</u>	<u>\$ 29,806,746</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, 2020**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Cash flows from operating activities				
Cash received from customers	\$ 3,612,244	\$ 1,093,843	\$ 624,712	\$ 5,330,799
Cash paid to suppliers for goods and services	(1,655,087)	(808,099)	(180,859)	(2,644,045)
Cash paid to employees for services and benefits	(274,238)	-	(298,474)	(572,712)
Net cash provided by operating activities	<u>1,682,919</u>	<u>285,744</u>	<u>145,379</u>	<u>2,114,042</u>
Cash flows from noncapital financing activities				
Transfer to other funds	(160,430)	(147,500)	-	(307,930)
Net cash used in noncapital financing activities	<u>(160,430)</u>	<u>(147,500)</u>	<u>-</u>	<u>(307,930)</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(89,980)	-	(330,469)	(420,449)
Principal paid on notes payable	(78,216)	-	-	(78,216)
Principal paid on bonds payable	(410,000)	-	-	(410,000)
Interest paid	(95,257)	-	-	(95,257)
Net cash used in capital and related financing activities	<u>(673,453)</u>	<u>-</u>	<u>(330,469)</u>	<u>(1,003,922)</u>
Cash flows from investing activities				
Purchase of investments	(712)	(7)	-	(719)
Interest received	65,943	1,670	2,371	69,984
Net cash provided by investing activities	<u>65,231</u>	<u>1,663</u>	<u>2,371</u>	<u>69,265</u>
Net change in cash and cash equivalents	914,267	139,907	(182,719)	871,455
Cash and cash equivalents, beginning of year	<u>4,948,317</u>	<u>180,332</u>	<u>351,284</u>	<u>5,479,933</u>
Cash and cash equivalents, end of year	<u>\$ 5,862,584</u>	<u>\$ 320,239</u>	<u>\$ 168,565</u>	<u>\$ 6,351,388</u>
Cash and cash equivalents classified as				
Cash and cash equivalents	\$ 5,540,706	\$ 320,239	\$ 168,688	\$ 6,029,633
Restricted cash and cash equivalents	321,878	-	-	321,878
Total cash and cash equivalents	<u>\$ 5,862,584</u>	<u>\$ 320,239</u>	<u>\$ 168,688</u>	<u>\$ 6,351,511</u>

(Continued)

CITY OF CRYSTAL RIVER, FLORIDA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Major Funds			Total
	Water and Sewer	Sanitation	Three Sisters	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (19,041)	\$ 129,057	\$ 4,146	\$ 114,162
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,406,651	-	28,202	1,434,853
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(10,932)	(25,285)	-	(36,217)
Notes receivable	81,258	-	-	81,258
Due from other funds	(175)	-	-	(175)
Prepays	(10,231)	(1,214)	2,166	(9,279)
Deferred outflows - pension	(54,993)	-	(66,712)	(121,705)
Inventory	(40,762)	-	-	(40,762)
Increase (decrease) in liabilities:				
Accounts payable	183,894	183,186	10,879	377,959
Accrued liabilities	4,320	-	4,120	8,440
Net pension liability	141,512	-	172,060	313,572
Deferred inflows - pension	(5,787)	-	(9,482)	(15,269)
Customer deposits	7,205	-	-	7,205
Net cash provided by operating activities	<u>\$ 1,682,919</u>	<u>\$ 285,744</u>	<u>\$ 145,379</u>	<u>\$ 2,114,042</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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Blended Component Unit

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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.

The following are reported as major proprietary funds:

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

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

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

The City also reports the following fund type:

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

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

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

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

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

D. Deposits and Investments

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

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

CITY OF CRYSTAL RIVER, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Deposits and Investments – Continued

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

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

E. Receivables

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

F. Inventory and Prepaid Items

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

G. Interfund Receivables/Payables

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

H. Capital Assets

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended September 30, 2020, no interest was capitalized.

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Capital Assets – Continued

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

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

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, 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, 2020

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.

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.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Net Position/Fund Balance Classification – Continued

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

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

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

M. Property Taxes

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

The value of all taxable property is assessed as of January 1. The City Council levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the City, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2020. No accrual for the property tax levy becoming due in November of 2020, 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, 2020

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, 2020, 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	\$ 161,743
Certificates of deposit	3 to 12 months	N/A	2,202,840
			<u>\$ 2,364,583</u>

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

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

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, 2020, the City had no uncollateralized deposits as defined by GASB pronouncements.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Improvements Fund	Water and Sewer Fund	Sanitation Fund	Total
Receivables					
Accounts	\$ 1,915,461	\$ 13,540	\$ 1,273,691	\$ 262,533	\$ 3,465,225
Notes	-	-	278,920	-	278,920
Less allowance for uncollectible receivables	(1,397,350)	-	(500,817)	(74,858)	(1,973,025)
	<u>\$ 518,111</u>	<u>\$ 13,540</u>	<u>\$ 1,051,794</u>	<u>\$ 187,675</u>	<u>\$ 1,771,120</u>

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 2,952,789	\$ -	\$ -	\$ -	\$ 2,952,789
Construction in progress	2,774,696	1,338,713	-	(663,689)	3,449,720
Total assets not being depreciated	<u>5,727,485</u>	<u>1,338,713</u>	<u>-</u>	<u>(663,689)</u>	<u>6,402,509</u>
Capital assets being depreciated					
Buildings and improvements	8,569,675	132,895	-	-	8,702,570
Equipment and vehicles	3,075,498	29,519	(145,700)	421,998	3,381,315
Infrastructure	7,754,395	-	-	241,691	7,996,086
Total assets being depreciated	<u>19,399,568</u>	<u>162,414</u>	<u>(145,700)</u>	<u>663,689</u>	<u>20,079,971</u>
Less accumulated depreciation					
Buildings and improvements	(2,795,544)	(317,600)	-	-	(3,113,144)
Equipment and vehicles	(2,656,605)	(246,659)	131,130	-	(2,772,134)
Infrastructure	(3,075,535)	(261,406)	-	-	(3,336,941)
Total accumulated depreciation	<u>(8,527,684)</u>	<u>(825,665)</u>	<u>131,130</u>	<u>-</u>	<u>(9,222,219)</u>
Total assets depreciated, net	<u>10,871,884</u>	<u>(663,251)</u>	<u>(14,570)</u>	<u>663,689</u>	<u>10,857,752</u>
Governmental activities, net	<u>\$ 16,599,369</u>	<u>\$ 675,462</u>	<u>\$ (14,570)</u>	<u>\$ -</u>	<u>\$ 17,260,261</u>

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 – CAPITAL ASSETS – CONTINUED

Business-type activities

Capital assets not being depreciated

Land	\$ 616,898	\$ -	\$ -	\$ -	\$ 616,898
Construction in progress	319,313	420,449	-	(387,039)	352,723
Total assets not being depreciated	936,211	420,449	-	(387,039)	969,621

Capital assets being depreciated

Buildings and improvements	22,177,733	-	-	-	22,177,733
Equipment and vehicles	8,196,413	-	-	-	8,196,413
Infrastructure	17,994,809	-	-	387,039	18,381,848
Total assets being depreciated	48,368,955	-	-	387,039	48,755,994

Less accumulated depreciation

Buildings and improvements	(12,308,417)	(659,653)	-	-	(12,968,070)
Equipment and vehicles	(6,667,670)	(251,088)	-	-	(6,918,758)
Infrastructure	(2,773,585)	(524,112)	-	-	(3,297,697)
Total accumulated depreciation	(21,749,672)	(1,434,853)	-	-	(23,184,525)
Total assets depreciated, net	26,619,283	(1,434,853)	-	387,039	25,571,469
Business-type activities, net	\$ 27,555,494	\$ (1,014,404)	\$ -	\$ -	\$ 26,541,090

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

Governmental Activities

General government	\$ 44,328
Public safety	60,545
Culture and recreation	644,426
Highways and streets	32,171
Economic development	44,195
Total depreciation expense, governmental activities	\$ 825,665

Business-type activities

Water and sewer	\$ 1,406,651
Three Sisters	28,202
Total depreciation expense, business-type activities	\$ 1,434,853

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2020:

	<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	\$ 3,443,547	\$ -	\$ (231,802)	\$ 3,211,745	\$ 241,692
Total OPEB liability	270,466	31,592	(97,084)	204,974	-
Net pension liability	1,904,321	1,244,609	(588,438)	2,560,492	-
Compensated absences	141,542	145,776	(151,015)	136,303	88,597
Total governmental activities	<u>\$ 5,759,876</u>	<u>\$ 1,421,977</u>	<u>\$ (1,068,339)</u>	<u>\$ 6,113,514</u>	<u>\$ 330,289</u>
Business-type activities					
Bonds payable	\$ 2,844,000	\$ -	\$ (410,000)	\$ 2,434,000	\$ 419,000
Notes payable from direct borrowings	1,307,443	-	(78,216)	1,229,227	78,165
Net pension liability	358,382	330,845	(17,273)	671,954	-
Total business-type activities	<u>\$ 4,509,825</u>	<u>\$ 330,845</u>	<u>\$ (505,489)</u>	<u>\$ 4,335,181</u>	<u>\$ 497,165</u>

Long-term debt payable as of September 30, 2020, 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.

Total bonds payable

\$ 2,434,000
\$ 2,434,000

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

\$ 3,211,745

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.

\$ 393,439

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.

434,303

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.

401,485

Total business-type notes payable

\$ 1,229,227

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 – LONG-TERM DEBT – CONTINUED

The annual debt service payments required on outstanding debt at September 30, 2020, are as follows:

Fiscal Year	Revenue Bonds, Series 2012			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
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	462,000	13,866	475,866	86,659	22,906	109,565
2026-2030	233,000	2,784	235,784	468,473	79,352	547,825
2031-2035	-	-	-	348,970	19,277	368,247
	<u>\$ 2,434,000</u>	<u>\$ 177,986</u>	<u>\$ 2,611,986</u>	<u>\$ 1,229,227</u>	<u>\$ 234,670</u>	<u>\$ 1,463,897</u>

Fiscal Year	Community Redevelopment Agency Note		
	Principal	Interest	Total
2021	\$ 241,692	\$ 131,120	\$ 372,812
2022	252,004	120,808	372,812
2023	262,756	110,056	372,812
2024	273,967	98,845	372,812
2025	285,656	87,156	372,812
2026-2030	1,621,834	242,223	1,864,057
2031-2035	273,836	5,771	279,607
	<u>\$ 3,211,745</u>	<u>\$ 795,979</u>	<u>\$ 4,007,724</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2020, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 447,816
General Fund	Three Sisters Fund	10,306
Nonmajor Governmental Funds	Water and Sewer Fund	400
Capital Improvements Fund	Water and Sewer Fund	409,446
Sanitation Fund	Water and Sewer Fund	41,912
		<u>\$ 909,880</u>

CITY OF CRYSTAL RIVER, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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	750,000
		<u>\$ 1,074,814</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.

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.

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 – PENSION PLANS – CONTINUED

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, 2019 through June 30, 2020, and July 1, 2020 through September 30, 2020, were as follows: Regular Class 8.47% and 10.00%, Senior Management 25.41% and 27.29%, Special Risk Employee Class 25.48% and 24.45%, Elected Officials 48.82% and 49.18%, and DROP Participants 14.60% and 16.98%.

The City's contributions for the year ended September 30, 2020, were \$161,076 to FRS and \$20,969 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. 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.

	FRS	HIS	Total
Net pension liability	\$ 2,665,028	\$ 567,418	\$ 3,232,446
Proportion at:			
Current measurement date	0.00614891%	0.00464722%	
Prior measurement date	0.00525489%	0.00404857%	
Pension expense (benefit)	\$ 659,215	\$ 73,178	\$ 732,393

As of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS		Totals	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 101,996	\$ -	\$ 23,211	\$ 438	\$ 125,207	\$ 438
Change of assumptions	482,455	-	61,014	32,993	543,469	32,993
Net difference between projected and actual earnings on Pension Plan investments	158,678	-	453	-	159,131	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	279,118	-	98,844	3,043	377,962	3,043
City Pension Plan contributions subsequent to the measurement date	54,777	-	6,172	-	60,949	-
Total	\$ 1,077,024	\$ -	\$ 189,694	\$ 36,474	\$ 1,266,718	\$ 36,474

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 – PENSION PLANS – CONTINUED

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021. 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:	FRS	HIS
2021	\$ 210,660	\$ 40,696
2022	328,091	30,188
2023	278,876	8,249
2024	166,713	19,155
2025	37,906	26,082
Thereafter	-	22,678

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2020, was determined by an actuarial valuation dated July 1, 2020, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

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, 2020, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.9% to 6.8%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

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	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
	100.0%			
Assumed Inflation - Mean			2.4%	1.7%

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 – PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.80%. 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 2.21% 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 (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
City's proportionate share of the net pension liability	\$ 4,255,602	\$ 2,665,028	\$ 1,336,574	\$ 655,910	\$ 567,418	\$ 494,988

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, 2020, 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, 2020.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

B. Plan Membership

Membership of the OPEB Plan consisted of the following at September 30, 2020, the date of the latest actuarial valuation:

Inactive employees and beneficiaries, receiving benefits	12
Active employees	37
	49

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

C. Contributions

The City has elected to fund the OPEB Plan on a “pay as you go” basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The City is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. For the year ended September 30, 2020, the City contributed \$11,248 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, 2019, and was determined by an actuarial valuation as of October 1, 2018, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the October 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.58%
Salary increases:	3.00%
Cost of living adjustments:	In accordance with healthcare cost trend rates
Healthcare cost trend rate:	7.00% - 5.00%, ultimate trend in 2023
Participation rate:	75% single coverage and 25% single and spouse coverage

Mortality rates were based on the PUB-2010 Combined Mortality Table, with full generational improvements in mortality using Scale MP-2017.

The actuarial assumptions used in the September 30, 2019, valuation were based on the results of an actuarial experience study for the period 2008-2012.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.58%. 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, 2020, were as follows:

	Total OPEB Liability
Balances at September 30, 2019	\$ 270,466
Changes for the year:	
Service cost	21,345
Interest	10,247
Experience differences	(21,019)
Assumption changes	(64,817)
Benefit payments	(11,248)
Net changes	(65,492)
Balance at September 30, 2020	<u>\$ 204,974</u>

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

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate 3.58%	1% Increase (4.58%)
Total OPEB liability	\$ 230,806	\$ 204,974	\$ 184,058

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

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6% decreasing to 4%) or 1-percentage point higher (8% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 4%)	Discount Rate (7% decreasing to 5%)	1% Increase (8% decreasing to 6%)
Total OPEB liability	\$ 196,315	\$ 204,974	\$ 215,104

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

For the year ended September 30, 2020, the City recognized OPEB expense of (\$65,492). In addition, the City reported deferred outflows of resources and deferred in flows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 77,710
Changes in expected and actual experience	-	18,520
Contributions subsequent to the measurement date	9,320	-
Totals	\$ 9,320	\$ 96,230

The deferred outflows of resources related to the OPEB Plan, totaling \$9,320 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, 2021. 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:	
2021	\$ (17,072)
2022	(17,072)
2023	(17,074)
2024	(10,206)
2025	(10,206)
Thereafter	(24,600)
Total	\$ (96,230)

CITY OF CRYSTAL RIVER, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, the monthly fee was \$120,783. 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 \$991,256 during the year ended September 30, 2020.

NOTE 13 – CONSTRUCTION COMMITMENTS

The City has active construction commitments on various projects in the approximate amount of \$2.5 million as of September 30, 2020.

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated all subsequent events through June 25, 2021, the date the financial statements were available to be issued.

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	9/30/2020 6/30/2020	9/30/2019 6/30/2019	9/30/2018 6/30/2018	9/30/2017 6/30/2017
City's proportion of the FRS net pension liability	0.00614891%	0.00525489%	0.004972746%	0.004886759%
City's proportionate share of the FRS net pension liability	\$ 2,665,028	\$ 1,809,710	\$ 1,497,817	\$ 1,445,967
City's covered payroll	\$ 1,612,907	\$ 1,354,012	\$ 1,308,467	\$ 1,233,491
City's proportionate share of the pension liability as a percentage of its covered payroll	165.23%	133.66%	114.47%	117.23%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%
Reporting period ending Measurement date	9/30/2016 6/30/2016	9/30/2015 6/30/2015	9/30/2014 6/30/2014	
City's proportion of the FRS net pension liability	0.004517327%	0.004048011%	0.003132361%	
City's proportionate share of the FRS net pension liability	\$ 1,140,629	\$ 522,855	\$ 191,120	
City's covered payroll	\$ 1,146,105	\$ 966,759	\$ 919,962	
City's proportionate share of the pension liability as a percentage of its covered payroll	99.52%	54.08%	20.77%	
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.88%	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>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Contractually required FRS contribution	\$ 161,076	\$ 170,238	\$ 144,979	\$ 127,214	\$ 110,162
FRS contributions in relation to the contractually required FRS contribution	<u>161,076</u>	<u>170,238</u>	<u>144,979</u>	<u>127,214</u>	<u>110,162</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,634,663	\$ 1,412,818	\$ 1,305,426	\$ 1,308,467	\$ 1,233,491
FRS contributions as a percentage of covered payroll	9.85%	12.05%	11.11%	9.72%	8.93%
Reporting period ending	<u>9/30/2015</u>	<u>9/30/2014</u>			
Contractually required FRS contribution	\$ 98,694	\$ 68,612			
FRS contributions in relation to the contractually required FRS contribution	<u>98,694</u>	<u>68,612</u>			
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
Covered payroll	\$ 1,146,105	\$ 966,759			
FRS contributions as a percentage of covered payroll	8.61%	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>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>
City's proportion of the HIS net pension liability	0.00464722%	0.00404857%	0.004006128%	0.004051647%
City's proportionate share of the HIS net pension liability	\$ 567,418	\$ 452,993	\$ 424,013	\$ 433,221
City's covered payroll	\$ 1,612,907	\$ 1,354,012	\$ 1,308,467	\$ 1,308,467
City's proportionate share of the pension liability as a percentage of its covered payroll	35.18%	33.46%	32.41%	33.11%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%
Reporting period ending Measurement date	<u>9/30/2016</u> <u>6/30/2016</u>	<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	0.003772839%	0.003027934%	0.002559239%	
City's proportionate share of the HIS net pension liability	\$ 439,710	\$ 308,802	\$ 239,295	
City's covered payroll	\$ 1,233,491	\$ 966,759	\$ 919,962	
City's proportionate share of the pension liability as a percentage of its covered payroll	35.65%	31.94%	26.01%	
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.97%	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 INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Contractually required HIS contribution	\$ 20,969	\$ 23,327	\$ 21,675	\$ 21,442	\$ 19,338
HIS contributions in relation to the contractually required HIS contribution	<u>20,969</u>	<u>23,327</u>	<u>21,675</u>	<u>21,442</u>	<u>19,338</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll HIS contributions as a percentage of covered payroll	\$ 1,634,663 1.28%	\$ 1,412,818 1.65%	\$ 1,305,426 1.66%	\$ 1,308,467 1.64%	\$ 1,233,491 1.57%
Reporting period ending	<u>9/30/2015</u>	<u>9/30/2014</u>			
Contractually required HIS contribution	\$ 11,575	\$ 8,767			
HIS contributions in relation to the contractually required HIS contribution	<u>11,575</u>	<u>8,767</u>			
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
Covered payroll HIS contributions as a percentage of covered payroll	\$ 1,146,105 1.01%	\$ 966,759 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>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 21,345	\$ 18,269	\$ 18,904
Interest	10,247	10,990	8,072
Experience differences	(21,019)	-	-
Assumption changes	(64,817)	(34,332)	-
Benefit payments	(11,248)	(16,102)	(9,400)
Net change in total OPEB liability	<u>(65,492)</u>	<u>(21,175)</u>	<u>17,576</u>
Total OPEB liability - beginning	<u>270,466</u>	<u>291,641</u>	<u>274,065</u>
Total OPEB liability - ending	<u>\$ 204,974</u>	<u>\$ 270,466</u>	<u>\$ 291,641</u>
Covered-employee payroll	\$ 1,199,673	\$ 951,649	\$ 951,649
Total OPEB liability as a percentage of covered employee payroll	17.1%	28.4%	30.6%

Notes to the Schedule:

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

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

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, 2020**

	<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>	
Assets				
Cash and cash equivalents	\$ 22,519	\$ 5,626	\$ 43,691	\$ 71,836
Due from other funds	400	-	-	400
Total assets	<u>\$ 22,919</u>	<u>\$ 5,626</u>	<u>\$ 43,691</u>	<u>\$ 72,236</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	43,564	43,564
Total liabilities	<u>-</u>	<u>-</u>	<u>43,564</u>	<u>43,564</u>
Fund balances				
Restricted				
Community development	\$ -	\$ 5,626	-	\$ 5,626
Public safety	22,919	-	127	23,046
Total fund balances	<u>22,919</u>	<u>5,626</u>	<u>127</u>	<u>28,672</u>
Total liabilities and fund balances	<u>\$ 22,919</u>	<u>\$ 5,626</u>	<u>\$ 43,691</u>	<u>\$ 72,236</u>

**CITY OF CRYSTAL RIVER, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Public Safety Expansion</u>	<u>Buy A Brick</u>	<u>Impact Fees</u>	
Revenues				
Impact fees	\$ 1,400	\$ -	\$ -	\$ 1,400
Investment earnings	-	-	127	127
Total revenues	<u>1,400</u>	<u>-</u>	<u>127</u>	<u>1,527</u>
Expenditures				
Current				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,400	-	127	1,527
Fund balances, beginning	<u>21,519</u>	<u>5,626</u>	<u>-</u>	<u>27,145</u>
Fund balances, ending	<u>\$ 22,919</u>	<u>\$ 5,626</u>	<u>\$ 127</u>	<u>\$ 28,672</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, 2020, 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 25, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 25, 2021

CITY OF CRYSTAL RIVER, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

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

Significant deficiencies identified not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes 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, 2020.

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, 2020, and have issued our report thereon dated June 25, 2021.

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 25, 2021, 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 condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by 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 25, 2021





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, 2020. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

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 25, 2021

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC". The signature is written in black ink and is positioned to the right of the date and location.

THIS PAGE INTENTIONALLY LEFT BLANK