

CITY OF AVON PARK, FLORIDA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2023



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Park, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Infrastructure Fund, CRA Fund, and CDBG Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Firefighters' pension trust fund, which represent 54%, 58%, and 61%, respectively, of the assets, net position, and revenues of the aggregate remaining fund information as of September 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Firefighters' pension trust fund, is based solely on the report of the other auditors.

Basis for Opinions

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

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, 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 City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
September 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The management of the City of Avon Park (the City) offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by \$67.1 million (net position). Of this amount, \$37.2 million represented the City's net investment in capital assets, and \$11.0 million was restricted by laws or capital projects. The remaining \$18.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$5.7 million from its current year activity, of which \$4.3 million was an increase from governmental activities, and \$1.4 was an increase from business-type activities.
- As of September 30, 2023, the City reported combined governmental ending fund balances of \$20.4 million, an increase of \$4.2 million from the prior year. In addition, the City reported a combined proprietary fund net position of \$39.7 million, an increase of \$1.4 million from the prior year.
- On September 30, 2023, unassigned fund balance (the City's Reserves) for the general fund was \$10.0 million, or 131% of total general fund expenditures compared to 100% in the prior year. By policy, the City is only required to keep reserves of 20%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

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 private-sector businesses.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 reported in this statement for some items may result in cash flows for future fiscal periods.

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Both government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, transportation, culture and recreation, and economic environment. Business-type activities of the City include water and sewer, airport, and solid waste activities.

The government-wide financial statements can be found by referencing the table of contents of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts used to maintain control over resources 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 three categories: Governmental Funds, Proprietary Funds, and Fiduciary 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 government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains four 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, Infrastructure Fund, CRA Fund (Main Street, South Side, and Airport), and Community Development Block Grant (CDBG) fund. The General Fund, Infrastructure Fund, and CRA Fund are considered major funds.

The City adopts an annual appropriated budget for its General Fund, Infrastructure Fund, CRA Fund, and CDBG Fund. A budgetary comparison statement has been provided for the General Fund, Infrastructure Fund, CRA Fund, and CDBG Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found by referencing the table of contents of this report.

Proprietary Funds. The City of Avon Park maintains three proprietary funds. Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses proprietary funds to account for its water and sewer, airport, and solid waste operations.

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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 and sewer operations, airport operations and solid waste operations, all considered major funds of the City. The basic proprietary fund financial statements can be found by referencing the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found by referencing the table of contents of this report.

Notes to Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found by referencing the table of contents of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found by referencing the table of contents of this report.

Government-Wide Financial Analysis

Statement of Net Position:

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 exceeded liabilities and deferred inflows by \$67.1 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$37.3 million (55%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt, if any, used to acquire those assets still outstanding. The City used these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position, \$11.0 million (16%), represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$18.9 million (28%).

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The following table reflects a condensed statement of net position for the current year as compared to the prior year. For more detailed information, see the statement of net position by referencing the table of contents of this report.

CITY OF AVON PARK'S NET POSITION (SUMMARY)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 21,928,462	\$ 17,442,208	\$ 16,121,869	\$ 19,384,126	\$ 38,050,331	\$ 36,826,334
Capital Assets	8,484,140	8,147,167	28,882,046	26,959,261	37,366,186	35,106,428
Total Assets	30,412,602	25,589,375	45,003,915	46,343,387	75,416,517	71,932,762
Deferred Outflows of Resources	3,106,027	1,480,392	632,778	581,960	3,738,805	2,062,352
Long-Term Liabilities						
Outstanding	4,565,621	1,142,389	2,021,223	1,540,882	6,586,844	2,683,271
Other Liabilities	493,685	428,840	1,914,192	4,923,382	2,407,877	5,352,222
Total Liabilities	5,059,306	1,571,229	3,935,415	6,464,264	8,994,721	8,035,493
Deferred Inflows of Resources	1,074,980	2,444,262	1,974,656	2,096,090	3,049,636	4,540,352
Net Position:						
Net Investment in Capital Assets	8,433,584	8,078,853	28,804,678	26,748,667	37,238,262	34,827,520
Restricted	10,062,019	9,120,295	960,563	265,967	11,022,582	9,386,262
Unrestricted	8,888,740	5,855,128	9,961,381	11,350,359	18,850,121	17,205,487
Total Net Position	\$ 27,384,343	\$ 23,054,276	\$ 39,726,622	\$ 38,364,993	\$ 67,110,965	\$ 61,419,269

Governmental Activities. For the current year, total assets increased \$4,823,227 or 19%; deferred outflows of resources increased \$1,625,635 or 110%; total liabilities increased \$3,488,077 or 222%; deferred inflows of resources decreased \$1,369,282 or 56%; resulting in an increase to net position of \$4,330,067 or 19%.

The most significant change in total assets include an increase in capital assets of \$336,973 or 4%.

The increase in deferred outflows and deferred inflows represent actuarial differences for pension and other postemployment benefits to be recognized as expenses in future periods and is primarily due to the current year's investment performance of the City's pension plans which were greater than the actuarial projection for the current year and due to changes in the assumed mortality rates for the firefighters pension trust fund.

The significant changes in total liabilities include an increase in net pension liability of \$3,402,870 or 418%. Other liabilities increased \$64,845 or 15%.

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Business-type Activities. For the current year, total assets decreased \$1,339,472 or 3%; deferred outflows of resources increased \$50,818 or 8%; total liabilities decreased \$2,528,849 or 64%; and deferred inflows of resources decreased \$121,434 or 6%, which resulted in an increase to net position of \$1,361,629 or 3%.

Significant changes in total assets include a decrease in total cash of \$3,154,316 or 21% and an increase in due from other governments of 497,905 or 2788%.

Significant changes in total liabilities include increases in long-term liabilities of \$480,341 or 24% and decrease in other liabilities of \$3,009,190 or 157%. The main decrease in other liabilities is in unearned revenue which decreased by \$2,988,296 or 100% and mostly represents American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) that were spent during the current fiscal year.

Statement of Activities:

The following table reflects a condensed statement of activities for the current year as compared to the prior year. For more detailed information, see the statement of activities by referencing the table of contents of this report.

CITY OF AVON PARK'S STATEMENT OF ACTIVITIES (SUMMARY)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for						
Services	\$ 935,645	\$ 897,699	\$ 7,554,737	\$ 7,585,961	\$ 8,490,382	\$ 8,483,660
Operating Grants and Contributions	2,824,768	492,031	-	-	2,824,768	492,031
Capital Grants and Contributions	531,959	130,598	4,487,203	1,115,144	5,019,162	1,245,742
General Revenues:						
Property Taxes	2,139,827	1,115,604	-	-	2,139,827	1,115,604
Other Taxes	3,413,146	3,305,222	-	-	3,413,146	3,305,222
Insurance Recoveries	137,460	238,262	34,505	186,139	171,965	424,401
Other	2,119,156	2,120,266	204,777	127,089	2,323,933	2,247,355
Total Revenues	12,101,961	8,299,682	12,281,222	9,014,333	24,383,183	17,314,015

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

(Continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Total Revenues	\$ 12,101,961	\$ 8,299,682	\$ 12,281,222	\$ 9,014,333	\$ 24,383,183	\$ 17,314,015
Expenses:						
General						
Government	1,117,054	946,539	-	-	1,117,054	946,539
Public Safety	5,483,427	3,924,265	-	-	5,483,427	3,924,265
Transportation	1,855,354	1,575,076	-	-	1,855,354	1,575,076
Culture and Recreation	710,042	576,376	-	-	710,042	576,376
Economic Environment	157,869	232,062	-	-	157,869	232,062
Water and Sewer	-	-	5,156,233	4,586,342	5,156,233	4,586,342
Airport	-	-	1,659,549	1,172,718	1,659,549	1,172,718
Solid Waste	-	-	2,202,819	1,941,937	2,202,819	1,941,937
Total Expenses	9,323,746	7,254,318	9,018,601	7,700,997	18,342,347	14,955,315
Excess (Deficiency)						
Before Transfers	2,778,215	1,045,364	3,262,621	1,313,336	6,040,836	2,358,700
Special Item	(349,140)	-	-	-	(349,140)	-
Transfers	1,900,992	1,201,066	(1,900,992)	(1,201,066)	-	-
Change in						
Net Position	4,330,067	2,246,430	1,361,629	112,270	5,691,696	2,358,700
Net Position -						
Beginning	23,054,276	20,807,846	38,364,993	38,252,723	61,419,269	59,060,569
Net Position -						
Ending	\$ 27,384,343	\$ 23,054,276	\$ 39,726,622	\$ 38,364,993	\$ 67,110,965	\$ 61,419,269

Governmental Activities. The City's governmental activities' change in net position for the year was an increase of \$4,330,067 an improvement of \$2,083,637 compared to the prior year's increase of \$2,246,430. Key components of the improvement compared to the prior year were total revenues increased by \$3,593,768 or 43% while total expenses increased \$2,069,428 or 29%, while transfers increased by \$699,926 or 58% during the year.

The increase in total revenues of \$3,802,279 includes the following significant changes:

- An increase of \$1,024,223 or 92% in property taxes due to increased millage rate and increased property values within the City.
- An increase of \$107,924 or 3% in infrastructure surtax revenue due to increases economic activity within the City increasing the sales subject to the surtax.
- An increase of \$2,332,737 or 474% in operating grants and contributions due to Community Development Block Grant (CDBG) grant revenue of \$128,687 and ARPA grant revenue of \$2,501,610 recognized in 2023.

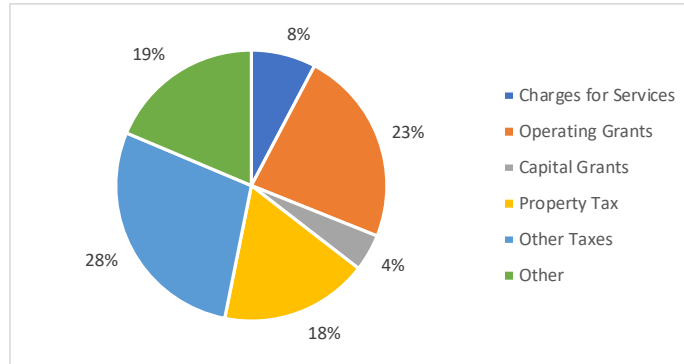
The increase in total expenses of \$2,069,428 includes the following significant changes:

- Public safety expenses increased by \$1,559,162 or 40% mainly due to the amount charged by the Highland County Sheriff's Office to provide law enforcement services.

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The following graphic reflects sources of revenue and charges for services for governmental activities.

Revenue by Source – Governmental Activities



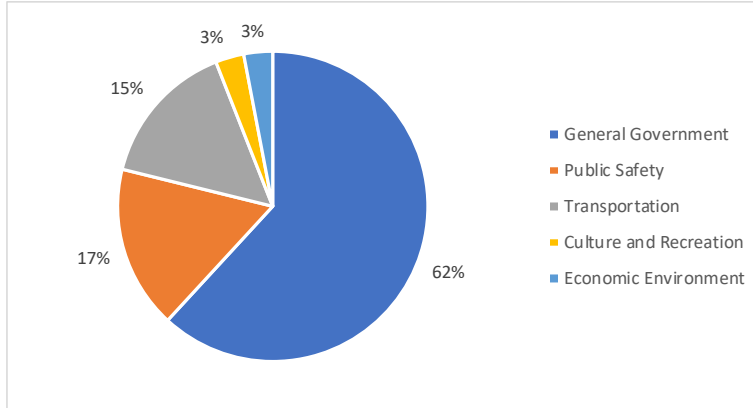
The largest revenue category for the governmental activities is tax revenue (property and other taxes) which account for 46% (53% in the prior year) of governmental activities revenue followed by operating grants totaling 23% (6% in the prior year) and other revenue totaling 19% (28% in the prior year).

Program Revenue increased \$2,772,044 or 182% compared to the prior year activity. Public Safety generated \$695,165 in program revenues/charges for services. The source of this revenue is primarily fire assessments on commercial and residential property. Assessments are charged on a per parcel basis and not property value. Assessments supplement fire department funding and are used as an alternative to property taxes. General Government generated 2,655,055 in program revenue; this is related to \$2.5 million of ARPA revenue in the current year.

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Program revenues and program expenses, by function, are illustrated in the following charts:

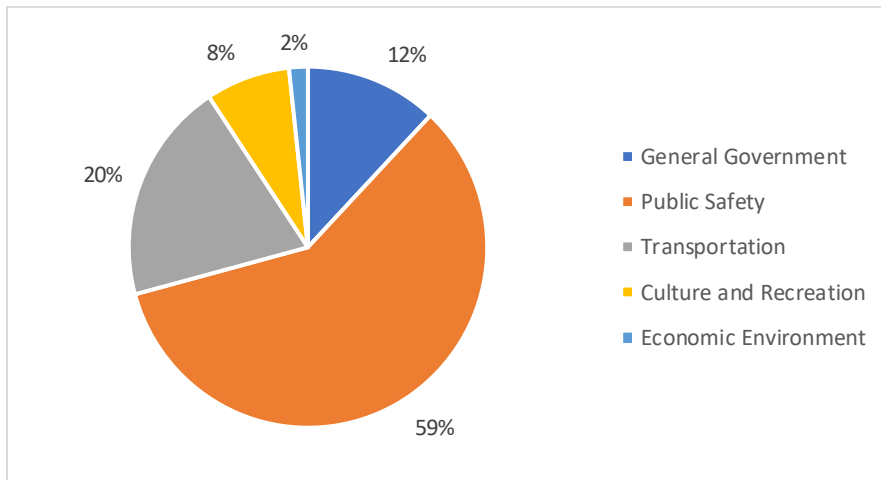
Program Revenue for Governmental Activities



Total expenses for governmental activities increased \$2,069,428 or 29% when compared to the prior year. Significant relationships between program revenues and expenses are as follows:

- General government accounts for 62% of program revenues and 12% of program expenses.
- Public safety accounts for 17% of program revenues and 59% of program expenses.
- Transportation accounts for 15% of program revenues and 20% of program expenses.

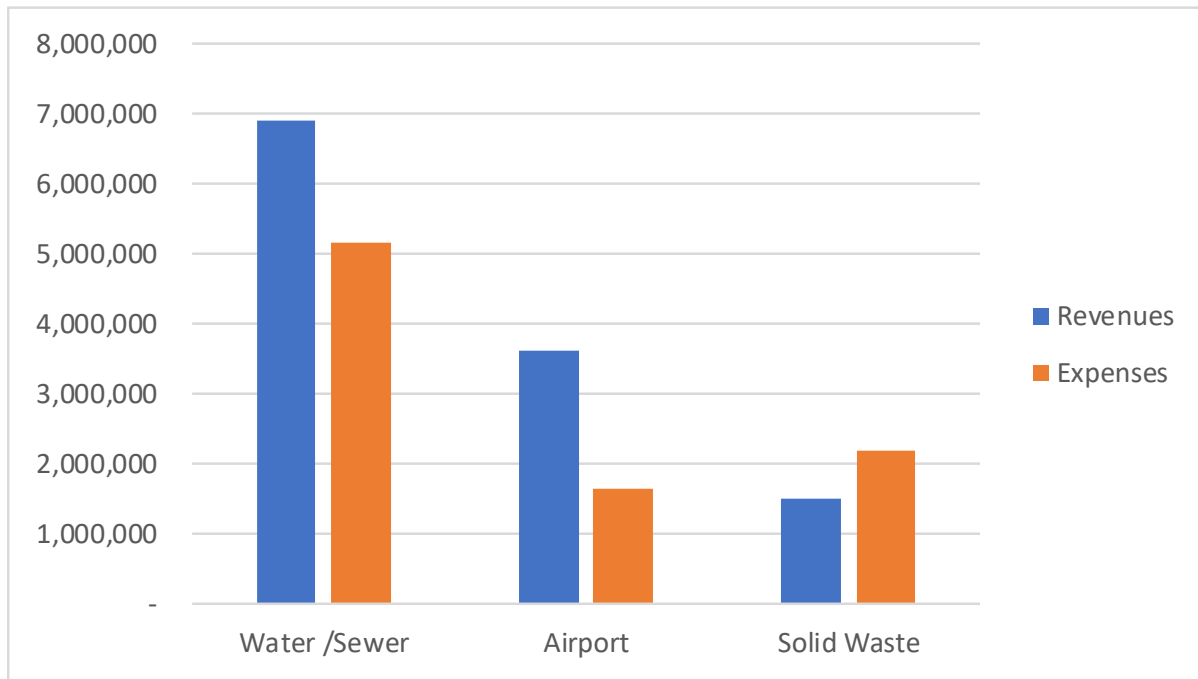
Program Expenses – Governmental Funds



**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Business-type Activities. Business-type activities account for 59% of the City's net position down from 62% in the prior year. Business-type activities include the Water Department Fund, the Airport Fund, and the Solid Waste (Sanitation) Fund. These funds differ from Governmental activities and funds in that Business-Type funds generally charge a fee to users of the service. The Water Fund derives income from water and sewer fees; Solid Waste from service fees; and Airport from facility rentals.

Program Revenues and Expenses – Business-Type Activities



The City's business-type activities had excess revenue before transfers of \$3,262,621, an increase of \$1,949,285 in comparison to the prior year. After transfers, business-type activities increased its net position by \$1,361,629, which was an improvement of \$1,249,359 in comparison to the prior year. Key elements of this change from the prior year were as follows:

The water and sewer fund had operating income of \$425,905 a decrease of \$629,517 compared to the prior year. The fund had a net decrease in operating revenue of \$59,626 or 1%. Personnel costs increased \$392,011 (24%); supply costs increased \$152,653 (8%); and depreciation expense decreased \$25,227 (2%). Overall operating expenses increased \$569,891 (12%).

The Airport Fund had an operating loss of \$1,178,830, a deterioration of \$484,789 when compared to the prior year's loss. Operating revenues increased \$2,042 (less than 0%) and operating expenses increased \$486,831 (42%), supplies expense increased \$473,621 (86%). On a cash flow basis, the Airport Fund had a negative operating cash flow of \$542,709 compared to negative operating cash flow of \$85,790 in the prior year. Because of its large investment in capital assets, the Airport Fund likely will not experience operating income for several years until operating revenues increase to offset the depreciation expense.

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The Solid Waste Fund had an operating loss of \$710,939, which is a deterioration of \$234,522 when compared to the prior year. Operating revenues increased \$26,360 (1.8%) and operating expenses increased \$260,882 (13%) when compared to the prior year. The change in expenses includes increases in personnel costs of \$302,799 (37%), a decrease in materials and supplies of \$33,672 (4%) and a decrease in depreciation of \$8,245 (3%). On a cash flow basis, the Solid Waste Fund had a negative operating cash flow of \$323,792 compared to a negative operating cash flow of \$145,506 in the prior year.

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 \$20,449,602, an increase of \$4,184,934 in comparison to the prior year. The unassigned fund balance of \$9,701,964, or 55% (38% in the prior year), is available for spending at the City's discretion. Note the City assigned \$275,000 of fund balance during the 2019 fiscal year. This assignment is the balance of an insurance settlement for the old fire station. Assigned funds will be used to improve that specific site. \$276,588 is committed to payment of compensated absences. The fund balances of the City's Infrastructure and CRA Funds are restricted in their use.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,043,840 while total fund balance reached \$10,802,713. 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 for the current year and prior year as a percent of total general fund expenditures was 133% and 100%, respectively. The City's fund balance in the general fund for the fiscal year increased \$3,346,091 or 45%.

The fund balance of the City's infrastructure fund increased by \$671,612 during the current fiscal year due to the City spending less than it received in revenues.

Proprietary Funds. The City of Avon Park's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year was \$10,399,679. The Airport and Solid Waste fund's unrestricted net position was (\$424,527) and \$(13,771) respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

Management has the authority to transfer budgeted funds among departments within a fund provided it is less than \$25,000 and the total original appropriation does not increase. The General Fund's budget for 2023 was amended during the year by increasing budgeted expenditures by \$222,858 or a 3% increase. The overall budget variance for expenditures of the General Fund was \$962,919 positive.

The Infrastructure Fund's budget for 2023 was amended during the year by increasing budgeted expenditures by \$467,942 or 19%. For the year, there was an overall favorable budget variance for expenditures in the amount of \$1,502,780. The reason for the favorable variance is because the City has not yet started certain projects it expected to begin and be completed during the current year.

The CRA Fund's budget for 2023 was amended during the year by increasing budgeted expenditures by \$455,140 or 38%. Expenditures were less than budgeted amounts for a favorable expenditure budget variance of \$1,098,781.

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, 2023, net of accumulated depreciation, is \$37,366,186. Capital assets includes land, buildings, water production and distributions systems, wastewater collection and treatment plant, machinery and equipment, park facilities, roads, and curbs and sidewalks. The \$2,259,758 net increase in the City's investment in capital assets for the current fiscal year is the result of several airport renovation projects

**Capital Assets Activity
(net of accumulated depreciation)
As of September 30,**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 403,202	\$ 403,202	\$ 2,349,207	\$ 2,349,207	\$ 2,752,409	\$ 2,752,409
Buildings and System	7,057,729	6,776,622	49,624,493	48,651,711	56,682,222	55,428,333
Machinery and Equipment	4,414,842	3,926,410	9,423,251	9,003,666	13,838,093	12,930,076
Right-to-Use Assets	-	-	-	4,902	-	4,902
Infrastructure	8,917,810	8,618,591	-	-	8,917,810	8,618,591
Construction in Progress	3,000	-	3,057,537	509,266	3,060,537	509,266
Total Capital Assets	20,796,583	19,724,825	64,454,488	60,518,752	85,251,071	80,243,577
Less: Accumulated Depreciation and Amortization	(12,312,443)	(11,577,658)	(35,572,442)	(33,559,491)	(47,884,885)	(45,137,149)
	\$ 8,484,140	\$ 8,147,167	\$ 28,882,046	\$ 26,959,261	\$ 37,366,186	\$ 35,106,428

Additional information on the City's capital assets can be found on Note 4 of the Notes to Financial Statements which can be found by referencing the table of contents of this report.

**CITY OF AVON PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Long-term debt. On September 30, 2023 the City had no formal long-term debt outstanding. During the 2022 year the City's business-type activities borrowed \$23,557 to fund water and sewer fund projects. As of September 30, 2023 \$23,557 was the ending balance on the loan.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic growth in the local economy can be affected by many factors – internal (within the control of local government) and external (outside the control of local government). Some indicators of the health of a local economy are changes in home prices, population, businesses, and new construction. These can affect unemployment rates, revenues, such as property taxes, sales taxes, and charges for services - all indicators of increasing or decreasing local economic activity.

The City continues efforts to stimulate local growth, and attract businesses, by maintaining one of the lowest municipal taxable millage rates within the state of Florida– 4.3681 mills per \$1,000 of valuation for fiscal years 2023 and 2024 and 5 mills per \$1,000 of valuation for fiscal year 2025. Furthermore, the City's taxable value increased by \$28,778,861 which will provide an additional \$449,540 in property tax revenue.

For the 2024-2025 budget cycle, fees for services generally remained unchanged. Charges for services and utility tax budgeted revenues remained the same.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the Office of the City Manager, 110 E. Main Street, Avon Park, Florida 33825.

BASIC FINANCIAL STATEMENT

**CITY OF AVON PARK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 19,848,837	\$ 12,253,077	\$ 32,101,914
Restricted Equity in Pooled Cash and Cash Equivalents	-	960,563	960,563
Receivables, Net	140,023	881,620	1,021,643
Lease Receivables	622,813	1,685,216	2,308,029
Internal Balances	436,288	(436,288)	-
Due from Other Governments	879,492	515,761	1,395,253
Prepaid Items	1,009	-	1,009
Inventory	-	261,920	261,920
Capital Assets:			
Land	403,202	2,349,207	2,752,409
Buildings and System	7,057,729	49,624,493	56,682,222
Equipment	4,414,842	9,423,251	13,838,093
Infrastructure	8,917,810	-	8,917,810
Construction in Progress	3,000	3,057,537	3,060,537
Accumulated Depreciation and Amortization	(12,312,443)	(35,572,442)	(47,884,885)
Total Assets	<u>30,412,602</u>	<u>45,003,915</u>	<u>75,416,517</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	3,106,027	632,778	3,738,805
LIABILITIES			
Accounts Payable and Accrued Liabilities	451,404	511,811	963,215
Deposits	23,492	1,402,381	1,425,873
Unearned Revenue	18,789	-	18,789
Noncurrent Liabilities:			
Net Pension Liability	4,217,577	1,816,796	6,034,373
Total OPEB Liability	71,456	86,944	158,400
Due Within One Year	235,100	95,224	330,324
Due in More than One Year	41,488	22,259	63,747
Total Liabilities	<u>5,059,306</u>	<u>3,935,415</u>	<u>8,994,721</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	361,074	103,404	464,478
Deferred Inflows Related to OPEB	129,518	157,592	287,110
Deferred Inflows Related to Leases	584,388	1,713,660	2,298,048
Total Deferred Inflows of Resources	<u>1,074,980</u>	<u>1,974,656</u>	<u>3,049,636</u>
NET POSITION			
Net Investment in Capital Assets	8,433,584	28,804,678	37,238,262
Restricted for:			
Infrastructure	8,328,269	960,563	9,288,832
Community Redevelopment	1,711,052	-	1,711,052
Other	22,698	-	22,698
Unrestricted	<u>8,888,740</u>	<u>9,961,381</u>	<u>18,850,121</u>
Total Net Position	<u>\$ 27,384,343</u>	<u>\$ 39,726,622</u>	<u>\$ 67,110,965</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

FUNCTIONS/PROGRAMS	Program Revenues				Net Expense (Revenue) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,117,054	\$ 70,774	\$ 2,584,281	\$ -	\$ 1,538,001	\$ -	\$ 1,538,001
Public Safety	5,483,427	727,555	1,800	-	(4,754,072)	-	(4,754,072)
Transportation	1,855,354	119,834	-	531,959	(1,203,561)	-	(1,203,561)
Culture and Recreation	710,042	17,482	110,000	-	(582,560)	-	(582,560)
Economic Environment	157,869	-	128,687	-	(29,182)	-	(29,182)
Total Governmental Activities	<u>9,323,746</u>	<u>935,645</u>	<u>2,824,768</u>	<u>531,959</u>	<u>(5,031,374)</u>	<u>-</u>	<u>(5,031,374)</u>
Business-Type Activities:							
Water and Sewer	5,156,233	5,582,138	-	1,333,735	-	1,759,640	1,759,640
Airport	1,659,549	480,719	-	3,153,468	-	1,974,638	1,974,638
Solid Waste	2,202,819	1,491,880	-	-	-	(710,939)	(710,939)
Total Business-Type Activities	<u>9,018,601</u>	<u>7,554,737</u>	<u>-</u>	<u>4,487,203</u>	<u>-</u>	<u>3,023,339</u>	<u>3,023,339</u>
Total Primary Government	<u>\$ 18,342,347</u>	<u>\$ 8,490,382</u>	<u>\$ 2,824,768</u>	<u>\$ 5,019,162</u>	<u>(5,031,374)</u>	<u>3,023,339</u>	<u>(2,008,035)</u>
GENERAL REVENUES							
Taxes:							
Property					2,139,827	-	2,139,827
Fuel					410,889	-	410,889
Infrastructure Surtax					1,548,504	-	1,548,504
Utility and Communication Services					1,354,271	-	1,354,271
Other					99,482	-	99,482
Franchise Fees					739,832	-	739,832
Unrestricted Intergovernmental Revenue					1,214,905	-	1,214,905
Investment Earnings					145,012	232,582	377,594
Insurance Recoveries					137,460	34,505	171,965
Gain/(Loss) on Sale of Capital Assets					-	(27,805)	(27,805)
Miscellaneous					19,407	-	19,407
Special Item - Loss on Sale of Asset Held for Sale					(349,140)	-	(349,140)
Transfers					1,900,992	(1,900,992)	-
Total General Revenues and Transfers					<u>9,361,441</u>	<u>(1,661,710)</u>	<u>7,699,731</u>
CHANGE IN NET POSITION					4,330,067	1,361,629	5,691,696
Net Position - Beginning of Year					<u>23,054,276</u>	<u>38,364,993</u>	<u>61,419,269</u>
NET POSITION - END OF YEAR					<u>\$ 27,384,343</u>	<u>\$ 39,726,622</u>	<u>\$ 67,110,965</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

ASSETS	<u>General</u>	<u>Infrastructure</u>	<u>CRA</u>	<u>CDBG</u>	<u>Total Governmental Funds</u>
Equity in Pooled Cash and Cash					
Equivalents	\$ 10,080,525	\$ 8,023,824	\$ 1,717,808	\$ 26,680	\$ 19,848,837
Receivables, Net	140,023	-	-	-	140,023
Leases Receivables	622,813	-	-	-	622,813
Due from Other Governments	227,580	256,362	-	395,550	879,492
Due from Other Funds	580,710	-	-	-	580,710
Prepaid Items	1,009	-	-	-	1,009
Advances to Other Funds	183,578	-	-	-	183,578
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 11,836,238</u>	<u>\$ 8,280,186</u>	<u>\$ 1,717,808</u>	<u>\$ 422,230</u>	<u>\$ 22,256,462</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued					
Liabilities	\$ 391,619	\$ 2,473	\$ 6,756	\$ 50,556	\$ 451,404
Due to Other Funds	10,000	-	-	318,000	328,000
Deposits	23,492	-	-	-	23,492
Unearned Revenue	18,789	-	-	-	18,789
Total Liabilities	<u>443,900</u>	<u>2,473</u>	<u>6,756</u>	<u>368,556</u>	<u>821,685</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	5,237	-	-	395,550	400,787
Lease Related	584,388	-	-	-	584,388
Total Deferred Inflows of Resources	<u>589,625</u>	<u>-</u>	<u>-</u>	<u>395,550</u>	<u>985,175</u>
 FUND BALANCES					
Nonspendable:					
Prepaid Items	1,009	-	-	-	1,009
Advances to Other Fund	183,578	-	-	-	183,578
Restricted for:					
Law Enforcement	16,216	-	-	-	16,216
Bouis Fountain	6,482	-	-	-	6,482
Infrastructure	-	8,277,713	-	-	8,277,713
Community Redevelopment	-	-	1,711,052	-	1,711,052
Committed for Compensated Absences	276,588	-	-	-	276,588
Assigned for Capital Improvements	275,000	-	-	-	275,000
Unassigned	10,043,840	-	-	(341,876)	9,701,964
Total Fund Balances	<u>10,802,713</u>	<u>8,277,713</u>	<u>1,711,052</u>	<u>(341,876)</u>	<u>20,449,602</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,836,238</u>	<u>\$ 8,280,186</u>	<u>\$ 1,717,808</u>	<u>\$ 422,230</u>	<u>\$ 22,256,462</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
RECONCILIATION OF THE BALANCE SHEET –GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund Balances - Total Government Funds		\$ 20,449,602
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.</p>		400,787
<p>Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.</p>		
Deferred Outflows of Resources - Pension Related	\$ 3,106,027	
Deferred Inflows of Resources - Pension Related	<u>(361,074)</u>	
		2,744,953
<p>Deferred outflows and inflows of resources related to OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.</p>		
Deferred Inflows of Resources - OPEB Related		(129,518)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Cost of Capital Assets	20,796,583	
Accumulated Depreciation	<u>(12,312,443)</u>	
		8,484,140
<p>Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
OPEB Liability	(71,456)	
Compensated Absences	(276,588)	
Net Pension Liability	<u>(4,217,577)</u>	
		<u>(4,565,621)</u>
Net Position of Governmental Activities		<u>\$ 27,384,343</u>

See accompanying Notes to Financial Statements.

CITY OF AVON PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General	Infrastructure	CRA	CDBG	Total Governmental Funds
REVENUES					
Taxes	\$ 3,504,178	\$ 1,548,504	\$ 500,291	\$ -	\$ 5,552,973
Charges for Services	11,063	-	-	-	11,063
Permits, Fees, and Special Assessment	1,442,722	-	-	-	1,442,722
Intergovernmental	4,161,992	-	-	128,687	4,290,679
Fines and Forfeitures	23,838	-	-	-	23,838
Investment Earnings	92,303	52,710	-	-	145,013
Miscellaneous	97,426	-	-	-	97,426
Total Revenues	<u>9,333,522</u>	<u>1,601,214</u>	<u>500,291</u>	<u>128,687</u>	<u>11,563,714</u>
EXPENDITURES					
Current:					
General Government	939,471	-	-	-	939,471
Public Safety	4,913,617	-	-	-	4,913,617
Transportation	962,547	-	-	-	962,547
Culture and Recreation	513,801	-	-	-	513,801
Economic Environment	-	-	111,299	46,570	157,869
Capital Outlay	347,307	929,602	-	303,878	1,580,787
Total Expenditures	<u>7,676,743</u>	<u>929,602</u>	<u>111,299</u>	<u>350,448</u>	<u>9,068,092</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,656,779	671,612	388,992	(221,761)	2,495,622
OTHER FINANCING SOURCES (USES)					
Insurance Proceeds	137,460	-	-	-	137,460
Transfers In	1,900,992	-	-	-	1,900,992
Total Other Financing Sources	<u>2,038,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,038,452</u>
SPECIAL ITEM					
Loss on Sale of Real Estate for Sale	(349,140)	-	-	-	(349,140)
NET CHANGE IN FUND BALANCES (DEFICITS)	3,346,091	671,612	388,992	(221,761)	4,184,934
Fund Balances (Deficits) - Beginning of Year	<u>7,456,622</u>	<u>7,606,101</u>	<u>1,322,060</u>	<u>(120,115)</u>	<u>16,264,668</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 10,802,713</u>	<u>\$ 8,277,713</u>	<u>\$ 1,711,052</u>	<u>\$ (341,876)</u>	<u>\$ 20,449,602</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

Net Change in Fund Balances - Total Government Funds \$ 4,184,934

Amounts Reported for Governmental Activities in the Statement of Net Position are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 400,787

Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension asset or liability is measured for the police and fire pension plans and for the FRS and HIS plans, a year and three months, respectively, before the City's report date. Pension expense, which is the change in net pension liability adjusted for changes in deferred outflows and inflows related to pension, is reported in the statement of activities.

Adjustments to Pension Expense (602,813)

Governmental funds report capital outlays as expenditures. However in the statement of activities, some of these expenditures are capitalized and depreciated over their estimated useful lives.

Expenditures for Capital Assets that were Capitalized	\$ 1,078,288	
Depreciation Expense	(734,785)	
Less: Net Book Value of Disposed Assets	(6,530)	336,973

Some expense 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 such as:

OPEB Liability	37,279	
Compensated Absences	(27,093)	10,186

Changes in Net Position of Governmental Activities \$ 4,330,067

See accompanying Notes to Financial Statements.

CITY OF AVON PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 3,219,650	\$ 3,237,400	\$ 3,504,178	\$ 266,778
Charges for Services	5,920	5,920	11,063	5,143
Permits, Fees, and Special Assessments	1,313,470	1,313,470	1,442,722	129,252
Intergovernmental	4,269,270	4,303,310	4,161,992	(141,318)
Fines and Forfeitures	31,600	31,600	23,838	(7,762)
Investment Earnings	400	400	92,303	91,903
Miscellaneous	78,200	83,330	97,426	14,096
Total Revenues	<u>8,918,510</u>	<u>8,975,430</u>	<u>9,333,522</u>	<u>358,092</u>
EXPENDITURES				
General Government:				
City Council	75,220	75,220	66,671	8,549
City Manager	541,660	482,440	412,566	69,874
Finance	55,250	71,747	66,928	4,819
Legal Counsel	147,090	137,090	126,748	10,342
Other Governmental Services	414,080	503,094	412,726	90,368
Public Safety:				
Police	2,646,210	2,646,210	2,549,922	96,288
Fire	2,154,320	2,259,471	2,124,899	134,572
Code Enforcement	440,990	344,650	266,375	78,275
Planning and Zoning	43,500	43,500	40,700	2,800
Transportation:				
Street	1,443,600	1,238,311	1,039,739	198,572
Culture/Recreation:				
Parks	751,990	670,039	408,505	261,534
Recreation	114,910	120,760	115,499	5,261
Community Center	33,700	47,130	45,465	1,665
Total Expenditures	<u>8,862,520</u>	<u>8,639,662</u>	<u>7,676,743</u>	<u>962,919</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	55,990	335,768	1,656,779	1,321,011
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	2,000	49,000	137,460	88,460
Transfers In	1,900,000	1,900,000	1,900,992	992
Total Other Financing Sources	<u>1,902,000</u>	<u>1,949,000</u>	<u>2,038,452</u>	<u>89,452</u>
SPECIAL ITEM				
Loss on Sale of Real Estate for Sale	-	-	(349,140)	(349,140)
NET CHANGE IN FUND BALANCE	1,957,990	2,284,768	3,346,091	1,061,323
Fund Balance - Beginning of Year	(1,957,990)	(2,284,768)	7,456,622	9,741,390
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,802,713</u>	<u>\$ 10,802,713</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
INFRASTRUCTURE FUND
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,548,504	\$ 248,504
Investment Earnings	-	-	52,710	52,710
Total Revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,601,214</u>	<u>301,214</u>
EXPENDITURES				
General Government:				
Other Governmental Services	100,000	100,000	5,822	94,178
Public Safety:				
Police	200,340	200,340	200,340	-
Fire	314,100	443,505	173,615	269,890
Transportation:				
Street	800,000	1,111,030	300,535	810,495
Culture/Recreation:				
Parks	550,000	577,507	249,290	328,217
Total Expenditures	<u>1,964,440</u>	<u>2,432,382</u>	<u>929,602</u>	<u>1,502,780</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(664,440)	(1,132,382)	671,612	1,803,994
Fund Balance - Beginning of Year	<u>664,440</u>	<u>1,132,382</u>	<u>7,606,101</u>	<u>6,473,719</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,277,713</u>	<u>\$ 8,277,713</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
CDBG FUND
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 1,564,690	\$ 1,564,690	\$ 128,687	\$ (1,436,003)
EXPENDITURES				
Economic Environment	1,564,690	1,608,270	46,570	1,561,700
Capital Outlay	-	303,878	303,878	-
Total Expenditures	<u>1,564,690</u>	<u>1,912,148</u>	<u>350,448</u>	<u>1,561,700</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	(347,458)	(221,761)	125,697
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>347,458</u>	<u>(120,115)</u>	<u>(467,573)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (341,876)</u>	<u>\$ (341,876)</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
CRA FUND
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 672,460	\$ 672,460	\$ 500,291	\$ (172,169)
EXPENDITURES				
Economic Environment:				
Main Street	474,400	674,400	44,928	629,472
South Side	194,400	329,540	64,028	265,512
Airport	86,140	206,140	2,343	203,797
Total Expenditures	<u>754,940</u>	<u>1,210,080</u>	<u>111,299</u>	<u>1,098,781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(82,480)	(537,620)	388,992	926,612
Fund Balance - Beginning of Year	<u>82,480</u>	<u>537,620</u>	<u>1,322,060</u>	<u>784,440</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,711,052</u></u>	<u><u>\$ 1,711,052</u></u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Business-Type Activities - Enterprise Funds			Total
	Water and Sewer Fund	Airport Fund	Solid Waste Fund	
ASSETS				
Current Assets:				
Equity in Pooled Cash and Cash				
Equivalents	\$ 12,019,096	\$ -	\$ 233,981	\$ 12,253,077
Receivables, Net	789,742	31,004	60,874	881,620
Leases Receivable - Current	-	28,748	-	28,748
Due from Other Governments	-	515,761	-	515,761
Due from Other Funds	-	10,000	-	10,000
Inventories	215,118	46,802	-	261,920
Total Current Assets	<u>13,023,956</u>	<u>632,315</u>	<u>294,855</u>	<u>13,951,126</u>
Noncurrent Assets:				
Equity in Pooled Cash and Cash				
Equivalents Restricted for Impact Fees and Grants	960,563	-	-	960,563
Lease Receivable - Noncurrent	-	1,656,468	-	1,656,468
Advance to Other Funds	-	-	351,460	351,460
Capital Assets:				
Land	1,648,740	700,467	-	2,349,207
Building and System	33,761,426	15,861,212	1,855	49,624,493
Equipment	6,388,604	339,982	2,694,665	9,423,251
Construction in Progress	93,535	2,964,002	-	3,057,537
Accumulated Depreciation and Amortization	<u>(24,703,238)</u>	<u>(8,871,185)</u>	<u>(1,998,019)</u>	<u>(35,572,442)</u>
Capital Assets, Net of				
Accumulated Depreciation and Amortization	<u>17,189,067</u>	<u>10,994,478</u>	<u>698,501</u>	<u>28,882,046</u>
Total Noncurrent Assets	<u>18,149,630</u>	<u>12,650,946</u>	<u>1,049,961</u>	<u>31,850,537</u>
Total Assets	31,173,586	13,283,261	1,344,816	45,801,663
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	422,382	-	210,396	632,778
Total Deferred Outflows of Resources	<u>422,382</u>	<u>-</u>	<u>210,396</u>	<u>632,778</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2023**

	Business-Type Activities - Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Solid Waste Fund	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 252,463	\$ 151,394	\$ 107,954	\$ 511,811
Current Portion - Loans Payable	1,298	-	-	1,298
Due to Other Funds	-	262,710	-	262,710
Compensated Absences	45,902	-	48,024	93,926
Deposits	1,351,873	50,508	-	1,402,381
Total Current Liabilities	<u>1,651,536</u>	<u>464,612</u>	<u>155,978</u>	<u>2,272,126</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	535,038	-	535,038
Long-Term Portion - Loans Payable	22,259	-	-	22,259
Total OPEB Liability	59,070	-	27,874	86,944
Net Pension Liability	1,212,719	-	604,077	1,816,796
Total Noncurrent Liabilities	<u>1,294,048</u>	<u>535,038</u>	<u>631,951</u>	<u>2,461,037</u>
 Total Liabilities	 2,945,584	 999,650	 787,929	 4,733,163
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	69,023	-	34,381	103,404
Deferred Inflows Related to OPEB	107,068	-	50,524	157,592
Deferred Inflows Related to Leases	-	1,713,660	-	1,713,660
Total Deferred Inflows of Resources	<u>176,091</u>	<u>1,713,660</u>	<u>84,905</u>	<u>1,974,656</u>
NET POSITION				
Net Investment in Capital Assets	17,114,051	10,994,478	696,149	28,804,678
Restricted	960,563	-	-	960,563
Unrestricted	10,399,679	(424,527)	(13,771)	9,961,381
 Total Net Position	 <u>\$ 28,474,293</u>	 <u>\$ 10,569,951</u>	 <u>\$ 682,378</u>	 <u>\$ 39,726,622</u>

See accompanying Notes to Financial Statements.

CITY OF AVON PARK, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds			Total
	Water and Sewer Fund	Airport Fund	Solid Waste Fund	
OPERATING REVENUES				
Charges for Services	\$ 5,582,138	\$ 320,791	\$ 1,491,880	\$ 7,394,809
Sales of Fuel	-	159,928	-	159,928
Total Operating Revenues	<u>5,582,138</u>	<u>480,719</u>	<u>1,491,880</u>	<u>7,554,737</u>
OPERATING EXPENSES				
Personal Services	2,057,541	-	1,117,281	3,174,822
Materials, Supplies, Services, and Other Operating Expenses	1,961,293	1,023,777	840,856	3,825,926
Depreciation and Amortization	1,137,399	635,772	244,682	2,017,853
Total Operating Expenses	<u>5,156,233</u>	<u>1,659,549</u>	<u>2,202,819</u>	<u>9,018,601</u>
OPERATING INCOME (LOSS)	425,905	(1,178,830)	(710,939)	(1,463,864)
NONOPERATING REVENUES				
Investment Earnings	158,529	50,699	23,354	232,582
Gain (Loss) from Sale of Capital Assets	10,118	(37,923)	-	(27,805)
Insurance Recoveries	34,077	-	428	34,505
Total Nonoperating Revenues	<u>202,724</u>	<u>12,776</u>	<u>23,782</u>	<u>239,282</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	628,629	(1,166,054)	(687,157)	(1,224,582)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Grants	488,877	3,153,468	-	3,642,345
Capital Contributions - Impact Fees and Capital Contributions	844,858	-	-	844,858
Transfers In	-	-	1,833	1,833
Transfers Out	(1,900,000)	(2,825)	-	(1,902,825)
Total Capital Contributions and Transfers	<u>(566,265)</u>	<u>3,150,643</u>	<u>1,833</u>	<u>2,586,211</u>
CHANGES IN NET POSITION	62,364	1,984,589	(685,324)	1,361,629
Total Net Position - Beginning of Year	<u>28,411,929</u>	<u>8,585,362</u>	<u>1,367,702</u>	<u>38,364,993</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 28,474,293</u>	<u>\$ 10,569,951</u>	<u>\$ 682,378</u>	<u>\$ 39,726,622</u>

See accompanying Notes to Financial Statements.

CITY OF AVON PARK, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 2,620,498	\$ 371,656	\$ 1,486,249	\$ 4,478,403
Cash Paid to Suppliers	(2,207,785)	(914,365)	(839,498)	(3,961,648)
Cash Paid to Employees	(1,799,004)	-	(962,160)	(2,761,164)
Net Cash Provided (Used) by Operating Activities	(1,386,291)	(542,709)	(315,409)	(2,244,409)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) Other Funds	(1,900,000)	(32,797)	16,911	(1,915,886)
Advance from (to) Other Funds	-	262,710		262,710
Proceeds from Noncapital Grant	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,900,000)	229,913	16,911	(1,653,176)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(1,132,582)	(2,835,806)	(10,171)	(3,978,559)
Proceeds from Capital Grants	488,877	2,693,484	-	3,182,361
Proceeds from Sale of Asset	10,118	(37,923)	-	(27,805)
Proceeds from Insurance Claim	34,069	-	429	34,498
Principal paid on lease payable	(1,657)	-	-	(1,657)
Principal paid on notes, bonds and lease obligations	(297)	-	-	(297)
Return of Deposits	37,785	(2,197)	-	35,588
Impact Fees Received	844,858	-	-	844,858
Net Cash Provided (Used) by Capital and Related Financing Activities	281,171	(182,442)	(9,742)	88,987
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest	158,529	50,700	23,353	232,582
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,846,591)	(444,538)	(284,887)	(3,576,016)
Equity in Pooled Cash and Cash Equivalents - Beginning of Year	15,826,250	444,538	518,868	16,789,656
EQUITY IN POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,979,659</u>	<u>\$ -</u>	<u>\$ 233,981</u>	<u>\$ 13,213,640</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Equity in Pooled Cash and Cash Equivalents	\$ 12,019,096	\$ -	\$ 233,981	\$ 12,253,077
Equity in Pooled Cash and Cash Equivalents Restricted for Impact Fees	960,563	-	-	960,563
EQUITY IN POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,979,659</u>	<u>\$ -</u>	<u>\$ 233,981</u>	<u>\$ 13,213,640</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023**

	Business-Type Activities - Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Solid Waste Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 425,905	\$ (1,178,830)	\$ (710,939)	\$ (1,463,864)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	1,137,399	635,772	244,682	2,017,853
Changes in Certain Assets, Deferred Outflows Liabilities, and Deferred Inflows:				
Accounts Receivable	26,654	49,886	(11,722)	64,818
Leases Receivable	-	8,225	-	8,225
Inventories and Prepays	(140,892)	(2,637)	-	(143,529)
Deferred Outflows of Resources	(33,921)	-	(16,896)	(50,817)
Accounts Payable and Accrued Liabilities	(105,597)	43,140	12,795	(49,662)
Compensated Absences	(15,257)	-	4,332	(10,925)
Unearned Revenue	(2,988,296)	-	-	(2,988,296)
Other Postemployment Benefits	1,935	-	3,817	5,752
Net Pension Liability	325,389	-	162,081	487,470
Deferred Inflows of Resources	(19,610)	(98,265)	(3,559)	(121,434)
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,386,291)</u>	<u>\$ (542,709)</u>	<u>\$ (315,409)</u>	<u>\$ (2,244,409)</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Assets Acquired Through Retainage and Accounts Payable	<u>\$ 51,459</u>	<u>\$ -</u>	<u>\$ 2,352</u>	<u>\$ 53,811</u>

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2023**

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 365,347
Receivables:	
Contribution Receivable:	
Brokerage Transactions	1,218
Accrued Income	16,697
Total Receivables	17,915
Prepaid Benefit Payments	1,250
Investments, at Fair Market Value:	
Fixed Income Mutual Funds	1,984,252
U.S. Government and Agencies	949,039
Corporate and Foreign Bonds	395,179
Equity Securities and Mutual Funds	8,175,453
Real Estate Investment Fund	1,255,231
Total Investments	12,759,154
Total Assets	13,143,666
LIABILITIES	
Accounts Payable	29,537
Total Liabilities	29,537
FIDUCIARY NET POSITION	
Restricted for:	
Pension	13,114,129
Total Fiduciary Net Position	\$ 13,114,129

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED SEPTEMBER 30, 2023**

	Pension Trust Funds
ADDITIONS	
Contributions:	
City	\$ 364,204
Plan Members	56,319
State of Florida	60,750
Total Contributions	481,273
Investment Income (Loss)	1,303,833
Less Investment Expenses:	
Investment Management Fees	19,526
Custodial Fees	7,302
Performance Evaluation Fees	38,500
Total Investment Expenses	65,328
Net Investment Income (Loss)	1,238,505
Total Additions	1,719,778
DEDUCTIONS	
Administrative Expenses	123,059
Payments to Retirees and Participants	1,246,768
Total Deductions	1,369,827
CHANGE IN NET POSITION	349,951
Net Position Restricted for Pension - Beginning of Year	12,764,178
NET POSITION RESTRICTED FOR PENSION - END OF YEAR	\$ 13,114,129

See accompanying Notes to Financial Statements.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Avon Park, Florida (the City), a municipality under the law of the state of Florida, is located in Highlands County and is approximately 9.84 square miles in area. It was first incorporated in 1926 when Florida Law Chapter 12512 approved its original charter. In 1931, it was re-established as a municipal government when its present charter was approved by the voters at a general referendum and by the Laws of Florida 14622 and the Act of 1929. The City Council is comprised of the Mayor and four City Council persons. The City provides public safety, public works, recreation, and general government services to its approximately 11,000 residents. The City also operates water and wastewater, airport, and solid waste enterprises.

The accompanying financial statements include all those separately administered departments and funds for which the City has financial accountability. In evaluating the City as a reporting entity, management has addressed all potential component units (legally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial burden on the City. Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading.

The component unit discussed in the following paragraph is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

The Community Redevelopment Agency of the City of Avon Park (the CRA) was created on March 28, 1988, pursuant to Florida Statute 163.356, by the passage of City Ordinance No. 822 and is responsible for the redevelopment of defined areas within the city limits. The City Council serves as the board of commissioners for the CRA. Although the CRA is legally separate, it meets the criteria for blending and is presented as a governmental fund of the primary government. The City and County are obligated to pay the CRA any tax revenues relating to an increase in the assessed value of the property within the redevelopment areas. The City's payment to the CRA is reported as a transfer between funds. Separate financial statements for the CRA may be obtained by writing to the CRA, Office of the City Manager, 110 E. Main Street, Avon Park, FL 33825.

Related Organizations

The City Council is responsible for appointing the board members of the Avon Park Housing Authority (the Authority), but the City's accountability for this organization does not extend beyond making the appointments. The Authority is a related organization of the City and not a component unit.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gain, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, and as a whole they reduce the cost of the function to be financed from the government's general revenues. Program revenues include charges for services, program specific operating grants and contributions, and program specific capital grants and contributions. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are other charges between the government's water and sewer, airport, and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements (Continued)

The City's pension trust funds are presented in the fund financial statements by type (fiduciary). Since these assets are being held for the benefit of others (plan members) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for within individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government, which are comprised of governmental, proprietary, and fiduciary funds, are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds. The fiduciary statement includes financial information for the pension trust funds.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources and then from unrestricted resources.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, and interest earned associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Governmental Funds (Continued)

Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental funds excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures and claims and judgments, are recorded only when payment is due.

Proprietary Funds

The City’s enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Proprietary funds operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as grants, investment earnings, and miscellaneous other revenues result from nonexchange transactions or ancillary activities. Operating expenses for proprietary funds include personal services, materials, supplies, other services, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of Presentation

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City has used GASB Statement No. 34 minimum criteria for major fund determination. Major governmental funds are reported as separate columns in the fund financial statements.

The following is a brief description of the funds used by the City.

Governmental Major Funds

General Fund – This fund is the City’s primary operating fund and accounts for all financial resources except those required to be accounted for in another fund. Resources are generated primarily from local property and utilities service taxes, franchise fees, licenses and permits, intergovernmental revenue, and charges for services. Expenditures are incurred to provide general government, public safety, transportation, culture and recreation, and economic environment services.

Infrastructure Fund – This special revenue fund accounts for the one cent local option sales tax. The proceeds for this surtax are restricted to be expended on assets specified by statutes.

CRA Fund – This special revenue fund is used to account for additional ad valorem taxes resulting from an increase in the assessed value above a designated base year of property within the Main Street, South Side, and Airport redevelopment areas. The uses of those resources are restricted by Chapter 163, Florida Statutes.

Community Development Block Grant (CDBG) Fund – This special revenue fund is used to account for Federal CDBG revenues that are legally restricted for expenditures of specific purposes.

Proprietary Major Funds

Water and Sewer Fund – This fund accounts for the facilities and administration relating to residential and commercial water and sewer services provided to customers inside and outside of city limits.

Airport Fund – This fund accounts for the operations and facilities at the City owned airport. This fund includes rental properties.

Solid Waste Fund – This fund accounts for the facilities and operations relating to the sanitary disposal of solid waste.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of Presentation (Continued)

Other Funds

Pension Trust Funds – These funds account for financial activity of the pension plans for policemen and firemen of the City. The City’s Pension Trust Funds are the Police Officers' Retirement System and the Firefighters' Retirement System. Each plan is administered by a board of trustees.

Noncurrent Governmental Assets/Liabilities

GASB Statement No. 34 requires noncurrent governmental assets, such as land and buildings, and noncurrent governmental liabilities, such as general obligation bonds and leases, be reported in the governmental activities column in the government-wide statement of net position.

C. Budgets and Budgetary Accounting

Budgets are prepared for the General Fund, Infrastructure Fund, CRA Fund, and CDBG Fund on a basis consistent with the basis of accounting utilized for the respective funds, the modified accrual basis of accounting.

The City also adopts operating budgets for the Enterprise Funds on a modified accrual basis, which is not the same basis of accounting as that used to account for actual results of operation (accrual basis). The primary differences between the budgetary basis and the basis used to account for the results of operations are that the City budgets capital outlays and debt service payments, which include principal payments.

Budgets are not prepared for the Pension Trust Funds.

The legal level of budgetary control is at the department level.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds except the Pension Trust Funds. Encumbrances are not the equivalent of expenditures, and lapse at year-end.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reconciliation of Government-Wide and Fund Financial Statements

The “net change in fund balances” for governmental funds, an increase of \$4,325,563, differs from the “change in net position” for governmental activities, an increase of \$4,470,696, reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds.

E. Reclassifications and Eliminations

Transfers in and transfers out between governmental activities and business-type activities in the amount of \$-0- and \$1,833, respectively, were eliminated. Amounts due to and due from between governmental activities of \$580,710 were eliminated. In addition, advances to and advances from between governmental and business-type activities in the amount of \$-0- and \$351,460, respectively, were also eliminated.

F. Cash and Cash Equivalents

The City considers cash and cash equivalents to be cash on hand, cash in banks, and short-term investments with maturities less than three months when acquired, including restricted assets.

Cash balances from the majority of funds are pooled for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pools are managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts and, therefore, all balances representing participant’s equity in the investment pools are classified as cash equivalents for purposes of these financial statements.

For purposes of the statement of cash flows, each fund’s equity in the investment pool is considered to be a cash equivalent since deposits and withdrawals can be made at any time without prior notice or penalty.

G. Investments

Investments are stated at fair value, except for short-term investments, which are stated at amortized cost. Fair value is based on the price that would be received to sell an investment in an orderly transaction between market participants.

H. Receivables

Receivables are shown at their net realizable value and reduced by an allowance for those uncollectible accounts, where determined by management. Uncollectible accounts are those 90 days old and greater.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventories

Inventories are stated at cost, which is not in excess of market. Cost is determined on a weighted average method. The consumption method issued to account for inventories.

J. Prepaid Items

Certain payments to vendors reflect cost applicable to future periods and are recorded as prepaid items. Prepaids are expensed in the periods benefitted.

K. Interfund Transactions

Interfund transactions are accounted for in the following manner:

Transactions for services rendered are recorded as revenues in the receiving fund and as expenditures in or expenses (as appropriate) in the disbursing fund. Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures or expenses (as appropriate) in the disbursing fund and as a reduction of expenditures or expenses (as appropriate) in the receiving fund; and transactions to shift revenues from the fund budgeted to receive them to the fund budgeted to expend them are recorded as transfers in and out, respectively.

Transfers are reported in the Other Financing Sources (Uses) section in the statement of revenues, expenditures, and changes in fund balances and in the Transfers section in the statement of revenues, expenses, and changes in fund net position. As of fiscal year-end, any unpaid amounts related to these transactions are reported as due to/from other funds on the governmental funds balance sheet or proprietary funds statement of net position.

Long-term interfund loans are reported as Advances to Other Funds and as Nonspendable Fund Balance in the general fund to maintain accountability and to properly disclose the amount available for appropriations. Repayments are recorded as reductions in the receivable.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, rights-of-way, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Only the infrastructure assets acquired or constructed beginning in the fiscal year 2004 are reported and depreciated. Retroactive reporting of infrastructure assets prior to the fiscal year 2004 will not be implemented in accordance with the provisions of GASB Statement No. 34.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual is not available. Donated capital assets are recorded at acquisition value at the date of donation. Prior to 1985, land, building improvements, and equipment were recorded on either a cost basis where known, or on an estimated cost basis based on discounted independent appraisals.

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

Capital assets acquired by lease/purchase agreements or multiple-year installment purchase contracts are recorded in the governmental funds in the year acquired as capital outlay expenditures and as other financing sources in the amount of the discounted present value of the total stipulated payments.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives of the assets which are as follows:

Infrastructure	30 Years
Buildings	10 to 30 Years
Plant and Improvements Other than Buildings	5 to 40 Years
Equipment	3 to 20 Years

M. Unearned Revenues

Unearned Revenue arises only when the City receives resources before it has a legal claim to them.

The unearned revenue will be recognized as revenues in the fiscal year in which they are earned.

N. Compensated Absences

Upon separation of service, regular full-time employees receive payment for vacation time earned but not used at their last rate of pay as follows:

- General government employees will be paid up to a maximum of twice the employee's annual accrual
- Police officers will be paid up to a maximum of 240 hours
- Firefighters will be paid up to a maximum of 480 hours
- City manager and department heads are not limited and will be paid in full unless under a contractual agreement. The maximum paid at separation of service in accordance with those contracts ranges from 500 to 700 hours

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences (Continued)

Upon separation of service, regular full-time employees receive payment for sick leave earned but not used at their last rate of pay as follows:

- General government employees shall be paid for one-half of the accumulated unused sick leave up to a maximum of 480 hours after 10 years of services or death
- Police officers and firefighters shall be paid for one-half of the accumulated unused sick leave up to a maximum of 480 hours at retirement or death
- Employees under contractual agreements shall be paid in accordance with their agreement. Current agreements stipulate one-half to 100% of accumulated unused sick leave up to a maximum of 300 to 600 hours

Compensated absences are reported in governmental funds when payment is due. As accumulated sick and annual leave would not be liquidated with expendable available resources, a long-term liability of accrued sick and annual leave has been recorded in the government-wide statement of net position at September 30, 2023, representing the City's commitment to fund such costs from future operations. The liability for compensated absences is liquidated in the fund in which an employee's payroll expense is normally recorded. The general fund has been used in prior years to liquidate the liability for compensated absences in governmental funds.

O. Deferred Outflows of Resources/Deferred Inflows of Resources

The City has multiple items that qualify for reporting as deferred outflows of resources, which is reported in the government-wide and proprietary funds statement of net position. 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.

These items include differences in expected and actual experience, changes in actuarial assumptions, net difference between projected and actual earnings on pension and OPEB plan investments, changes in the proportion and differences between the city's contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program and the City's contributions subsequent to the measurement date. The other amounts will be recognized as increases in pension expense in future years.

Details on the composition of deferred outflows related to pensions and OPEB are reported in subsequent notes.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows of Resources/Deferred Inflows of Resources (Continued)

The City has multiple items that qualify for reporting as deferred inflows of resources in the government-wide and proprietary funds statement of net position, and one item that qualifies as a deferred inflow of resources in the governmental funds. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide and proprietary funds statement of net position these items include the difference between expected and actual economic experience, net difference between projected and actual earnings on pension and OPEB plan investments, and changes in the proportion and differences between the city's contributions and proportionate share of contributions, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program.

In the governmental funds, a deferred inflow of resources is reported for unavailable intergovernmental revenues that were not received within 60 days of year-end. The amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

Details on the composition of deferred inflows related to pensions, OPEB, and leases, are reported in a subsequent note.

P. Pension Plans

The City has pension plans covering substantially all of its regularly employed employees. It is the policy of the City to fund pension costs for defined benefit plans on an actuarial basis, which includes amortization of prior service costs, and to fund defined contribution plans as pension costs accrue.

In the government-wide and proprietary funds statement of net position, liabilities are recognized for the City's share of each defined benefit pension plan's net pension asset or liability. For purposes of measuring the net pension asset, 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 sponsored single employer plans, the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deduction from the City's sponsored single employer plans, the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the City's sponsored single employer plans, the FRS and the HIS plans. For this purpose, defined benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Postemployment Benefits Obligation (OPEB)

In the statement of net position, liabilities are recognized for the City's total OPEB liability as determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the City's health plan. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability, and changes of benefit terms or actuarial assumptions.

R. Fund Balance Policy

The City's policy for fund balance of the general fund is to maintain minimum fund balance equal to 20% of the current year operating expenditures budgeted. If prior committed or assigned fund balance causes the unassigned fund balance to fall below 20%, the City shall take action necessary to restore the unassigned fund balance to acceptable levels within two years.

S. Property Tax Revenues

Ad valorem taxes for the current fiscal year (beginning October 1, 2022) were assessed on July 1, 2022 based on property values of January 1, 2022. The taxes were billed in the month of November 2022 by the Highlands County Tax Collector who remits collected taxes to the City monthly.

Taxes were due November 1, 2022 (levy date) and became delinquent April 1, 2023. Tax certificates were issued for delinquent taxes by June 1, 2023 (lien date). Generally, the City collects substantially all of its current year property taxes during the year in which they are due.

T. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, as applicable to governmental entities, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

U. Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three categories:

Net Investment in Capital Assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Government-Wide and Proprietary Fund Net Position (Continued)

Restricted Net Position – consists of amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, and contributors), through constitutional provisions, by enabling legislation, or contributor restrictions.

Unrestricted – all other net position is reported in this category.

V. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – amounts that are not in spendable form (such as inventory or prepaid items) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority, the City Council. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

W. Governmental Fund Balances

Disbursements of fund balance will first be made from restricted amounts when both restricted and unrestricted fund balance is available. Additionally, the City will first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes where amounts in any of the unrestricted fund balance classifications could be used.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The City adopted the requirements of the guidance effective October 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. Adoption of the standard had no impact on the financial statements.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

A reconciliation of deposits and investments to amounts shown on the statement of net position and statement of fiduciary net position is as follows:

Deposits	\$ 31,311,998
Cash on Hand	2,000
Investments	14,872,980
Total	<u>\$ 46,186,978</u>

Statement of Net Position:	
Equity in Pooled Cash and Cash Equivalents	\$ 31,505,331
Restricted Equity in Pooled Cash and Cash Equivalents	1,557,146
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	365,347
Investments	12,759,154
Total	<u>\$ 46,186,978</u>

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value. The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets. The City had the following fair value measurements as of September 30, 2023:

	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Multi-Sector Fixed Income Mutual Funds	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds	1,984,252	1,984,252	-	-
U.S. Government and Agencies	949,039	-	949,039	-
Corporate and Foreign Bonds	395,179	-	395,179	-
Equity Securities and Equity Mutual Funds	8,175,453	8,175,453	-	-
Total Investments Measured at Fair Value	11,503,923	\$ 10,159,705	\$ 1,344,218	\$ -
Investments Measured at Net Asset Value:				
Real Estate Investment Fund	1,255,231			
Investments Measured at Amortized Cost:				
SBA Florida PRIME	2,113,826			
Total Investments	\$ 14,872,980			

The City owns shares in a real estate investment fund which is a pooled investment fund that is a broadly diversified core real estate fund that reports its value at net asset value (NAV) per share. Redemption requests of units in the real estate investment fund may be made at any time and are effective at the end of the calendar quarter in which the request is received by the investment fund. The units that are subject to the City's redemption notice may be redeemed in installments as funds become available for such purpose and the redemption price will be the value per unit at such time the payment is made. The real estate investment fund is not required to liquidate or encumber assets or defer investments in order to make redemptions.

All investments in the real estate investment fund are appraised by an independent third-party MAI appraiser each and every quarter, commencing the quarter after the investment is made. The appraiser must hold a nationally recognized professional appraisal designation (MAI with the Appraisal Institute) and comply with the Uniform Standards of Professional Appraisal Practice as adapted by the Appraisal Standards Board of the Appraisal Foundation and Appraisal Institute.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments of current operating funds to have maturities of no longer than 18 months. Investments of the City's fiduciary funds (pension plans) shall have a term appropriate to the need to fund future retiree benefits and in accordance with each plan's governing board's investment policy. As of September 30, 2023, the City had the following investments in debt securities and related maturities:

Investment Type	Fair Value	Remaining Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Governmental and Business- Type Activities:					
SBA Florida PRIME	\$ 2,113,826	\$ 2,113,826	\$ -	\$ -	\$ -
Fiduciary:					
Multi-Sector Fixed Income Mutual Funds	-	-	-	-	-
Fixed Income Mutual Funds	1,984,252	68	416,954	1,513,898	53,332
U.S. Government and Agencies	949,039	-	121,322	52,229	775,488
Corporate and Foreign Bonds	395,179	-	141,135	254,044	-
Total Fair Value	<u>\$ 5,442,296</u>	<u>\$ 2,113,894</u>	<u>\$ 679,411</u>	<u>\$ 1,820,171</u>	<u>\$ 828,820</u>

Credit Risk. Credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy minimizes credit risk by limiting the maximum percentage that may be invested in any one entity or instrument at any one time. Presented below is the actual rating as of September 30, 2023 for each type of investment in debt securities.

S&P Rating	Market Value
Governmental and Business-Type Activities:	
AAAm	\$ 2,113,826
Fiduciary:	
Not Rated	1,644,559
AAA to A-	1,292,203
BBB+ to BBB	374,078
Below B	17,630
Total	<u>\$ 5,442,296</u>

The City follows the guidelines of Florida Statute 218.415, which allows certain types of investments. The City's investment policy allows investment in government-sponsored agencies such as investment pools, tax-exempt municipal bonds, direct obligations, and bonds guaranteed by the U.S. Government, with a minimum AA rating by *Standard and Poor's*.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Concentration of Investment Risk. Concentration of investment risk is the risk of losses that may occur from having a large portion of the City's holdings in a particular investment relative to the overall portfolio. GASB Statement 40 and GASB Statement 67 require disclosure of investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represents 5% or more of total investments or fiduciary net position. At September 30, 2023, the City and the Police Retirement System did not hold investments in any one organization that exceeded the threshold. At September 30, 2023, investment in the following mutual funds represented more than 5% of the Firefighters' Retirement System's net position:

<u>Investment Fund</u>	<u>% of Plan Net Position</u>
JP Morgan Equity Income Fund	7.59 %
MFS Growth Fund	8.87 %
Vanguard 500 Index Fund	19.97 %
Vanguard Extended Market Index Fund	7.16 %
Delaware Small Cap Core Fund	6.72 %
American Funds Europacific Growth Fund	14.89 %
American Core Property Funds	9.54 %

All deposit accounts of the City are placed in banks that qualify as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes). Chapter 280 of the Florida Statutes provides that qualified public depositories must maintain eligible collateral having a market value equal to 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the 12 months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the City's name, nor specify which collateral is held for the City's benefit.

The Public Deposit Security Trust Fund, as created under the laws of the state of Florida, would be required to pay the City for any deposits not covered by depository insurance or collateral pledged by the depository as previously described. Florida Statutes and the City's investment policy authorize the City to use interest bearing time deposit, savings accounts, and money market accounts in qualified public depositories. All deposits are entirely insured.

The City invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the state of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2023, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments represented 31.40% of the Florida PRIME's portfolio at September 30, 2023.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2023 was 35 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2023 was 75 days. Investments in Florida PRIME must carry an “AAAm” rating from *Standard and Poor’s*. On September 30, 2023, *Standard and Poor’s* ratings services assigned the Florida PRIME an “AAAm” principal stability funding rating.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility.

Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

Concentration of Credit Risk. Assets are to be diversified to control the risk of loss resulting from concentration of assets in a specific maturity, issue, instruments, deals, or bank through which the investments are bought and sold.

Foreign Currency Risk. The City is not exposed to any foreign currency risk.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 3 RECEIVABLES

Receivables as of September 30, 2023 for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental				Total
	Activities	Business-Type Activities			
	General	Water and Sewer	Airport	Solid Waste	
Utility and Franchise Taxes	\$ 180,248	\$ -	\$ -	\$ -	\$ 180,248
Customer Charges	-	1,397,858	39,002	184,949	1,621,809
Miscellaneous	9,944	-	-	-	9,944
Gross Receivables	190,192	1,397,858	39,002	184,949	1,812,001
Allowance for Doubtful Accounts	(50,169)	(608,116)	(7,998)	(124,075)	(790,358)
Total	<u>\$ 140,023</u>	<u>\$ 789,742</u>	<u>\$ 31,004</u>	<u>\$ 60,874</u>	<u>\$ 1,021,643</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being					
Depreciated/Amortized:					
Land	\$ 403,202	\$ -	\$ -	\$ -	\$ 403,202
Construction in Progress	-	3,000	-	-	3,000
Total Capital Assets, Not Being Depreciated/Amortized	403,202	3,000	-	-	406,202
Capital Assets, Being					
Depreciated/Amortized:					
Buildings and Systems	6,776,622	281,107	-	-	7,057,729
Equipment	3,926,410	494,962	(6,530)	-	4,414,842
Infrastructure	8,618,591	299,219	-	-	8,917,810
Total Capital Assets Being Depreciated/Amortized	19,321,623	1,075,288	(6,530)	-	20,390,381
Less: Accumulated Depreciation/ Amortization for:					
Buildings and Systems	(4,600,195)	(206,432)	-	-	(4,806,627)
Equipment	(3,288,501)	(204,976)	-	-	(3,493,477)
Infrastructure	(3,688,962)	(323,377)	-	-	(4,012,339)
Total Accumulated Depreciation/Amortization	(11,577,658)	(734,785)	-	-	(12,312,443)
Total Capital Assets, Being Depreciated/Amortized, Net	<u>7,743,965</u>	<u>340,503</u>	<u>(6,530)</u>	<u>-</u>	<u>8,077,938</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,147,167</u>	<u>\$ 343,503</u>	<u>\$ (6,530)</u>	<u>\$ -</u>	<u>\$ 8,484,140</u>

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Business-Type Activities:</u>					
Capital Assets, Not Being Depreciated/Amortized:					
Land	\$ 2,349,207	\$ -	\$ -	\$ -	\$ 2,349,207
Construction in Progress	509,266	2,813,733	(2,500)	(262,962)	3,057,537
Total Capital Assets, Not Being Depreciated/Amortized	2,858,473	-	-	-	5,406,744
Capital Assets, Being Depreciated/Amortized:					
Buildings and Systems	48,651,711	733,294	(23,474)	262,962	49,624,493
Equipment	9,003,666	431,533	(11,948)	-	9,423,251
Total Capital Assets Being Depreciated/Amortized	57,655,377	1,164,827	(35,422)	262,962	59,047,744
Less: Accumulated Depreciation/ Amortization for:					
Buildings and Systems	(27,622,292)	(1,311,359)	-	-	(28,933,651)
Equipment	(5,936,927)	(701,864)	-	-	(6,638,791)
Total Accumulated Depreciation/Amortization	(33,559,219)	(2,013,223)	-	-	(35,572,442)
Total Capital Assets, Being Depreciated/Amortized, Net	24,096,158	(848,396)	(35,422)	262,962	23,475,302
Right-to-Use Lease Assets, Being Depreciated/Amortized:					
Right-to-Use Lease Equipment	4,902	-	(4,902)	-	-
Less: Accumulated Depreciation/ Amortization for:					
Right-to-Use Lease Equipment	(272)	(4,630)	4,902	-	-
Total Right-to-Use Assets Being Depreciated/Amortized, Net	4,630	(4,630)	-	-	-
Business-Type Activities Capital Assets, Net	<u>\$ 26,959,261</u>	<u>\$ (848,396)</u>	<u>\$ (35,422)</u>	<u>\$ 262,962</u>	<u>\$ 28,882,046</u>

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

<u>Governmental Activities:</u>	
General Government	\$ 89,686
Public Safety	149,722
Transportation	330,444
Culture and Recreation	164,933
Total Depreciation	<u>\$ 734,785</u>
<u>Business-Type Activities:</u>	
Water and Sewer	\$ 1,137,399
Airport	635,772
Solid Waste	244,682
Total Depreciation and Amortization Expense	<u>\$ 2,017,853</u>

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5 COMMITMENTS

Construction Commitments

At September 30, 2023, the City had the following construction commitments:

Governmental Activities:		
Engineering	\$	142,472
Road Improvements		683,552
Total		<u>826,024</u>
Business-Type Activities:		
Airport Fund:		
Engineering Services	\$	310,202
Improvements		320,957
Water & Sewer Fund:		
Engineering Services		141,575
Total		<u>772,734</u>

NOTE 6 LONG-TERM LIABILITIES

The summary of changes in long-term liabilities for the fiscal year ended September 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Compensated Absences	\$ 249,495	\$ 248,348	\$ 221,255	\$ 276,588	\$ 235,100
Total Governmental Activities Long-Term Liabilities	<u>\$ 249,495</u>	<u>\$ 248,348</u>	<u>\$ 221,255</u>	<u>\$ 276,588</u>	<u>\$ 235,100</u>
Business-Type Activities:					
Compensated Absences	\$ 104,854	\$ 129,518	\$ 140,446	\$ 93,926	\$ 93,926
Direct Borrowing: Loans Payable	23,857	-	300	23,557	1,298
Leases	1,657	-	1,657	-	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 130,368</u>	<u>\$ 129,518</u>	<u>\$ 142,403</u>	<u>\$ 117,483</u>	<u>\$ 95,224</u>

For governmental activities, compensated absences are liquidated by the General Fund.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the debt outstanding at September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Business-Type Activities</u>		
	<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,298	\$ -	\$ 1,298
2025	1,298	-	1,298
2026	1,298	-	1,298
2027	1,298	-	1,298
2028	1,298	-	1,298
2029-2033	6,488	-	6,488
2034-2038	6,488	-	6,488
2039-2042	4,091	-	4,091
Total	<u>\$ 23,557</u>	<u>\$ -</u>	<u>\$ 22,259</u>

Direct Borrowing – State Revolving Fund Loans

The City has a State Revolving Fund loan with a total balance of \$23,557 at 0% interest. Semi-annual principal payments of \$649 are due March 2023 through September 2042. The loan will be used for wastewater projects. The loan is secured by pledged revenue of the water and wastewater system. In event of default, the timing of repayment of outstanding balances may be accelerated, or the financing rate on the unpaid balance of the loan may be increased as much as 1.667 times the financing rate.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City is obligated to make available to qualified retired employees the option to maintain coverage with the group health, life, and dental insurance plans. The City of Avon Park Plan (the Plan) is a single employer defined benefit OPEB plan. The Plan is currently being funded on a pay as you go basis. No trust or agency fund has been established for the Plan.

Benefits Provided

All employees of the City of Avon Park are eligible to receive postemployment health care benefits. The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. Coverage for retirees and their spouses and dependents is provided for the life of the retiree. Retirees participating in the group insurance plans offered by the City are required to contribute 100% of the active premiums less any subsidy received from FRS.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At September 30, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	3
Active Plan Members	85
Total	<u>88</u>

Total OPEB Liability

The City's Total OPEB liability was measured as of September 30, 2023 and was determined by an actuarial valuation as of October 1, 2021, rolled forward to the measurement date of September 30, 2023. The following table shows the City's total OPEB liability for the year ended September 30, 2023.

	Total OPEB Liability
Balance - October 1, 2022	\$ 159,379
Changes for the Year:	
Service Cost	14,187
Interest	7,126
Changes in Assumptions	(3,580)
Differences Between Expected and Actual Experience	-
Benefit Payments	(18,712)
Net Changes	<u>(979)</u>
Balance - September 30, 2023	<u>\$ 158,400</u>

Discount Rate Sensitivity

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 or 1 percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB Plan Discount Rate	3.75 %	4.75 %	5.75 %
Total OPEB Liability	\$ 186,091	\$ 158,400	\$ 138,946

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Healthcare Trend Rate Sensitivity

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 or 1 percentage point higher than the current healthcare cost trend rates:

<u>Description</u>	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB Plan Healthcare Cost Rate	6.00 %	7.00 %	8.00 %
Total OPEB Liability	\$ 133,128	\$ 158,400	\$ 194,513

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense (benefit) of (\$16,276). At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ -	\$ 287,110

Amounts reported as deferred inflows of resources related to OPEB will be amortized over nine years and will be recognized in OPEB expenses as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ (39,424)
2025	(39,424)
2026	(39,423)
2027	(36,662)
2028	(34,075)
Thereafter	(98,102)

Actuarial Assumptions

The total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Healthcare Cost Trend Rates	Initial rate of 7.0% in October 1, 2022, then gradually decreasing to an ultimate trend rate of 4.5% in October 1, 2032, and later

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial cost method used was the Entry Age Normal as a level Percentage of Payroll cost method. Mortality rates were based on the PUB-2010 mortality tables with mortality improvements using the MP-2021 Improvement Scale. The discount rate used to measure the total OPEB liability was 4.59%, based on the average of three 20-year bond indices.

Since the most recent valuation, the discount rate was changed from 4.59% as of the beginning of the measurement period to 4.75% as of September 30, 2023.

NOTE 8 RISK MANAGEMENT

Risk Pool

Effective October 1, 2015, the City became a member of Preferred Governmental Insurance Trust (PGIT), a governmental insurance carrier. PGIT administers insurance activities relating to property, general liability, public officials and employment practices liability, automobile, crime, and workers' compensation. The City is liable for deductible on certain coverages. PGIT meets GASB Statement No. 10, as amended as GASB Statement No. 30, guidelines for governmental entity pools and provides audited financial statements annually. Premiums are paid by the General Fund and are reimbursed from other funds for their share. The City does not have any claim liability in addition to premiums paid to PGIT.

NOTE 9 INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2023 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund:</u>			
	<u>General Fund</u>	<u>CDBG</u>	<u>Airport</u>	<u>Total</u>
General Fund	\$ -	\$ 318,000	\$ 262,710	\$ 580,710
Airport	10,000	-	-	10,000
Total	<u>\$ 10,000</u>	<u>\$ 318,000</u>	<u>\$ 262,710</u>	<u>\$ 328,000</u>

Advance to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>
	<u>Airport Fund</u>
General Fund	\$ 183,578
Solid Waste Fund	351,460
Total	<u>\$ 535,038</u>

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The General Fund has an outstanding advance to the Airport Fund of \$183,578 at year-end. This advance was used to provide funds for the environmental cleanup of two contaminated sites at the airport. Environmental cleanup was completed in a prior year. The advance from Solid Waste Fund to the Airport Fund of \$351,460 is a result of prior years' operating losses.

NOTE 10 TRANSFERS

Transfers during the year ended September 30, 2023 consisted of the following:

<u>Transfer Out</u>	<u>Transfer In:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Solid Waste</u>	
Water and Sewer	\$ 1,900,000	\$ -	\$ 1,900,000
Airport	992	1,833	2,825
Total	<u>\$ 1,900,992</u>	<u>\$ 1,833</u>	<u>\$ 1,902,825</u>

Transfers are used 1) to move revenues from the fund that state law required to collect them to the fund that state law requires to expend them, or 2) to provide resources from the City's enterprise operations to its General Fund as a return on the City's investment in the activity.

NOTE 11 FUND BALANCE RESTRICTIONS

Restrictions of fund balances for governmental funds at September 30, 2023 are summarized below:

Law Enforcement

The restriction for law enforcement was created to restrict the use of resources deposited into the Law Enforcement Trust Fund. State statutes require that the resources be restricted.

Bouis Fountain

The restriction for Bouis Fountain was created to restrict the use of resources contributed to the maintenance of this fountain located on Main Street. The restriction was mandated by donor agreement.

Infrastructure

The restriction for infrastructure was created to restrict the use of resources from the proceeds of the one cent local option sales tax. State statutes require that the resources be restricted.

Community Redevelopment

The restriction for community redevelopment was created to restrict the use of resources deposited into the CRA Fund. State statutes require that the resources be restricted.

**CITY OF AVON PARK, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Substantially all full-time employees of the City of Avon Park are covered by one or more of five pension plans: Police Officers’ Retirement System, Firefighters’ Retirement System, Florida Retirement System, Health Insurance Subsidy Program, or a defined contribution plan.

Police Officers’ Retirement System (PORS)

General Information about the PORS

Plan Description – All full-time police officers who are certified as a police officer as a condition of employment, excluding civilian, clerical and other employees of the City’s police department, participate in the PORS, a single-employer, defined benefit pension plan that was established by City Ordinance 406 on August 24, 1959 in accordance with Chapter 185, Florida Statutes, and is currently governed by city ordinance as amended from time to time and administered by the PORS board of trustees. PORS provides retirement, disability, and death benefits to plan members and their beneficiaries. The City Council by ordinance maintains the authority to establish new and amend existing benefit provisions of the plan. The PORS is reported in the City’s fiduciary financial statements as a Pension Trust Fund.

The PORS is administered by a board of trustees comprised of two City residents appointed by the City Council, two police officers elected by majority of covered members, and a fifth member elected by the other four and appointed by the City Council.

Plan Membership – As of October 1, 2022, the members of the PORS consisted of:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	20
Inactive Plan Members Entitled to but not yet Receiving Benefits	7
Total	27

Benefits Provided – The Plan provides retirement, termination, disability, and death benefits. All benefits are 100% vested after 10 years of credited service. If a member terminates with less than 10 years of credited service, he or she will receive a refund of member contributions with interest at 3%. Normal retirement is the earlier of age 55 with 10 years of credited service, the attainment of age 60 regardless of years of service, or the attainment of 20 years (25 years for members hired after April 27, 2014) of service regardless of age. Members who have attained age 50 and have completed 10 years of service are eligible for early retirement at reduced benefits. Benefits at normal retirement are computed at 3% (2.0% for members hired after April 27, 2014) of the average earnings for the highest five years of the preceding 10-year period times the number of years of credited service.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Police Officers' Retirement System (PORS) (Continued)

General Information about the PORS (Continued)

The Plan provides for annual 1.46% cost of living adjustments for the life of all retirees, certain beneficiaries and terminated vested members. Cost of living adjustments will be made on the first October following the normal retirement date for retirees and actual retirement date for disabled retirees and in each October thereafter. Optional equivalent forms of this cost-of-living adjustment are available.

Contributions – The City Council establishes and may amend the contribution requirements of plan members. The City is required by city ordinance and state statutes to make additional contributions to fund the pension plans on an actuarially sound basis and at a minimum must contribute 5% of employee compensation. Administrative costs for each plan are financed through investment earnings. The City's required contribution, for the year ended September 30, 2023 was \$34,916. Actual contributions for the year equaled \$34,916 or 100% of the required contributions.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2022 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50 %
Discount Rate	7.00 %
Investment Rate of Return	7.00 %

Assumed rates of mortality were based on the PubS.H-2010 Table.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Police Officers' Retirement System (PORS) (Continued)

Net Pension Liability (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset include in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	45.00 %	7.50 %
International Equity	15.00	8.50 %
Domestic Fixed Income	27.50	2.50 %
Global Fixed Income	5.00	3.50 %
Real Estate	7.50	4.50 %
Total	100.00 %	

Discount Rate – The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pensions plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Police Officers' Retirement System (PORS) (Continued)

Net Pension Liability (Continued)

Changes in Net Pension Liability – The components of the changes in net pension liabilities was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances - September 30, 2021	\$ 7,126,592	\$ 7,236,117	\$ (109,525)
Changes for the Year:			
Interest	482,054	-	482,054
Actual Experience	39,081	-	39,081
Contributions - Employer	-	126,701	(126,701)
Net Investment Income	-	(1,120,361)	1,120,361
Benefit Payments, Including Refunds of Employee Contributions	(480,121)	(480,121)	-
Administrative Expense	-	(59,080)	59,080
Net Changes	<u>41,014</u>	<u>(1,532,861)</u>	<u>1,573,875</u>
Balances - September 30, 2022	<u>\$ 7,167,606</u>	<u>\$ 5,703,256</u>	<u>\$ 1,464,350</u>

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 7%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
City's Net Pension (Asset) Liability	\$ 2,387,408	\$ 1,464,350	\$ 715,660

Fiduciary Net Position – Detailed information about the pensions plan's fiduciary net position is publicly available in a separately issued financial report that may be obtained by writing to the City of Avon Park, City Manager, 110 E. Main Street, Avon Park, Florida 33825, calling 863-452-4400, or from the City's website:

http://www.avonpark.cc/finance_department.php.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Police Officers' Retirement System (PORS) (Continued)

Net Pension Liability (Continued)

Deferred Outflows and Inflows of Resources Related to PORS – For the year ended September 30, 2023, the City recognized a pension expense of \$310,614. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 852,495	\$ -
City and State Contributions Subsequent to the Measurement Date	34,916	-
Total	<u>\$ 887,411</u>	<u>\$ -</u>

The deferred outflows of resources related to the PORS, totaling \$34,916 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources related to the PORS will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 216,648
2025	155,379
2026	157,974
2024	322,494

Payables to PORS Pension Plan – At September 30, 2023, the City reported no payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

Firefighters Retirement System (FFRS)

General Information about the FFRS

Plan Description – All General Information about the FFRS full-time officers and firefighters of the City's fire department participate in the FFRS, a single-employer, defined benefit pension plan that was established by City Ordinance 363 on September 14, 1953 in accordance with Chapter 175, Florida Statutes and is currently governed by city ordinance as amended from time to time. FFRS provides retirement, disability, and death benefits to plan members and their beneficiaries.

The City Council by ordinance maintains the authority to establish new and amend existing benefit provisions of the plan. The FFRS is reported in the City's fiduciary financial statements as a Pension Trust Fund.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Firefighters Retirement System (FFRS) (Continued)

General Information about the FFRS (Continued)

The Plan is administered by a board of trustees comprised of two legal residents appointed by the City Council, two Members of the System elected by the other covered Members, and a fifth Member elected by the other four and appointed by the City Council.

Plan Membership – As of October 1, 2021, the members of the FFRS consisted of:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	13
Inactive Plan Members Entitled to but not yet Receiving Benefits	3
Active Plan Members	17
Total	33

Benefits Provided – The Plan provides retirement, termination, disability, and death benefits. All benefits are 100% vested after 10 years of credited service. If a member terminates with less than 10 years of credited service, he or she will receive a refund of member contributions with no interest. Normal retirement is the earlier of age 55 with 10 years of credited service or age 52 with 25 years of credited service. Members who have attained age 50 and have completed 10 years of service are eligible for early retirement at reduced benefits. Benefits at normal retirement are computed at 3.16% (2.0% for members hired after October 31, 2013) of the average earnings for the highest five years of the preceding 10-year period times the number of years of credited service.

The Plan provides for all retirees, including disability retirees and beneficiaries, but excluding vested terminated members, who complete at least 15 years of credited service to receive five annual 3.0% increase cost-of-living adjustments in their benefits each October 1 beginning the later of age 58 and one year after retirement.

Contributions – The City Council establishes and may amend the contribution requirements of plan members. The City, taking into account the state contribution, is required by city ordinance and state statutes to make additional contributions to fund the pension plans on an actuarially sound basis and at a minimum must contribute 5% of employee compensation. The amounts contributed by the state to the FFRS represent a 1.85% tax on all premiums collected on property insurance policies covering property within the City. The City, for funding purposes, is limited by state statutes on the amount of the state contribution that can be credited toward the annual required contribution. Administrative costs for each plan are financed through investment earnings. The City's required contribution, including the state's portion, for the year ended September 30, 2023 was \$371,136. Actual contributions for the year equaled \$381,614, or 103% of the required contributions.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined as of that date.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Firefighters' Retirement System (FFRS) (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Assumed rates of mortality were based on the PubS.H-2010 table.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset include in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	50.00 %	7.50 %
International Equity	15.00	8.50 %
Domestic Fixed Income	20.00	2.50 %
Global Fixed Income	5.00	3.50 %
Real Estate	10.00	4.50 %
Total	<u>100.00 %</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pensions plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Firefighters' Retirement System (FFRS) (Continued)

Net Pension Liability (Continued)

Changes in Net Pension Liability – The components of the changes in the net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances - September 30, 2021	\$ 8,605,588	\$ 8,455,137	\$ 150,451
Changes for the Year:			
Service Cost	209,908	-	209,908
Interest	602,981	-	602,981
Differences Between Expected and Actual Experience	(108,996)	-	(108,996)
Contributions - Employer	-	333,926	(333,926)
Contributions - State	-	42,417	(42,417)
Contributions - Employee	-	52,624	(52,624)
Net Investment Income	-	(1,338,801)	1,338,801
Benefit Payments, Including Refunds of Employee Contributions	(402,951)	(402,951)	-
Administrative Expense	-	(81,200)	81,200
Net Changes	<u>300,942</u>	<u>(1,393,985)</u>	<u>1,694,927</u>
Balances - September 30, 2022	<u>\$ 8,906,530</u>	<u>\$ 7,061,152</u>	<u>\$ 1,845,378</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 7%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease	Current	1% Increase
	6.00%	Discount Rate 7.00%	8.00%
City's Net Pension (Asset) Liability	<u>\$ 2,930,701</u>	<u>\$ 1,845,378</u>	<u>\$ 938,483</u>

Fiduciary Net Position – Detailed information about the FFRS's fiduciary net position is publicly available in a separately issued financial report that may be obtained by writing to the City of Avon Park, City Manager, 110 E. Main Street, Avon Park, Florida 33825, calling 863-452-4400, or from the City's website:

http://www.avonpark.cc/finance_department.php

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Firefighters' Retirement System (FFRS) (Continued)

Net Pension Liability (Continued)

Deferred Outflows and Inflows of Resources Related to FFRS – For the year ended September 30, 2023, the City recognized a pension expense of \$505,997. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 215,895	\$ (203,483)
Changes of Assumptions	347,454	(105,921)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	949,034	-
City and State Contributions Subsequent to the Measurement Date	390,038	-
Total	<u>\$ 1,902,421</u>	<u>\$ (309,404)</u>

The deferred outflows of resources related to the FFRS, totaling \$390,038 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to the FFRS will be recognized as an increase (decrease) pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 268,968
2025	190,826
2026	222,234
2027	415,837
2028	29,869
Thereafter	75,245

Payables to FFRS Pension Plan – At September 30, 2023, the City reported no payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Florida Retirement System (FRS)

General Information about the FRS

The FRS was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the City are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website www.dms.myflorida.com.

The City's pension expense for both plans totaled \$885,385 for the fiscal year ended September 30, 2023.

FRS Pension Plan

Plan Description – The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) – Members in senior management level positions.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62, or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55, if vested, or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55, if vested, or at any age after 25 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 8 years after electing to participate, except that certain instructional personnel may participate for up to 10 years. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
Regular Class Members Initially Enrolled before July 1, 2011	
Retirement Up to Age 62 or Up to 30 Years of Service	1.60
Retirement Up to Age 63 or Up to 31 Years of Service	1.63
Retirement Up to Age 64 or Up to 32 Years of Service	1.65
Retirement Up to Age 65 or Up to 33 Years of Service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011	
Retirement Up to Age 65 or Up to 33 Years of Service	1.60
Retirement Up to Age 66 or Up to 34 Years of Service	1.63
Retirement Up to Age 67 or Up to 35 Years of Service	1.65
Retirement Up to Age 68 or Up to 36 Years of Service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the City, effective July 1, 2022, were applied to employee salaries as follows: regular employees 11.91%, senior management 27.83%, and DROP participants 18.60%. The City's contributions to the FRS Plan were \$205,593 for the year ended September 30, 2023.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Pension Costs – At September 30, 2023, the City reported a liability of \$1,663,931 for its proportionate share of the FRS Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City’s proportionate share of the net pension liability was based on the City’s contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of FRS’s participating employers. At June 30, 2023, the City’s proportionate share was 0.004175801%, which was an increase of 0.000401267% from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$422,834. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 156,229	\$ -
Changes of Actuarial Assumptions	108,468	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	69,490	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	284,605	(60,669)
City Contributions Subsequent to the Measurement Date	53,143	-
Total	<u>\$ 671,935</u>	<u>\$ (60,669)</u>

The amount of \$53,143 reported as deferred outflows of resources related to pensions resulting from City contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 118,827
2025	41,868
2026	317,075
2027	66,468
2028	13,885
Thereafter	-

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	6.70%

Mortality rates were based on the PUB2010 base table, varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%, which is consistent with the 4.48% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2023 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0 %	2.9 %	2.9 %	1.1 %
Fixed Income	19.8	4.5	4.4	3.4
Global Equity	54.0	8.7	7.1	18.1
Real Estate (Property)	10.3	7.6	6.6	14.8
Private Equity	11.1	11.9	8.8	26.3
Strategic Investments	3.8	6.3	6.1	7.7
Totals	<u>100.0 %</u>			
Assumed Inflation - Mean			2.4 %	1.4 %

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.70% for the FRS Plan, the same as prior year. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity – The following presents the City’s proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
FRS Plan Discount Rate	5.70%	6.70%	7.70%
City's Proportionate Share of the FRS Plan Net Pension Liability	\$ 2,842,322	\$ 1,663,931	\$ 678,054

Pension Plan Fiduciary Net Position – Detailed information about the FRS Plan’s fiduciary’s net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services’ website at <http://www.dms.myflorida.com>.

Health Insurance Subsidy Program (HIS)

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Health Insurance Subsidy Program (HIS) (Continued)

HIS Plan (Continued)

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City’s contributions to the HIS Plan were \$46,748 for the year ended September 30, 2023.

Pension Costs – At September 30, 2023, the City reported a liability of \$1,060,714 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City’s proportion of the net pension liability was based on the City’s contributions received by HIS during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all participating employers. At June 30, 2023, the City’s proportion was 0.006678996%, which was an increase of 0.001116554% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the City recognized pension expense of \$462,552 for its proportionate share of HIS’s pension expense. In addition, the City reported its proportionate share of HIS’s deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 15,528	\$ (2,490)
Changes in Actuarial Assumptions	27,886	(91,914)
Net Difference Between Projected and		
Actual Earnings on HIS Program Investments	548	-
Changes in Proportion and Differences Between		
City Contributions and Proportionate Share		
of Contributions	219,941	-
City Contributions Subsequent to the		
Measurement Date	13,135	-
Total	<u>\$ 277,038</u>	<u>\$ (94,405)</u>

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Health Insurance Subsidy Program (HIS) (Continued)

HIS Plan (Continued)

The \$13,135 reported as deferred outflows of resources related to pensions resulting from City contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 48,585
2025	44,742
2026	35,307
2027	18,906
2028	16,652
Thereafter	5,307

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

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 3.65% in the current year and 3.54% in the prior year for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Health Insurance Subsidy Program (HIS) (Continued)

HIS Plan (Continued)

Pension Liability Sensitivity – The following presents the City’s proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1-percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
HIS Plan Discount Rate	2.65%	3.65%	4.65%
City's Proportionate Share of the HIS Plan Net Pension Liability	\$ 1,210,109	\$ 1,060,714	\$ 936,875

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan’s fiduciary’s net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the investment plan's fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$222,322 for the year ended September 30, 2023. Employee contributions to the Investment Plan totaled \$55,004 for the year ended September 30, 2023.

Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

<u>Description</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net Pension Liability	\$ 1,464,350	\$ 1,845,378	\$ 1,663,931	\$ 1,060,714	\$ 6,034,373
Deferred Outflows of Resources	887,411	1,902,421	671,935	277,038	3,738,805
Deferred Inflows of Resources	-	309,404	60,669	94,405	464,478
Pension Expense	310,614	505,997	422,834	462,522	1,701,967

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Defined Contribution Plan

Plan Description and Contribution Requirements – The City provides pension benefits through a defined contribution plan for all full-time employees hired on or after January 1, 1996 who are not covered by either the Police Officer's Retirement System, the Firefighters Retirement System and those employees who elected to not be covered by the Florida Retirement System effective April 1, 2015. This plan is administered by the Florida Municipal Pension Trust Fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who are at least 18 years of age and have six months of service are eligible to participate in the plan. The resolution adopting the plan requires that the City contribute an amount equal to 10.77% of the employee's salary each month. The contribution to the City Manager's plan is equivalent to the FRS method of contribution and vesting for senior management, per the employment agreement. At September 30, 2023, FRS senior management has a contribution rate of 34.52%. The City Council by ordinance maintains the authority to establish new and amend existing benefit provisions of the plan and contribution requirements.

The plan also provides for voluntary employee contributions not to exceed 5% of salary. The City's contribution for each employee (and interest allocated to the employee's account) is fully vested after 10 years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before 10 years of service are used to fund the City's current period contribution requirement.

The City's payroll for the year ended September 30, 2023 for eligible employees participating in the plan was approximately \$347,589. The City's total payroll for all employees was \$2,699,982.

As of September 30, 2023, the City's contributions to the plan were \$56,236 on behalf of the five employees participating during the fiscal year.

NOTE 13 DEFICITS

The CDBG Fund has an unrestricted fund balance deficit of \$341,876 as of September 30, 2023. This deficit is primarily due to the CDBG's grant reimbursements not being received within the period of availability for revenue recognition.

The Airport Fund has an unrestricted net position deficit of \$424,527 as of September 30, 2023. This deficit is primarily due to the Airport's operating expenses exceeding operating revenues.

The Solid Waste Fund has an unrestricted net position deficit of \$13,771 as of September 30, 2023. This deficit is primarily due to the Solid Waste Fund's operating expenses exceeding operating revenues in the current year.

**CITY OF AVON PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 14 LEASES

Lessor Arrangements

The City, acting as lessor, leases commercial space, airport hangers, and cell towers through long-term, noncancelable lease agreements. The leases expire at various dates and provide for renewal options. During the year ended September 30, 2023, the City recognized \$45,488 in lease revenue and \$50,690 in interest revenue, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending September 30,	Governmental Activities		Business Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 40,319	\$ 14,693	\$ 28,748	\$ 50,172	\$ 133,932
2025	43,534	13,678	29,622	49,298	136,132
2026	46,917	28,215	53,164	48,256	176,552
2027	50,477	11,403	77,763	46,157	185,800
2028	54,216	10,136	80,128	43,792	188,272
2029-2033	334,267	28,233	383,005	182,872	928,377
2037-2039	53,083	485	484,871	120,129	658,568
2039-2043	-	-	547,915	42,085	590,000
Total Minimum Lease Payments	\$ 622,813	\$ 106,843	\$ 1,685,216	\$ 582,761	\$ 2,997,633

NOTE 15 CONTINGENCIES

During the ordinary course of its operations, the City is a party to various claims, legal actions, and complaints. The City intends to vigorously defend itself, and in the opinion of the City's management, legal counsel, and special legal counsel these matters are not anticipated to have a material financial impact on the City.

The City participates in various federal and state grant programs, which are subject to program compliance audits. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

NOTE 16 SPECIAL ITEM

During the year, the City sold a building that was held for sale. The sales price of the building was \$10, and the building was recorded at a value of \$349,140 prior to the sale.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AVON PARK, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB Liability						
Service Cost	\$ 14,187	\$ 16,034	\$ 26,719	\$ 25,962	\$ 35,007	\$ 36,591
Interest	7,126	15,509	7,449	10,718	18,092	15,088
Changes of Assumptions	(3,580)	(197,144)	(1,477)	(172,002)	(23,299)	(24,837)
Benefit Payments	(18,712)	(25,834)	(14,348)	(12,876)	(22,155)	(20,372)
Net Change in Total OPEB Liability	(979)	(191,435)	18,343	(148,198)	7,645	6,470
Total OPEB Liability - Beginning of Year	159,379	350,814	332,471	480,669	473,024	466,554
Total OPEB Liability - End of Year	<u>\$ 158,400</u>	<u>\$ 159,379</u>	<u>\$ 350,814</u>	<u>\$ 332,471</u>	<u>\$ 480,669</u>	<u>\$ 473,024</u>
Covered Employee Payroll	\$ 3,793,238	\$ 3,793,238	\$ 2,285,734	\$ 2,285,734	\$ 2,395,122	\$ 2,259,549
Total OPEB Liability as a Percentage of the Covered Employee Payroll	4.18 %	4.20 %	15.35 %	14.55 %	20.07 %	20.93 %

Additional years will be added to this schedule annually until 10 years' data is presented.

Notes to Schedule:

The OPEB plan is not administered through a trust, and there are no assets accumulated in trust for payment of benefits.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2023	4.75 %
2022	4.59 %
2021	2.29 %
2020	2.26 %
2019	4.18 %
2018	3.64 %
2017	3.06 %

CITY OF AVON PARK, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS

Measurement Date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability:									
Service Cost	\$ -	\$ -	\$ -	\$ 25,398	\$ 21,881	\$ 43,637	\$ 43,485	\$ 34,314	\$ 37,818
Interest	482,054	482,268	471,760	475,203	478,398	473,710	457,532	464,239	448,862
Change in Excess State Money	-	-	(49,075)	49,075	-	-	44,955	-	-
Share Plan Allocation	-	-	102,480	-	28,839	23,267	(44,955)	-	-
Difference Between Expected and Actual Experience	39,081	40,987	160,751	(8,139)	(121,947)	(107,123)	(156,072)	(302,143)	-
Change of Assumptions	-	-	(77,922)	386,122	349,415	-	138,973	-	-
Benefit Payments, Including Refunds of Employee Contributions	(480,121)	(571,310)	(443,687)	(455,925)	(352,143)	(354,136)	(299,468)	(279,363)	(302,555)
NET CHANGE IN TOTAL PENSIONS LIABILITY	41,014	(48,055)	164,307	471,734	404,443	79,355	184,450	(82,953)	184,125
Total Pension Liability - Beginning of Year	7,126,592	7,174,647	7,010,340	6,538,606	6,134,163	6,054,808	5,870,358	5,953,311	5,769,186
TOTAL PENSION LIABILITY - END OF YEAR	\$ 7,167,606	\$ 7,126,592	\$ 7,174,647	\$ 7,010,340	\$ 6,538,606	\$ 6,134,163	\$ 6,054,808	\$ 5,870,358	\$ 5,953,311
Plan Fiduciary Net Position									
Contributions - Employer	\$ 126,701	\$ 111,697	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 88,490	\$ 130,000
Contributions - State of Florida	-	74,156	75,222	67,245	63,092	58,391	55,147	54,943	51,390
Contributions - Employee	-	-	-	1,441	4,159	7,358	9,075	7,634	8,173
Net Investment Income	(1,120,361)	1,252,284	445,999	177,282	478,081	722,846	373,165	(71,456)	565,325
Benefit Payments and Refunds	(480,121)	(571,271)	(443,687)	(455,925)	(352,143)	(354,136)	(299,468)	(279,363)	(302,555)
Administrative Expenses	(59,080)	(56,048)	(51,577)	(63,413)	(50,669)	(54,683)	(35,897)	(39,185)	(71,749)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,532,861)	810,818	25,957	(273,370)	142,520	379,776	127,022	(238,937)	380,584
Plan Fiduciary Net Position - Beginning of Year	7,236,117	6,425,299	6,399,342	6,672,712	6,530,192	6,150,416	6,023,394	6,262,331	5,881,747
PLAN FIDUCIARY NET POSITION - END OF YEAR	\$ 5,703,256	\$ 7,236,117	\$ 6,425,299	\$ 6,399,342	\$ 6,672,712	\$ 6,530,192	\$ 6,150,416	\$ 6,023,394	\$ 6,262,331
Net Pension (Asset) Liability	\$ 1,464,350	\$ (109,525)	\$ 749,348	\$ 610,998	\$ (134,106)	\$ (396,029)	\$ (95,608)	\$ (153,036)	\$ (309,020)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.57 %	101.54 %	89.56 %	91.28 %	102.05 %	106.46 %	101.58 %	102.61 %	105.19 %
Covered Payroll	N/A	N/A	N/A	\$ 29,846	\$ 83,181	\$ 148,690	\$ 181,491	\$ 152,797	\$ 157,429
Net Pension Liability as a Percentage of the Covered Payroll	N/A	N/A	N/A	2047.17 %	(161.22)%	(266.35)%	(52.68)%	(100.16)%	(196.29)%

Additional years will be added to this schedule annually until 10 years' data is presented.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' RETIREMENT SYSTEM (CONTINUED)
LAST TEN MEASUREMENT PERIODS**

Notes to Schedule:

Change of Benefit Terms:

For measurement date September 30, 2016, Ordinance 03-16 was adopted which made the following changes:

- For members hired after April 27, 2014, a benefit accrual rate was lowered from 3.0% to 2.0% of the Average Final Compensation for each year of credited service.
- For members hired after April 27, 2014, the benefit of normal retirement after the completion of 20 years of credited services was changed to the completion of 25 years of credited service, regardless of age.

Changes of Assumptions:

For measurement date September 30, 2020, as mandated by Chapter 2015-157, *Laws of Florida*, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics.

For measurement date September 30, 2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.5% to 7.0% per year compounded annually, net of investment related expenses.

For measurement date September 30, 2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.00% to 7.5% per year compounded annually, net of investment related expenses.

For measurement date September 30, 2016, as a result of Chapter 2015-157, *Laws of Florida*, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

CITY OF AVON PARK, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS

Measurement Date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability									
Service Cost	\$ 209,908	\$ 161,884	\$ 143,225	\$ 142,833	\$ 139,148	\$ 108,643	\$ 143,226	\$ 153,105	\$ 146,250
Interest	602,981	572,402	551,494	546,035	536,361	532,439	497,788	475,799	445,552
Change in Excess State Money	-	-	-	-	-	(81,652)	5,991	4,481	9,205
Share Plan Allocation	-	-	-	-	-	43,839	-	-	-
Change in Benefit Terms	-	-	-	12,271	-	-	-	-	-
Difference Between Expected and Actual Experience	(108,996)	138,687	127,858	(216,212)	191,813	(184,278)	(60,536)	(104,097)	-
Change of Assumptions	-	463,275	(163,864)	-	(21,036)	-	206,276	-	-
Benefit Payments, Including Refunds of Employee Contributions	(402,951)	(401,616)	(395,581)	(404,929)	(600,203)	(360,884)	(249,242)	(213,139)	(203,603)
NET CHANGE IN TOTAL PENSIONS LIABILITY	300,942	934,632	263,132	79,998	246,083	58,107	543,503	316,149	397,404
Total Pension Liability - Beginning of Year	8,605,588	7,670,956	7,407,824	7,327,826	7,081,743	7,023,636	6,480,133	6,163,984	5,766,580
TOTAL PENSION LIABILITY - END OF YEAR	\$ 8,906,530	\$ 8,605,588	\$ 7,670,956	\$ 7,407,824	\$ 7,327,826	\$ 7,081,743	\$ 7,023,636	\$ 6,480,133	\$ 6,163,984
Plan Fiduciary Net Position									
Contributions - Employer	\$ 333,926	\$ 288,069	\$ 345,025	\$ 445,654	\$ 330,429	\$ 363,321	\$ 330,229	\$ 412,081	\$ 342,083
Contributions - State of Florida	42,417	41,848	39,085	38,071	39,835	49,927	43,087	41,577	46,301
Contributions - Employee	52,624	44,943	39,090	32,362	31,510	32,690	29,590	33,093	33,750
Net Investment Income	(1,338,801)	1,493,914	640,648	215,579	529,834	634,997	327,419	(36,226)	439,120
Benefit Payments and Refunds	(402,951)	(401,616)	(395,581)	(404,929)	(600,203)	(360,882)	(249,242)	(213,139)	(203,603)
Administrative Expenses	(81,200)	(74,782)	(71,437)	(78,852)	(66,011)	(54,265)	(57,291)	(66,097)	(53,989)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,393,985)	1,392,376	596,830	247,885	265,394	665,788	423,792	171,289	603,662
Plan Fiduciary Net Position - Beginning of Year	8,455,137	7,062,761	6,465,931	6,218,046	5,952,652	5,286,864	4,863,072	4,691,783	4,088,121
PLAN FIDUCIARY NET POSITION - END OF YEAR	\$ 7,061,152	\$ 8,455,137	\$ 7,062,761	\$ 6,465,931	\$ 6,218,046	\$ 5,952,652	\$ 5,286,864	\$ 4,863,072	\$ 4,691,783
Net Pension (Asset) Liability	<u>\$ 1,845,378</u>	<u>\$ 150,451</u>	<u>\$ 608,195</u>	<u>\$ 941,893</u>	<u>\$ 1,109,780</u>	<u>\$ 1,129,091</u>	<u>\$ 1,736,772</u>	<u>\$ 1,617,061</u>	<u>\$ 1,472,201</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.28 %	98.25 %	92.07 %	87.29 %	84.86 %	84.06 %	75.27 %	75.05 %	76.12 %
Covered Payroll	\$ 1,052,482	\$ 898,859	\$ 781,814	\$ 647,238	\$ 630,200	\$ 653,809	\$ 591,797	\$ 667,541	\$ 677,155
Net Pension Liability as a Percentage of the Covered Payroll	175.34 %	16.74 %	77.79 %	145.52 %	176.10 %	172.69 %	293.47 %	242.24 %	217.41 %

Additional years will be added to this schedule annually until 10 years' data is presented.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' RETIREMENT SYSTEM (CONTINUED)
LAST TEN MEASUREMENT PERIODS**

Notes to Schedule:

Change of Benefit Terms:

For measurement date September 30, 2019, the benefit accrual rate has been increased from 2.00% to 3.16% per year for each year of credited service for all members hired after October 31, 2013.

For measurement date September 30, 2019, Chapter 2019-21, Laws of Florida was signed into effect grants certain disability benefits to firefighters participating in an employer-sponsored retirement plan. Effective July 1, 2019, "the retirement plan must consider the firefighter totally and permanently disabled due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer."

Changes of Assumptions:

For the measurement date September 30, 2021, the investment rate of return was lowered from 7.5% to 7.0% per year, net of investment related expenses.

For measurement date September 30, 2020, as mandated by Chapter 2015-157, *Laws of Florida*, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation for special risk employees.

For measurement date September 30, 2018, the amounts reported as changes to assumptions reflected the results October 19, 2018 experience study and included changes to the assumed salary increase rates, withdrawal rates, of the early and normal retirement rates and included a reduction in the assumed investment rate of return from 7.75% to 7.50%.

For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the FRS.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS
POLICE OFFICERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Year Ended September 30,	Actuarially Determined Contribution	Contributions In Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 109,072	\$ 34,916	\$ 74,156	N/A	N/A
2022	126,701	126,701	-	N/A	N/A
2021	122,172	185,853	63,681	N/A	N/A
2020	21,817	21,817	-	N/A	N/A
2019	18,170	18,170	-	\$ 29,846	60.88 %
2018	34,253	34,253	-	83,181	41.18 %
2017	35,124	35,124	-	148,690	23.62 %
2016	75,649	80,147	4,498	181,491	44.16 %
2015	139,880	143,433	3,553	152,797	93.87 %
2014	178,966	181,390	2,424	157,429	115.22 %

Additional years will be added to this schedule annually until 10 years data is presented.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Valuation date - for September 30, 2023 contributions, the valuation date was as of October 1, 2021.

Actuarial Cost Method - the entry age normal actuarial cost method is used.

Amortization method - new UAAL amortization bases.

Remaining amortization period - 15 years as of the October 1, 2021 valuation.

Asset valuation method - each year, the actuarial value of assets is brought forward utilizing the historical geometric four year average market value, net of fees.

Payroll growth - None.

Salary increases - N/A Closed Plan with no remaining active participants

Cost of living - 1.46% automatic lifetime COLA, beginning one year after the normal retirement.

Investment rate of return - 7.0% per year compounded annually, net of investment related expenses.

Retirement age - N/A Closed Plan with no remaining active participants

Termination rates - N/A Closed Plan with no remaining active participants

Disability rates - N/A Closed Plan with no remaining active participants

Mortality - No active lives: Closed Plan with no remaining active participants. Retiree lives are PubS.H-2010 (set forward one year). Beneficiary lives are PubG.H-2010 except male set back one year. Disabled lives are 80% PubG.H-2010 / 20% PubS.H-2010.

CITY OF AVON PARK, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
LAST TEN MEASUREMENT PERIODS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.004175801%	0.003774534%	0.003012812%	0.000034226%	0.002991289%	0.002506030%	0.002295989%	0.002149501%	0.001058703%
City's Proportionate Share of the Net Pension Liability	\$ 1,663,922	\$ 1,404,430	\$ 227,584	\$ 1,483,402	\$ 1,030,158	\$ 754,829	\$ 679,138	\$ 542,751	\$ 136,746
City's Covered Payroll	\$ 2,658,759	\$ 2,027,129	\$ 1,687,920	\$ 1,649,220	\$ 1,397,628	\$ 1,243,830	\$ 1,028,400	\$ 927,819	\$ 360,509
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	62.58 %	69.28 %	13.48 %	89.95%	92.71 %	60.69 %	66.04 %	58.50 %	37.93 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.38 %	82.89 %	96.40 %	78.85 %	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %

* The amounts presented for each fiscal year were determined as of June 30.

¹ Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 205,593	\$ 174,788	\$ 118,618	\$ 103,695	\$ 111,507	\$ 74,795	\$ 61,407	\$ 58,491	\$ 34,552
Contributions in Relation to the Contractually Required Contribution	<u>(205,593)</u>	<u>(174,788)</u>	<u>(118,618)</u>	<u>(103,695)</u>	<u>(111,507)</u>	<u>(74,795)</u>	<u>(61,407)</u>	<u>(58,491)</u>	<u>(34,552)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 2,699,982	\$ 2,208,753	\$ 1,669,166	\$ 1,641,970	\$ 1,469,769	\$ 1,311,165	\$ 1,062,216	\$ 1,013,067	\$ 518,601
Contributions as a Percentage of Covered Payroll	7.61 %	7.91 %	7.11 %	6.32 %	7.59 %	5.70 %	5.78 %	5.77 %	6.66 %

* The amounts presented for each fiscal year were determined as of September 30.

¹ Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

CITY OF AVON PARK, FLORIDA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN ¹
LAST TEN MEASUREMENT PERIODS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.000066790 %	0.005562442 %	0.004747100 %	0.004735876 %	0.004172300 %	0.003808200 %	0.003207676 %	0.003005484 %	0.001178455 %
City's Proportionate Share of the Net Pension Liability	\$ 1,060,714	\$ 589,151	\$ 1,060,714	\$ 578,243	\$ 466,839	\$ 403,064	\$ 342,980	\$ 350,277	\$ 120,184
City's Covered Payroll	\$ 2,658,759	\$ 2,027,129	\$ 1,687,920	\$ 1,649,220	\$ 1,397,628	\$ 1,243,830	\$ 1,028,400	\$ 927,819	\$ 360,509
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.90 %	29.06 %	62.84 %	35.06 %	33.40 %	32.41 %	33.35 %	37.75 %	33.34 %
Total Pension Liability	4.12 %	4.810 %	3.56 %	3.00 %	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %

* The amounts presented for each fiscal year were determined as of June 30.

¹ Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN ¹
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 46,784	\$ 36,674	\$ 27,685	\$ 27,262	\$ 24,402	\$ 21,771	\$ 17,531	\$ 16,820	\$ 7,312
Contributions in Relation to the Contractually Required Contribution	(46,784)	(36,674)	(27,685)	(27,262)	(24,402)	(21,771)	(17,531)	(16,820)	(7,312)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 2,699,982	\$ 2,208,753	\$ 1,669,166	\$ 1,641,970	\$ 1,469,769	\$ 1,311,165	\$ 1,062,216	\$ 1,013,067	\$ 518,601
Contributions as a Percentage of Covered Payroll	1.73 %	1.66 %	1.66 %	1.66 %	1.66 %	1.66 %	1.65 %	1.66 %	1.41 %

* The amounts presented for each fiscal year were determined as of September 30.

¹ Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

SUPPLEMENTARY INFORMATION

**CITY OF AVON PARK, FLORIDA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – CRA FUNDS
 YEAR ENDED SEPTEMBER 30, 2023**

	Community Redevelopment Agency - Main Street Fund	Community Redevelopment Agency - South Side Fund	Community Redevelopment Agency - Airport Fund	Total CRA Funds
REVENUES				
Tax Increment Revenues:				
Highlands County	\$ 345,821	\$ 133,542	\$ 20,928	\$ 500,291
Total Revenues	<u>345,821</u>	<u>133,542</u>	<u>20,928</u>	<u>500,291</u>
EXPENDITURES				
Current:				
Economic Environment:				
Personal Services	5,849	3,014	-	8,863
Professional Services	2,259	2,231	2,203	6,693
Other Expenditures	812	10,688	140	11,640
Grants and Subsidies	36,008	48,095	-	84,103
Total Expenditures	<u>44,928</u>	<u>64,028</u>	<u>2,343</u>	<u>111,299</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	300,893	69,514	18,585	388,992
Fund Balances - Beginning of Year	<u>888,346</u>	<u>245,306</u>	<u>188,408</u>	<u>1,322,060</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,189,239</u></u>	<u><u>\$ 314,820</u></u>	<u><u>\$ 206,993</u></u>	<u><u>\$ 1,711,052</u></u>

**CITY OF AVON PARK, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2023**

	Police Officers' Retirement System	Firefighters' Retirement System	Total Pension Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 191,469	\$ 173,878	\$ 365,347
Receivables:			
Brokerage Transactions	120	1,098	1,218
Accrued Income	2,148	14,549	16,697
Total Receivables	2,268	15,647	17,915
 Prepaid Benefit Payments	 1,250	 -	 1,250
 Investments, at Fair Market Value:			
Fixed Income Mutual Funds	1,644,559	339,693	1,984,252
U.S. Government and Agencies	-	949,039	949,039
Corporate and Foreign Bonds	-	395,179	395,179
Equity Securities and Mutual Funds	3,380,915	4,794,538	8,175,453
Real Estate Investment Fund	553,783	701,448	1,255,231
Total Investments	5,579,257	7,179,897	12,759,154
 Total Assets	 5,774,244	 7,369,422	 13,143,666
LIABILITIES			
Accounts Payable	14,495	15,042	29,537
Total Liabilities	14,495	15,042	29,537
FIDUCIARY NET POSITION			
Restricted for:			
Pension	5,759,749	7,354,380	13,114,129
Total Fiduciary Net Position	\$ 5,759,749	\$ 7,354,380	\$ 13,114,129

**CITY OF AVON PARK, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED SEPTEMBER 30, 2023**

	Police Officers' Retirement System	Firefighters' Retirement System	Total Pension Trust Funds
ADDITIONS			
Contributions:			
City	\$ 34,916	\$ 329,288	\$ 364,204
Plan Members	-	56,319	56,319
State of Florida	-	60,750	60,750
Total Contributions	34,916	446,357	481,273
Investment Income (Loss)	592,857	710,976	1,303,833
Less Investment Expenses:			
Investment Management Fees	8,405	11,121	19,526
Custodial Fees	3,319	3,983	7,302
Performance Evaluation Fees	19,250	19,250	38,500
Total Investment Expenses	30,974	34,354	65,328
Net Investment Income (Loss)	561,883	676,622	1,238,505
Total Additions	596,799	1,122,979	1,719,778
DEDUCTIONS			
Administrative Expenses	54,525	68,534	123,059
Payments to Retirees and Participants	485,607	761,161	1,246,768
Total Deductions	540,132	829,695	1,369,827
CHANGE IN NET POSITION	56,667	293,284	349,951
Net Position Restricted for Pensions - Beginning of Year	5,703,082	7,061,096	12,764,178
NET POSITION RESTRICTED FOR PENSIONS - END OF YEAR	\$ 5,759,749	\$ 7,354,380	\$ 13,114,129

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023**

Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development				
Passed-through Florida Department of Economic Opportunity:				
Small Cities Community Development Block Grants / State's Program	14.228	19DB-ON-07-38-02-H10	\$ -	\$ 432,187
Small Cities Community Development Block Grants / State's Program	14.228	MT039		89,050
Small Cities Community Development Block Grants / State's Program	14.228	I0122		3,000
Total U.S. Department of Housing and Urban Development			-	<u>524,237</u>
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106		-	7,874
Airport Improvement Program	20.106		-	2,289,849
Airport Improvement Program	20.106		-	324,538
Total U.S. Department of Transportation			-	<u>2,622,261</u>
U.S. Department of Treasury				
Direct Programs:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		-	2,988,296
U.S. Department of Homeland Security				
Pass-Through from Florida Divisions of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z3129	-	48,631
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 6,183,425</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF AVON PARK, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the City of Avon Park, Florida (City) for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City did not receive noncash assistance during the year. There were no loans or loan guarantees outstanding.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for awards and financial assistance recorded in the governmental funds and the accrual basis of accounting for awards and financial assistance recorded in the proprietary funds, which are described in Note 1 to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any would have a material effect on the financial position of the City.



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

Honorable Mayor and
Members of the City Council
City of Avon Park, 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 Avon Park, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 20, 2024. Our report includes a reference to other auditors who audited the financial statements of the Firefighters' Pension Trust fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Police Officers' pension trust fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Police Officers' pension trust fund.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City'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.

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we considered to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City of Avon Park, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Sebring, Florida
September 20, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Avon Park, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the city's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 and 2023-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 and 2023-005 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Sebring, Florida
September 20, 2024

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
YEAR ENDED SEPTEMBER 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified? yes X none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified? X yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of Major Federal Programs

Assistance Listing Number(s)

Name of Federal Program or Cluster

21.027

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

20.106

Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FEDERAL PROGRAMS
YEAR ENDED SEPTEMBER 30, 2023**

Section II – Financial Statement Findings

2023-001 – Audit Adjustments

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: Several audit adjustments were necessary for the financial statements to be reported in accordance with generally accepted accounting standards (GAAP). Without these adjustments being recorded, the financial statements would have been materially misstated. The following summarizes the material misstatements noted during the audit:

- Cash and accrued payroll liabilities were understated by \$131,505 due to a system error when posting the end of year payroll accrual.
- Due from other governments and revenue were overstated by \$67,095 due to an error in posting a current year receipt.
- CDBG grant revenue was overstated and unavailable revenue was understated by \$395,550 due to amounts not received within the period of availability for revenue recognition being recorded as revenue in the current year.
- Airport fund receivables and revenue were overstated by \$88,863 due to errors occurring during software conversion.
- Code enforcement receivables were overstated due to errors in recording.

Criteria or specific requirement: The City's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cause: The City converted to new accounting software during the year. Due to the conversion, the City lost access to the data in the previous accounting software which held all of prior years' data. The time commitment needed for the implementation resulted in a strain on finance staff resources. As a result, the year-end closing procedures were delayed and did not detect the errors.

Effect: Before the corrections, the financial statements were materially misstated.

Repeat finding: See prior year finding 2022-001.

Recommendation: The City should implement additional review procedures to ensure account balances are reconciled. Analytical procedures should also be implemented to identify unusual account balances.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FEDERAL PROGRAMS
YEAR ENDED SEPTEMBER 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

2023-002 – Reporting

Federal Agency: Department of the Treasury

Federal Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: Unknown

Award Period: 03/03/2021 – 12/31/2024

Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Other Matters

Criteria or specific requirement: The award requires a Project and Expenditure Report be submitted by April 30, 2022 and then annually thereafter. Internal controls should be in place to ensure reports are reviewed for accuracy and completeness before they are submitted and that they are submitted timely.

Condition: The annual Project and Expenditure Report was submitted after the reporting due date. There is no review process in place to ensure required reports are filed timely.

Questioned costs: None.

Context: During our testing of the annual report, we noted the report was due April 30, 2023 but was submitted on May 8, 2023, 8 days after the due date.

Cause: Lack of knowledge and training of those managing grants.

Effect: Late reporting could result in a Federal agency requiring funds to be returned or inability to secure future grant funding.

Repeat finding: No.

Recommendation: We recommend the City designate a responsible and qualified grant manager, establish internal controls for reporting, and file required reports in a timely and accurate manner.

Views of responsible officials: There is no disagreement with the audit finding.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FEDERAL PROGRAMS
YEAR ENDED SEPTEMBER 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-003 – Reporting

Federal agency: Department of Transportation

Federal program title: Airport Improvement Program

Assistance Listing Number: 20.106

Federal Award Identification Number and Year:

- 3-12-002-023-2022
- 3-12-002-024-2022
- 3-12-002-025-2022

Award Period:

- 1/20/2020-1/20/2024
- 9/13/2022-9/13/2026
- 9/13/2022-9/13/2026

Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Other Matters

Criteria or specific requirement: The City is required to submit formal financial and performance reports on an annual basis using prescribed form SF-425 and formal reimbursement requests on an as needed basis using prescribed form SF-270. Internal controls should be in place to ensure reports are reviewed for accuracy and completeness before they are submitted and that they are submitted timely.

Condition: There is no review process in place to ensure required reports are filed timely, accurately, and in accordance with program guidelines. Two reports were not filed for the year audited.

Questioned costs: None.

Context: Form SF-425 Federal Financial Report is due 90 days after fiscal year end, for each grant open at year end. Six reports were tested during our audit procedures.

Cause: Turnover in City staff and lack of knowledge and training of those managing grants.

Effect: A failure to submit required reports to FAA could result in disciplinary action such as a delay in payments or change in award.

Repeat finding: No.

Recommendation: We recommend the City designate a responsible and qualified grant manager, establish internal controls for reporting, and file required reports in a timely and accurate manner.

Views of responsible officials: There is no disagreement with the audit finding.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FEDERAL PROGRAMS
YEAR ENDED SEPTEMBER 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-004 – Matching

Federal agency: Department of Transportation

Federal program title: Airport Improvement Program

Assistance Listing Number: 20.106

Federal Award Identification Number and Year: 3-12-0004-024-2022

Award Period: 09/13/2022-09/13/2026

Type of Finding:

- Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires compliance with matching provisions. The City should have internal controls designed to ensure compliance with those provisions.

Condition: The City does not have adequate internal controls designed to document review of matching requirements.

Questioned costs: None.

Context: In a sample of 5 reimbursement requests, there was no documentation that the match calculation was reviewed for 2 items tested.

Cause: Turnover in City staff and lack of knowledge and training of those managing grants.

Effect: Grant match could be incorrectly calculated or reported.

Repeat finding: No.

Recommendation: We recommend the City designate a responsible and qualified grant manager and establish internal controls for matching requirement.

Views of responsible officials: There is no disagreement with the audit finding.

**CITY OF AVON PARK, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FEDERAL PROGRAMS
YEAR ENDED SEPTEMBER 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-005 – Special Tests and Provisions

Federal agency: Department of Transportation

Federal program title: Airport Improvement Program

Assistance Listing Number: 20.106

Federal Award Identification Number and Year: 3-12-0004-024-2022

Award Period: 09/13/2022-09/13/2026

Type of Finding:

- Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires compliance with special tests and provisions. The City should have internal controls designed to ensure compliance with those provisions, including reviewing and monitoring functions outsourced to consultants.

Condition: The City does not have adequate internal controls designed to review the consultant's monitoring of Davis-Bacon requirements.

Questioned costs: None.

Context: In a sample of 8 certified payrolls, we noted review was performed by the consultant; however, no one at the city reviewed the consultant's work.

Cause: Turnover in City staff and lack of knowledge and training of those managing grants.

Effect: If the prevailing wage rate is not paid to contracted laborers, it could result in the City being required to return funds to the grantor.

Repeat finding: No.

Recommendation: We recommend the City designate a responsible and qualified grant manager and establish internal controls for matching requirement.

Views of responsible officials: There is no disagreement with the audit finding.



MANAGEMENT LETTER

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Avon Park, Florida (the City), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated September 20, 2024.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated September 20, 2024, 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. Finding 2022-001 has been repeated in the current year.

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. See Note 1 to the financial statements.

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

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 Section 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, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Community Redevelopment Agency of the City of Avon Park reported their required information in their audit report.

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Sebring, Florida
September 20, 2024



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and
Members of the City Council
City of Avon Park, Florida

We have examined the City of Avon Park, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements 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 judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
September 20, 2024



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