



**City of Groveland, Florida**  
**FINANCIAL STATEMENTS**  
**Year Ended September 30, 2023**





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**City of Groveland, Florida  
City Officials  
As of September 30, 2023**

**MAYOR**

Evelyn Wilson

**VICE MAYOR**

Mike Radzik

**CITY COUNCIL**

Barbara Gaines  
Richard Skyzinski  
Dina Sweatt

**CITY MANAGER**

Michael Hein

**CITY ATTORNEY**

Anita Geraci-Carver, Esq.

**CITY CLERK**

Virginia Wright



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## **INDEPENDENT AUDITOR'S REPORT**

To the City Council  
City of Groveland, 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 Groveland, 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, 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

#### ***Emphasis of Matter***

As described in Note 2 to the financial statements, in fiscal year 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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 the City's internal control over financial reporting and compliance.

*Carr, Rigg & Ingram, L.L.C.*

Melbourne, Florida

June 28, 2024

## **City of Groveland, Florida Management's Discussion and Analysis**

As management of the City of Groveland (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$113 million (net position). Of this amount, \$9.0 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$11.0 million or 11%.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24.6 million or an increase of \$1.6 million. Of this amount \$5.6 million is available for spending at the government's discretion (assigned and unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$9.1 million or approximately 49% of total General Fund expenditures.
- The City's total outstanding long-term debt, not including compensated absences and other post-employment benefits, increased by \$1.1 million during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### **Government-Wide Financial Statements**

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

The Statement of Net Position presents financial information of all of the City's assets, liabilities, and deferred inflows/outflows 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 declining.

## **City of Groveland, Florida Management's Discussion and Analysis**

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation and community development. The business-type activities of the City include water, sewer, and reclaimed water system and sanitation utility services. The government-wide financial statements can be found on pages 18-21 of this report.

### **Fund Financial Statements**

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

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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 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 seventeen 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, the Community Redevelopment Agency Fund, the Building Services Fund and the Fire Operations Fund. The other funds are presented in aggregate.

## **City of Groveland, Florida Management's Discussion and Analysis**

The City of Groveland adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund, the Community Redevelopment Agency Fund, the Building Services Fund and the Fire Operations Fund to demonstrate compliance with their budgets.

The basic governments fund financial statements can be found on pages 22-29 of this report.

### **Proprietary Funds**

The City maintains one type of proprietary fund – an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, and reclaimed water system utility activities as well as sanitation services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide more detailed information for the water, sewer, and reclaimed water utility activities as well as sanitation services. The basic proprietary fund financial statements can be found of pages 30-32 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-80 of this report.

# City of Groveland, Florida Management's Discussion and Analysis

## Government-Wide Overall Financial Analysis

### Statement of Net Position

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Groveland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$113.2 million at the close of the current fiscal year.

|  | Governmental Activities |               | Business-type Activities |               | Total          |                |
|--|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
|  | 2023                    | 2022          | 2023                     | 2022          | 2023           | 2022           |
| <b>Assets:</b>                             |                         |               |                          |               |                |                |
| Current and other assets                   | \$ 30,584,738           | \$ 26,370,975 | \$ 21,932,081            | \$ 19,155,023 | \$ 52,516,819  | \$ 45,525,998  |
| Capital assets                             | 52,226,759              | 46,566,095    | 53,114,808               | 49,115,957    | 105,341,567    | 95,682,052     |
| Total assets                               | 82,811,497              | 72,937,070    | 75,046,889               | 68,270,980    | 157,858,386    | 141,208,050    |
| Deferred Outflows Pensions and OPEB        | 8,972,711               | 457,518       | 17,834                   | 10,438        | 8,990,545      | 467,956        |
| <b>Liabilities:</b>                        |                         |               |                          |               |                |                |
| Long-term liabilities                      | 31,194,709              | 20,025,160    | 11,143,739               | 9,818,849     | 42,338,448     | 29,844,009     |
| Other liabilities                          | 7,120,569               | 4,274,054     | 3,186,241                | 4,473,923     | 10,306,810     | 8,747,977      |
| Total liabilities                          | 38,315,278              | 24,299,214    | 14,329,980               | 14,292,772    | 52,645,258     | 38,591,986     |
| Deferred Inflows Pensions, OPEB and Leases | 909,363                 | 820,721       | 54,945                   | 47,488        | 964,308        | 868,209        |
| <b>Net Position:</b>                       |                         |               |                          |               |                |                |
| Net investment in capital assets           | 31,253,024              | 26,664,236    | 40,837,733               | 38,851,628    | 72,090,757     | 65,515,864     |
| Restricted                                 | 15,392,540              | 9,026,657     | 16,445,039               | 13,219,474    | 31,837,579     | 22,246,131     |
| Unrestricted                               | 5,914,003               | 12,583,760    | 3,397,026                | 1,870,056     | 9,311,029      | 14,453,816     |
| <b>Total net position</b>                  | \$ 52,559,567           | \$ 48,274,653 | \$ 60,679,798            | \$ 53,941,158 | \$ 113,239,365 | \$ 102,215,811 |

By far the largest portion of the City's net position (64%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (28%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9.0 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2023, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## City of Groveland, Florida Management's Discussion and Analysis

### Statement of Activities

The following table reflects the condensed Statements of Activities for the current and prior year:

|  | Governmental Activities |                      | Business-type Activities |                      | Total                 |                       |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|  | 2023                    | 2022                 | 2023                     | 2022                 | 2023                  | 2022                  |
| <b>Revenues:</b>                                     |                         |                      |                          |                      |                       |                       |
| <b>Program revenues</b>                              |                         |                      |                          |                      |                       |                       |
| Charges for services & fines                         | \$ 10,881,599           | \$ 5,860,631         | \$ 9,686,147             | \$ 8,285,940         | \$ 20,567,746         | \$ 14,146,571         |
| Operating grants & contributions                     | 1,396,387               | 4,292,800            | -                        | -                    | 1,396,387             | 4,292,800             |
| Capital grants & contributions                       | 4,867,187               | 5,529,776            | 7,734,408                | 4,146,090            | 12,601,595            | 9,675,866             |
| <b>General Revenues:</b>                             |                         |                      |                          |                      |                       |                       |
| Property taxes                                       | 8,891,079               | 6,788,699            | -                        | -                    | 8,891,079             | 6,788,699             |
| Utility taxes and franchise fees                     | 3,632,741               | 3,208,929            | -                        | -                    | 3,632,741             | 3,208,929             |
| Intergovernmental                                    | 7,034,122               | 7,024,280            | -                        | -                    | 7,034,122             | 7,024,280             |
| Investment earnings                                  | 576,670                 | 16,051               | 315,960                  | 31,539               | 892,630               | 47,590                |
| Miscellaneous  | 402,364                 | 352,030              | 28,755                   | 42,376               | 431,119               | 394,406               |
| <b>Total revenues</b>                                | <b>37,682,149</b>       | <b>33,073,196</b>    | <b>17,765,270</b>        | <b>12,505,945</b>    | <b>55,447,419</b>     | <b>45,579,141</b>     |
| <b>Expenses:</b>                                     |                         |                      |                          |                      |                       |                       |
| General government                                   | 5,544,608               | 5,081,122            | -                        | -                    | 5,544,608             | 5,081,122             |
| Public safety  | 19,465,149              | 13,514,366           | -                        | -                    | 19,465,149            | 13,514,366            |
| Transportation                                       | 1,679,786               | 11,393,520           | -                        | -                    | 1,679,786             | 11,393,520            |
| Parks and recreation                                 | 2,708,147               | 2,416,405            | -                        | -                    | 2,708,147             | 2,416,405             |
| Economic development                                 | 1,975,514               | 910,080              | -                        | -                    | 1,975,514             | 910,080               |
| Physical environment                                 | 2,324,206               | 1,684,095            | -                        | -                    | 2,324,206             | 1,684,095             |
| Interest on long-term debt                           | 481,494                 | 404,813              | -                        | -                    | 481,494               | 404,813               |
| Water and sewer system                               | -                       | -                    | 10,244,961               | 8,469,997            | 10,244,961            | 8,469,997             |
| <b>Total expenses:</b>                               | <b>34,178,904</b>       | <b>35,404,401</b>    | <b>10,244,961</b>        | <b>8,469,997</b>     | <b>44,423,865</b>     | <b>43,874,398</b>     |
| Increase (decrease) in net position before transfers | 3,503,245               | (2,331,205)          | 7,520,309                | 4,035,948            | 11,023,554            | 1,704,743             |
| Transfers  | 781,669                 | 1,411,319            | (781,669)                | (1,411,319)          | -                     | -                     |
| Increase (decrease) in net position                  | 4,284,914               | (919,886)            | 6,738,640                | 2,624,629            | 11,023,554            | 1,704,743             |
| Net position, October 1                              | 48,274,653              | 49,194,539           | 53,941,158               | 51,316,529           | 102,215,811           | 100,511,068           |
| <b>Net position, September 30</b>                    | <b>\$ 52,559,567</b>    | <b>\$ 48,274,653</b> | <b>\$ 60,679,798</b>     | <b>\$ 53,941,158</b> | <b>\$ 113,239,365</b> | <b>\$ 102,215,811</b> |

### Governmental Activities

During the current fiscal year, the net position for governmental activities increased by \$4.3 million. This is a \$5.2 million increase over the prior year. This change is primarily due to a \$4.0 million increase in revenues and a \$1.2 million decrease in expenses. The various decreases and increases are explained in more detail below.

In the current fiscal year, program revenues increased by \$1.5 million. Fee increases totaling \$5.0 million, driven by higher rates for building services and a new fire assessment to support fire protection services, were partially offset by a \$3.5 million decline in grants. Notably, the prior year included a \$4.1 million American Rescue Plan Act Grant aimed at COVID-19 recovery and response. General revenues also saw growth, with property taxes increasing \$2.1 million due to a 32.0% increase in property values. Franchise fees, state revenues, and investment earnings were also higher than the prior year and contributed to an additional \$1.0 million increase in general revenues. Net transfers received decreased by \$629 thousand due to a \$372 thousand reduction in the Utility Fund transfer to the General Fund in the current year. Additionally, the prior year featured a one-time transfer of \$258 thousand from the now-closed Sanitation Fund.

Governmental activity expenses decreased by \$1.2 million this year. In the prior year, transportation expenses were notably higher due to a one-time \$9.9 million contribution to the Florida Department of Transportation for acquiring right-of-way, which accelerated the State Road 50 project. Despite

## City of Groveland, Florida Management's Discussion and Analysis

this decrease, expenses in other areas saw increases: general government expenses rose by \$463 thousand, public safety expenses increased by \$6.0 million, economic development expenses grew by \$1.1 million, physical environment expenses went up by \$640 thousand, and culture and recreation expenses increased by \$292 thousand.

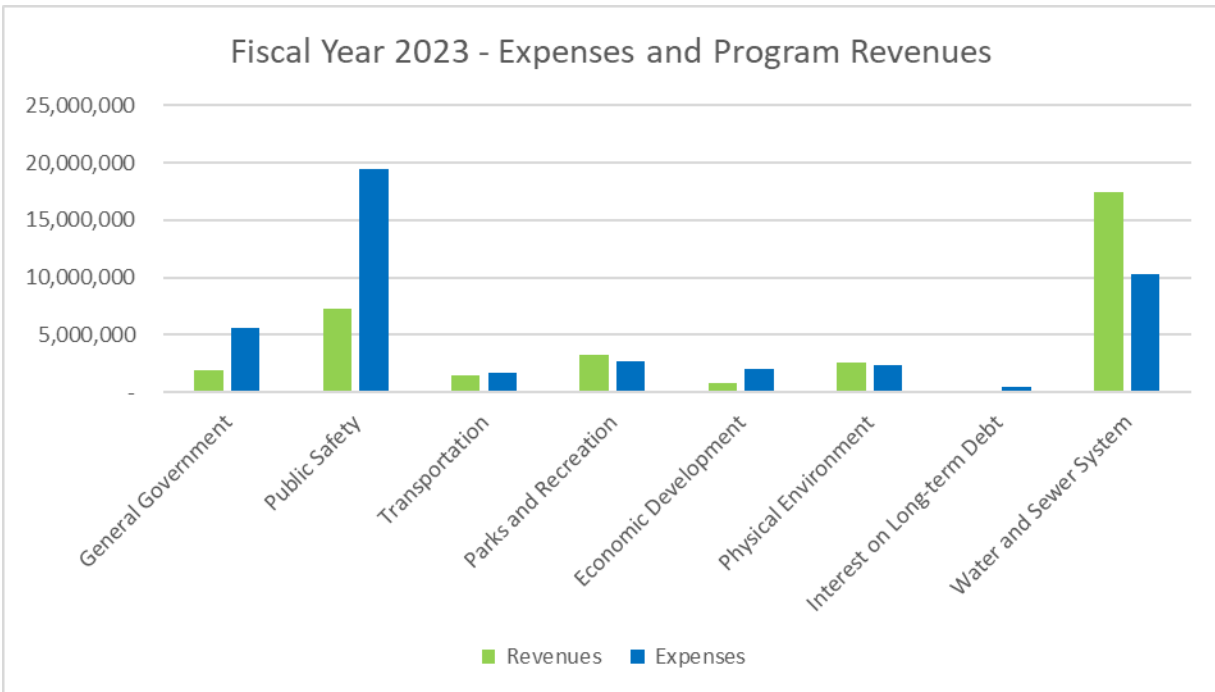
The rise in general government expenses was driven by the outsourcing of development reviews, landscape maintenance, and HVAC maintenance. Public safety expenses grew due to multiple factors including increased payments to the outsourced building official following heightened commercial building activity, mid-year raises for Police and Fire employees, additional personnel such as a new police officer, higher health insurance premiums, emergency repairs from a hailstorm, and increased contributions to the Florida Retirement System and pension liabilities. Economic development costs escalated due to tax abatement payments and Community Development Block Grant (CDBG) expenditures for housing rehabilitation initiated during the year, although this was partly offset by reduced façade grants and the reclassification of the City's outsourced community center operations from the CRA to Parks. Another contributing factor to the increase in culture and recreation expenses was professional services and contract services aimed at exploring options for the South Lake Regional Park. Physical environment expenses increased due to a rise in the number of sanitation customers and increased hauler rates.

### **Business-Type Activities**

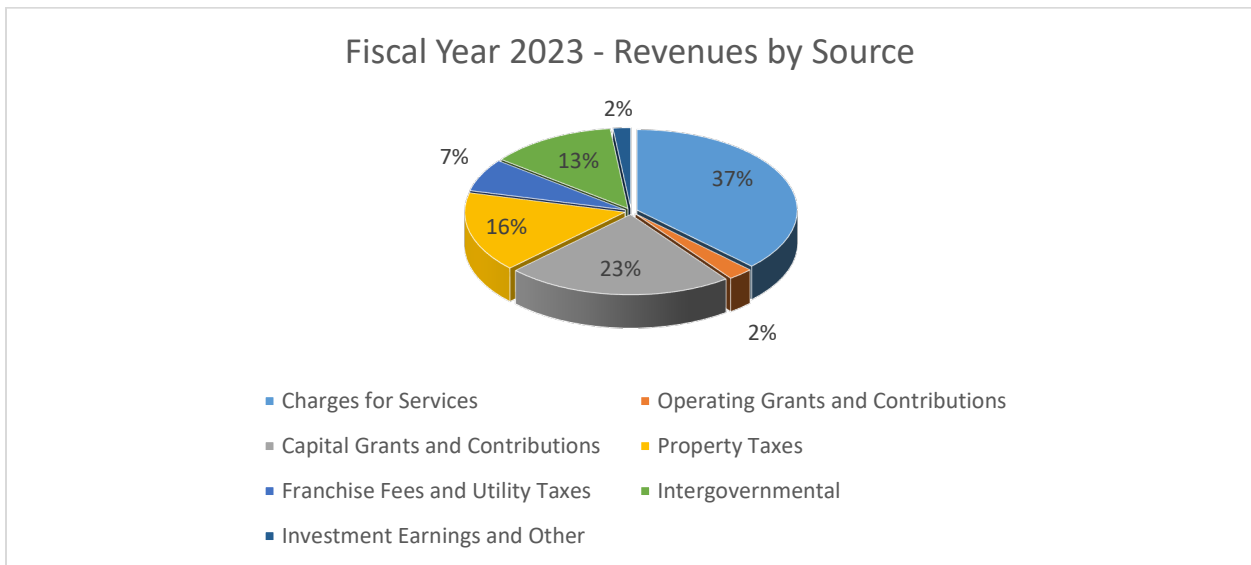
In the current fiscal year, business-type activities bolstered the City's net position by \$6.7 million, a significant improvement compared to \$2.6 million in the previous year. This \$4.1 million increase can be attributed primarily to a \$3.6 million rise in capital grants and contributions. Notably, developers contributed an additional \$1.2 million towards water, sewer, and reclamation infrastructure compared to the prior year. Moreover, grants from the Florida Department of Environmental Protection (FDEP) and the Saint John's Water Management District (SJWMD), aimed at supporting the design and construction of essential water and sewer projects, totaled \$1.7 million. Impact fees also saw a notable increase, with the City collecting \$764 thousand more than the prior year which included a sizable contribution from the City of Mascotte. Additionally, a decrease of \$630 thousand in the interfund transfer from the Utility Fund to the General Fund played a role in enhancing the positive change in net position for the fiscal year.

The following chart provides a comparison of expenses versus revenues for each program. Public Safety, a cornerstone of the City's services, relies heavily on funding sources beyond program-generated revenues. Taxes and other general resources contribute significantly to support this essential service. In contrast, the Parks and Recreation program realized a surplus of \$507 thousand in revenues over expenses, buoyed by an advance grant received for the construction of a new community center and trail. Similarly, the Physical Environment program saw revenues exceed expenses by \$292 thousand, driven by an increase in sanitation customers. The Water and Sewer program exhibited a substantial surplus of \$7.1 million in revenues over expenses, primarily attributed to impact fees collected during the year earmarked for future expansion expenditures, donated water, sewer, and reclamation infrastructure, as well as grants from the Florida Department of Environmental Protection (FDEP) and the Saint John's Water Management District (SJWMD).

## City of Groveland, Florida Management's Discussion and Analysis



The following chart illustrates the City's revenue sources for Fiscal Year 2023. The largest revenue category, totaling \$20.6 million, is derived primarily from charges for services, predominantly stemming from water, sewer, and sanitation services provided to City residents and businesses. Capital grants and contributions represent the second-largest revenue source, comprising \$3.7 million from donated capital infrastructure, \$4.2 million from impact fee collections, and \$4.7 million in grants and contributions received from other local governments. Property taxes constitute the third-largest revenue source, amounting to \$8.9 million for the current fiscal year.



# City of Groveland, Florida Management's Discussion and Analysis

## Financial Analysis of 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 City's net resources available for spending at the end of the current fiscal year.

As of the conclusion of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$24.6 million, reflecting a 7% increase from the previous year. This growth was primarily driven by impact fees and advanced grant funds designated for future capital expansion and construction projects. The unassigned fund balance decreased by \$1.9 million, largely due to capital projects and a reduction to transfers in from the enterprise funds. The remaining fund balance comprises legally restricted funds earmarked for specific purposes by City action or funds not readily available in liquid form for new expenditures.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5.7 million, while the total fund balance was \$9.3 million. 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. On September 30, 2023, unassigned fund balance and total fund balance as a percentage of total General Fund expenditures equal 30% and 49%, respectively.

The fund balance of the City's General Fund decreased by \$4.6 million in the current fiscal year, marking a notable shift from the \$4.4 million increase reported in the prior year. This \$9.0 million swing was primarily driven by one-time interfund transfers out of the General Fund of \$4.0 million and a \$5.6 million decrease in intergovernmental revenues. The one-time transfers out moved funds from the General Fund to new capital project funds set up to account for the construction of the South Lake Regional Park and Cherry Lake Park. Intergovernmental revenue decreased because the prior year included \$4.1 million from the American Rescue Plan Act (ARPA) grant and a \$1.5 million contribution from Lake County for the South Lake Regional Park capital project. During the current fiscal year, Lake County's contribution was allocated directly to the capital project fund rather than the General Fund.

### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$3.1 million for the Water and Sewer System.

# City of Groveland, Florida Management's Discussion and Analysis

## General Fund Budgetary Highlights

During Fiscal Year 2023, the City Council approved three budget amendments to refine financial planning and address operational adjustments:

The first amendment increased the Community Redevelopment Agency's budgeted revenues and expenditures by \$268,741. Initially, the Fiscal Year 2023 budget projected carrying forward \$250,000 from Fiscal Year 2022 to Fiscal Year 2023. However, actual funds carried forward amounted to \$518,741, necessitating a budget amendment to allocate an additional \$268,741 for ongoing and future capital projects.

The second budget amendment, conducted mid-year, resulted in an increase of \$19.1 million in both revenues and expenditures across a variety of funds. This adjustment reconciled funds carried over from Fiscal Year 2022 to Fiscal Year 2023, introduced new interfund transfers to enhance record-keeping, and realigned various revenue and expenditure categories based on actual fiscal activities.

In accordance with Florida Statutes 166.241, the City Council has a 60-day window following the fiscal year-end to amend the budget. The third and final budget amendment of the year, a year-end true-up, increased revenues and expenditures by \$648,000 and adjusted expenditure appropriations across departments to reflect updated financial needs and priorities.

## Capital Assets and Debt Administration

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounted to \$105.3million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from the prior year was 10%.

|                             | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|-----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                             | 2023                    | 2022                 | 2023                     | 2022                 | 2023                 | 2022                 |
| Land                        | \$ 8,811,819            | \$ 9,015,424         | \$ 1,160,332             | \$ 1,160,332         | \$ 9,972,151         | \$ 10,175,756        |
| Buildings                   | 12,840,642              | 12,946,802           | 894,924                  | 943,330              | 13,735,566           | 13,890,132           |
| Improvements/infrastructure | 19,350,650              | 18,568,721           | 42,587,098               | 42,580,836           | 61,937,748           | 61,149,557           |
| Machinery and equipment     | 4,488,545               | 4,545,355            | 1,139,774                | 631,445              | 5,628,319            | 5,176,800            |
| Right-to-use leased assets  | 693,004                 | 745,131              | -                        | -                    | 693,004              | 745,131              |
| Right-to-use subscriptions  | 722,146                 | 177,853 *            | -                        | -                    | 722,146              | 177,853              |
| Construction in progress    | 5,319,953               | 744,662              | 7,332,680                | 3,800,014            | 12,652,633           | 4,544,676            |
| Total                       | <u>\$ 52,226,759</u>    | <u>\$ 46,743,948</u> | <u>\$ 53,114,808</u>     | <u>\$ 49,115,957</u> | <u>\$105,341,567</u> | <u>\$ 95,859,905</u> |

\* Restated for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* implementation.

Major capital asset additions included the following projects:

- South Lake Regional Park improvements
- Cherry Lake Park improvements
- Oak Tree Historic Cemetery improvements

## City of Groveland, Florida Management's Discussion and Analysis

- Donated water, sewer, reclaim, stormwater and road infrastructure
- Police vehicles
- Villa City Water Treatment Plant design
- Sampey Wastewater Treatment Plant design
- Sunshine Lower Florida Aquifer Reclaim Well design and construction
- Utility vacuum truck

Additional information on the City's capital assets can be found in Note 3C on pages 55-57 of this report.

### Long-Term Debt

At the conclusion of the current fiscal year, the City's total outstanding liabilities for bonded debt, loans, leases, and subscription commitments amounted to \$31.4 million, reflecting an increase of \$1.1 million compared to the previous year. This rise in liabilities was primarily driven by a net increase of \$1.6 million in State Revolving Loans allocated for water and sewer infrastructure enhancements. During the year, the City borrowed \$3.2 million for these purposes which was offset by \$1.6 million in principal forgiveness. Additionally, the adoption of Governmental Accounting Standards Board (GASB) Statement No. 96 led to the recognition of \$663 thousand in previously unrecognized subscription commitments, contributing to the overall increase in liabilities.

|                           | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|---------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                           | 2023                    | 2022                 | 2023                     | 2022                 | 2023                 | 2022                 |
| State Revolving Fund Loan | \$ -                    | \$ -                 | \$ 4,785,173             | \$ 3,235,927         | \$ 4,785,173         | \$ 3,235,927         |
| Notes Payable             | 17,662,725              | 18,030,253           | 6,647,000                | 6,972,000            | 24,309,725           | 25,002,253           |
| Financed Purchases        | 911,325                 | 1,103,169            | 75,930                   | 35,994               | 987,255              | 1,139,163            |
| Lease Liabilities         | 627,609                 | 680,480              | -                        | -                    | 627,609              | 680,480              |
| Subscription Liabilities  | 663,184                 | 177,853 *            | -                        | -                    | 663,184              | 177,853              |
| <b>Total</b>              | <b>\$ 19,864,843</b>    | <b>\$ 19,991,755</b> | <b>\$ 11,508,103</b>     | <b>\$ 10,243,921</b> | <b>\$ 31,372,946</b> | <b>\$ 30,235,676</b> |

\* Restated for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* implementation.

Additional information on the City's outstanding debt can be found in Note 3D on pages 57-67 of this report.

### Economic Factors and Next Year's Budgets and Rates

The following economic factors currently impact the City of Groveland and have been integral in shaping the Fiscal Year 2024 budget:

- The City's estimated population surged from 18,505 in the 2020 U.S. Census to 22,760 in the 2023 estimate by the State of Florida, Office of Economic and Demographic Research, marking a significant 23% increase.
- In the upcoming fiscal year, taxable property values increased by 17%. Concurrently, the adopted millage rate increased from 5.2 mills to 5.5 mills. These adjustments will enable the City to pursue its strategic priorities as outlined in the citizen-developed and Council-approved Strategic Plan. These priorities focus on enhancing financial health, promoting

## **City of Groveland, Florida Management's Discussion and Analysis**

preservation and conservation efforts, fostering an eco-agrarian lifestyle, improving community livability, and encouraging an informed and engaged community.

- During Fiscal Year 2023, the City issued building permits for 289 new single-family homes, reflecting a decrease from the previous year due to a diminished inventory of buildable lots. Looking ahead, the City anticipates favorable local economic conditions, driven by an expected increase in available lots following the approval of several large subdivision final plats. Additionally, substantial investments are underway in the City's water and sewer infrastructure, including the construction of the Villa City Water Treatment Plant, Villa City Wastewater Treatment Plant, and the rehabilitation and expansion of the Sampey Wastewater Treatment Plant. These infrastructure projects are poised to support future growth and development within the City.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Groveland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Groveland, Attention: Finance Director, 156 S. Lake Avenue, Groveland, Florida 34736.



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**CITY OF GROVELAND, FLORIDA**  
Basic Financial Statements

**City of Groveland, Florida**  
**Statement of Net Position**

| <i>As of September 30, 2023</i>                             | Primary Government         |                             | Total         |
|---|----------------------------|-----------------------------|---------------|
|   | Governmental<br>Activities | Business-type<br>Activities |               |
| <b>ASSETS</b>   |                            |                             |               |
| Cash and cash equivalents                                   | \$ 22,936,789              | \$ 13,512,362               | \$ 36,449,151 |
| Investments   | 3,580,141                  | 2,109,521                   | 5,689,662     |
| Receivables, net  | 1,163,571                  | 1,336,791                   | 2,500,362     |
| Lease receivable  | 194,205                    | -                           | 194,205       |
| Prepaid items   | 136,899                    | 38,422                      | 175,321       |
| Due from other governments                                  | 2,555,093                  | 1,515,765                   | 4,070,858     |
| Internal balances   | (11,960)                   | 11,960                      | -             |
| Loan receivable   | 30,000                     | -                           | 30,000        |
| Inventories   | -                          | 181,027                     | 181,027       |
| Restricted assets:  |                            |                             |               |
| Cash and cash equivalents                                   | -                          | 3,226,233                   | 3,226,233     |
| Capital assets:   |                            |                             |               |
| Non-depreciable   | 14,131,772                 | 8,493,012                   | 22,624,784    |
| Depreciable (net)   | 38,094,987                 | 44,621,796                  | 82,716,783    |
| Total assets  | 82,811,497                 | 75,046,889                  | 157,858,386   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                       |                            |                             |               |
| Deferred outflows related to other post-employment benefits | 175,754                    | 17,834                      | 193,588       |
| Deferred outflows related to pensions                       | 8,796,957                  | -                           | 8,796,957     |
| Total deferred outflow of resources                         | 8,972,711                  | 17,834                      | 8,990,545     |
| <b>LIABILITIES</b>  |                            |                             |               |
| Accounts payable  | 2,791,085                  | 1,308,451                   | 4,099,536     |
| Contracts and retainage payable                             | 1,108,892                  | 68,372                      | 1,177,264     |
| Accrued payroll and related liabilities                     | 407,532                    | 26,482                      | 434,014       |
| Due to other governments                                    | 1,116,940                  | -                           | 1,116,940     |
| Accrued interest  | 145,078                    | 39,116                      | 184,194       |
| Deposits payable  | 3,442                      | 1,251,179                   | 1,254,621     |
| Other current liabilities                                   | 47,964                     | -                           | 47,964        |
| Non-current liabilities:                                    |                            |                             |               |
| Due within one year:  |                            |                             |               |
| Compensated absences  | 511,682                    | 38,594                      | 550,276       |
| Other post-employment benefits                              | 37,192                     | 3,774                       | 40,966        |
| Lease liability   | 134,205                    | -                           | 134,205       |
| Subscription liability                                      | 175,154                    | -                           | 175,154       |
| Bonds, notes and financed purchases                         | 641,403                    | 450,273                     | 1,091,676     |
| Due in more than one year:                                  |                            |                             |               |
| Compensated absences  | 555,900                    | 28,021                      | 583,921       |
| Other post-employment benefits                              | 570,484                    | 57,887                      | 628,371       |
| Net pension liability                                       | 11,154,244                 | -                           | 11,154,244    |
| Lease liability   | 493,404                    | -                           | 493,404       |
| Subscription liability                                      | 488,030                    | -                           | 488,030       |
| Bonds, notes and financed purchases                         | 17,932,647                 | 11,057,831                  | 28,990,478    |
| Total liabilities   | 38,315,278                 | 14,329,980                  | 52,645,258    |

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

|  | <b>Primary Government</b>          |                                     |                       |
|--|------------------------------------|-------------------------------------|-----------------------|
| <i>As of September 30, 2023</i>                            | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       |                                    |                                     |                       |
| Deferred inflows related to leases                         | <b>185,981</b>                     | -                                   | <b>185,981</b>        |
| Deferred inflows related to other post-employment benefits | <b>541,490</b>                     | <b>54,945</b>                       | <b>596,435</b>        |
| Deferred inflows related to pensions                       | <b>181,892</b>                     | -                                   | <b>181,892</b>        |
| Total deferred inflows of resources                        | <b>909,363</b>                     | <b>54,945</b>                       | <b>964,308</b>        |
| <b>NET POSITION</b>  |                                    |                                     |                       |
| Net investment in capital assets                           | <b>31,253,024</b>                  | <b>40,837,733</b>                   | <b>72,090,757</b>     |
| Restricted for:  |                                    |                                     |                       |
| System expansion   | -                                  | <b>14,429,240</b>                   | <b>14,429,240</b>     |
| Economic development                                       | <b>901,846</b>                     | -                                   | <b>901,846</b>        |
| Infrastructure   | <b>2,458,438</b>                   | -                                   | <b>2,458,438</b>      |
| Capital projects   | <b>9,702,489</b>                   | -                                   | <b>9,702,489</b>      |
| Public safety  | <b>2,146,943</b>                   | -                                   | <b>2,146,943</b>      |
| Debt service   | <b>182,824</b>                     | <b>2,015,799</b>                    | <b>2,198,623</b>      |
| Unrestricted   | <b>5,914,003</b>                   | <b>3,397,026</b>                    | <b>9,311,029</b>      |
| Total net position   | <b>\$ 52,559,567</b>               | <b>\$ 60,679,798</b>                | <b>\$ 113,239,365</b> |

**City of Groveland, Florida**  
**Statement of Activities**

*For the year ended September 30, 2023*

| Functions/Programs                    | Expenses             | Program Revenues               |                                    |                                  |
|---------------------------------------|----------------------|--------------------------------|------------------------------------|----------------------------------|
|                                       |                      | Charges for Services and Fines | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government:                   |                      |                                |                                    |                                  |
| Governmental activities:              |                      |                                |                                    |                                  |
| General government                    | \$ 5,544,608         | \$ 1,732,044                   | \$ 131,457                         | \$ 44,071                        |
| Public safety                         | 19,465,149           | 6,458,675                      | 367,333                            | 390,585                          |
| Transportation                        | 1,679,786            | -                              | -                                  | 1,401,901                        |
| Parks and recreation                  | 2,708,147            | 74,304                         | 110,000                            | 3,030,630                        |
| Economic development                  | 1,975,514            | -                              | 787,597                            | -                                |
| Physical environment                  | 2,324,206            | 2,616,576                      | -                                  | -                                |
| Interest on long-term debt            | 481,494              | -                              | -                                  | -                                |
| <b>Total governmental activities</b>  | <b>34,178,904</b>    | <b>10,881,599</b>              | <b>1,396,387</b>                   | <b>4,867,187</b>                 |
| Business-type activities:             |                      |                                |                                    |                                  |
| Utility system                        | 10,244,961           | 9,686,147                      | -                                  | 7,734,408                        |
| <b>Total business-type activities</b> | <b>10,244,961</b>    | <b>9,686,147</b>               | <b>-</b>                           | <b>7,734,408</b>                 |
| <b>Total primary government</b>       | <b>\$ 44,423,865</b> | <b>\$ 20,567,746</b>           | <b>\$ 1,396,387</b>                | <b>\$ 12,601,595</b>             |

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Franchise fees and utility taxes

Intergovernmental

Investment earnings

Miscellaneous

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

**Net (Expense) Revenue and Changes in Net Position**

**Primary Government**

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (3,637,036)                     | \$ -                                | \$ (3,637,036)        |
| (12,248,556)                       | -                                   | (12,248,556)          |
| (277,885)                          | -                                   | (277,885)             |
| 506,787                            | -                                   | 506,787               |
| (1,187,917)                        | -                                   | (1,187,917)           |
| 292,370                            | -                                   | 292,370               |
| (481,494)                          | -                                   | (481,494)             |
| <b>(17,033,731)</b>                | <b>-</b>                            | <b>(17,033,731)</b>   |
| -                                  | 7,175,594                           | 7,175,594             |
| -                                  | 7,175,594                           | 7,175,594             |
| <b>(17,033,731)</b>                | <b>7,175,594</b>                    | <b>(9,858,137)</b>    |
| 8,891,079                          | -                                   | 8,891,079             |
| 3,632,741                          | -                                   | 3,632,741             |
| 7,034,122                          | -                                   | 7,034,122             |
| 576,670                            | 315,960                             | 892,630               |
| 402,364                            | 28,755                              | 431,119               |
| 781,669                            | (781,669)                           | -                     |
| <b>21,318,645</b>                  | <b>(436,954)</b>                    | <b>20,881,691</b>     |
| 4,284,914                          | 6,738,640                           | 11,023,554            |
| 48,274,653                         | 53,941,158                          | 102,215,811           |
| <b>\$ 52,559,567</b>               | <b>\$ 60,679,798</b>                | <b>\$ 113,239,365</b> |

**City of Groveland, Florida**  
**Balance Sheet - Governmental Funds**

| <i>September 30, 2023</i>  | General<br>Fund      | Community<br>Redevelopment<br>Agency Fund |
|--|----------------------|---|
| <b>ASSETS</b>  |                      |   |
| Cash and cash equivalents  | \$ 8,397,529         | \$ 797,606                                |
| Investments  | 1,310,135            | 124,530                                   |
| Accounts receivable, net   | 1,157,293            | 124                                       |
| Lease receivable   | 194,205              | -   |
| Due from other funds   | 882,202              | -   |
| Due from other governments   | 753,244              | -   |
| Prepaid items  | 125,406              | 890                                       |
| Loan receivable  | -                    | 30,000                                    |
| <b>Total assets</b>  | <b>12,820,014</b>    | <b>953,150</b>                            |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCES</b>        |                      |   |
| Liabilities:   |                      |   |
| Accounts payable   | 1,656,432            | 17,756                                    |
| Contracts and retainage payable  | -                    | -   |
| Accrued payroll and related liabilities  | 309,408              | 1,841                                     |
| Due to other funds   | 10,919               | 817                                       |
| Due to other governments   | 1,082,722            | -   |
| Deposits payable   | 3,442                | -   |
| Other current liabilities  | 47,964               | -   |
| <b>Total liabilities</b>   | <b>3,110,887</b>     | <b>20,414</b>                             |
| Deferred inflows of resources:   |                      |   |
| Unavailable revenue  | 262,512              | -   |
| Deferred inflows related to leases   | 185,981              | -   |
| <b>Total deferred inflows of resources</b>                                     | <b>448,493</b>       | <b>-</b>                                  |
| Fund balances:   |                      |   |
| Nonspendable   | 123,770              | 30,890                                    |
| Restricted   |                      |   |
| Economic development   | -                    | 901,846                                   |
| Capital projects   | -                    | -   |
| Infrastructure   | -                    | -   |
| Public safety  | -                    | -   |
| Debt service   | -                    | -   |
| Committed  |                      |   |
| General sinking fund   | 3,457,763            | -   |
| Assigned   | -                    | -   |
| Unassigned   | 5,679,101            | -   |
| <b>Total fund balances</b>   | <b>9,260,634</b>     | <b>932,736</b>                            |
| <b>Total liabilities, deferred inflows of resources,<br/>and fund balances</b> | <b>\$ 12,820,014</b> | <b>\$ 953,150</b>                         |

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

**City of Groveland, Florida**  
**Balance Sheet - Governmental Funds**

| Building<br>Services<br>Fund | Fire<br>Operations<br>Fund | Non-major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------|----------------------------|------------------------------------|--------------------------------|
| \$ 1,692,729                 | \$ 364,320                 | \$ 11,684,605                      | \$ 22,936,789                  |
| 264,284                      | 56,881                     | 1,824,311                          | 3,580,141                      |
| 971                          | 4,433                      | 750                                | 1,163,571                      |
| -                            | -                          | -                                  | 194,205                        |
| -                            | -                          | -                                  | 882,202                        |
| -                            | 68,559                     | 1,733,290                          | 2,555,093                      |
| -                            | 625                        | 9,978                              | 136,899                        |
| -                            | -                          | -                                  | 30,000                         |
| <b>1,957,984</b>             | <b>494,818</b>             | <b>15,252,934</b>                  | <b>31,478,900</b>              |
| <br>                         |                            |                                    |                                |
| 97,971                       | 15,216                     | 1,003,710                          | 2,791,085                      |
| -                            | -                          | 1,108,892                          | 1,108,892                      |
| 12,572                       | 83,711                     | -                                  | 407,532                        |
| -                            | 224                        | 882,202                            | 894,162                        |
| 33,368                       | 850                        | -                                  | 1,116,940                      |
| -                            | -                          | -                                  | 3,442                          |
| -                            | -                          | -                                  | 47,964                         |
| <b>143,911</b>               | <b>100,001</b>             | <b>2,994,804</b>                   | <b>6,370,017</b>               |
| <br>                         |                            |                                    |                                |
| -                            | 61,322                     | 11,748                             | 335,582                        |
| -                            | -                          | -                                  | 185,981                        |
| -                            | 61,322                     | 11,748                             | 521,563                        |
| <br>                         |                            |                                    |                                |
| -                            | 625                        | 9,978                              | 165,263                        |
| -                            | -                          | -                                  | 901,846                        |
| -                            | -                          | 9,702,489                          | 9,702,489                      |
| -                            | -                          | 2,458,438                          | 2,458,438                      |
| 1,814,073                    | 332,870                    | -                                  | 2,146,943                      |
| -                            | -                          | 182,824                            | 182,824                        |
| -                            | -                          | -                                  | 3,457,763                      |
| -                            | -                          | -                                  | -                              |
| -                            | -                          | (107,347)                          | 5,571,754                      |
| <b>1,814,073</b>             | <b>333,495</b>             | <b>12,246,382</b>                  | <b>24,587,320</b>              |
| <br>                         |                            |                                    |                                |
| <b>\$ 1,957,984</b>          | <b>\$ 494,818</b>          | <b>\$ 15,252,934</b>               | <b>\$ 31,478,900</b>           |



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**City of Groveland, Florida**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**

Total fund balances - governmental funds **\$ 24,587,320**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

|                               |               |                   |
|-------------------------------|---------------|-------------------|
| Governmental capital assets   | \$ 70,094,430 |                   |
| Less accumulated depreciation | (17,867,671)  | <b>52,226,759</b> |

Long-term liabilities, including notes payable, financed purchases and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

|                                |                 |                     |
|--------------------------------|-----------------|---------------------|
| Net pension liability          | \$ (11,154,244) |                     |
| Notes payable                  | (17,662,725)    |                     |
| Compensated absences           | (1,067,582)     |                     |
| Other post-employment benefits | (607,676)       |                     |
| Financed purchases             | (911,325)       |                     |
| Lease liabilities              | (627,609)       |                     |
| Subscription liabilities       | (663,184)       |                     |
| Accrued interest               | (145,078)       | <b>(32,839,423)</b> |

Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds and, therefore, are reported as deferred inflows of resources. In the statement of net position, which is on the full accrual basis, the revenue is fully recognized in the statement of activities. **335,582**

Deferred outflows of resources related to pensions and other-post employment benefits are not recognized in the funds; however, they are recorded in the statement of net position under full accrual accounting.

|   |            |                  |
|---|------------|------------------|
| Deferred outflows related to other post-employment benefits | \$ 175,754 |                  |
| Deferred outflows related to pensions                       | 8,796,957  | <b>8,972,711</b> |

Deferred inflows of resources related to pensions and other-post employment benefits are not recognized in the funds; however, they are recorded in the statement of net position under full accrual accounting.

|  |              |                  |
|--|--------------|------------------|
| Deferred inflows related to other post-employment benefits | \$ (541,490) |                  |
| Deferred inflows related to pensions                       | (181,892)    | <b>(723,382)</b> |

**Net position of governmental activities **\$ 52,559,567****

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

**City of Groveland, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**

| <i>For the year ended September 30, 2023</i>                 | <b>General<br/>Fund</b> | <b>Community<br/>Redevelopment<br/>Agency Fund</b> |
|--|-------------------------|--|
| <b>Revenues</b>  |                         |  |
| Property taxes   | \$ 7,959,412            | \$ 931,667   |
| Permits, fees & special assessments                          | -                       | -  |
| Franchise and utility taxes                                  | 3,632,741               | -  |
| Licenses and permits   | 875,883                 | -  |
| Intergovernmental  | 3,331,211               | -  |
| Charges for services   | 3,448,512               | -  |
| Fines and forfeitures  | 101,586                 | -  |
| Impact fees  | -                       | -  |
| Interest and other   | 251,083                 | 20,686   |
| Miscellaneous revenue  | 691,658                 | 28,500   |
| Total revenues   | 20,292,086              | 980,853  |
| <b>Expenditures</b>  |                         |  |
| Current:   |                         |  |
| General government   | 5,106,317               | -  |
| Public safety  | 7,037,220               | -  |
| Transportation   | 1,052,897               | -  |
| Economic development   | 730,766                 | 387,125  |
| Physical environment   | 2,324,206               | -  |
| Parks and recreation   | 1,371,216               | -  |
| Capital outlay   | 888,167                 | 24,251   |
| Debt service:  |                         |  |
| Principal  | 305,736                 | -  |
| Interest and fiscal charges                                  | 10,758                  | -  |
| Total expenditures   | 18,827,283              | 411,376  |
| Excess (deficiency) of revenues<br>over (under) expenditures | 1,464,803               | 569,477  |
| <b>Other financing sources (uses)</b>                        |                         |  |
| Transfers in   | 944,669                 | -  |
| Transfers out  | (7,491,183)             | (154,144)  |
| Lease proceeds   | 82,036                  | -  |
| Subscription proceeds  | 335,390                 | -  |
| Sale of capital assets                                       | 15,095                  | -  |
| Net other financing sources (uses)                           | (6,113,993)             | (154,144)  |
| Net change in fund balances                                  | (4,649,190)             | 415,333  |
| Fund balances, beginning of year                             | 13,909,824              | 517,403  |
| Fund balances, end of year                                   | \$ 9,260,634            | \$ 932,736   |

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

| Building<br>Services<br>Fund | Fire<br>Operations<br>Fund | Non-major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------|----------------------------|------------------------------------|--------------------------------|
| \$ -                         | \$ -                       | \$ -                               | \$ 8,891,079                   |
| -                            | 2,289,028                  | -                                  | 2,289,028                      |
| -                            | -                          | -                                  | 3,632,741                      |
| 4,058,490                    | -                          | -                                  | 4,934,373                      |
| -                            | 168,027                    | 7,590,838                          | 11,090,076                     |
| -                            | -                          | -                                  | 3,448,512                      |
| -                            | -                          | -                                  | 101,586                        |
| -                            | -                          | 863,083                            | 863,083                        |
| 39,070                       | 12,757                     | 253,074                            | 576,670                        |
| -                            | 7,217                      | -                                  | 727,375                        |
| <b>4,097,560</b>             | <b>2,477,029</b>           | <b>8,706,995</b>                   | <b>36,554,523</b>              |
| -                            | -                          | 123,671                            | 5,229,988                      |
| 3,369,907                    | 5,002,394                  | -                                  | 15,409,521                     |
| -                            | -                          | 1,166                              | 1,054,063                      |
| -                            | -                          | 784,460                            | 1,902,351                      |
| -                            | -                          | -                                  | 2,324,206                      |
| -                            | -                          | 1,045,000                          | 2,416,216                      |
| 407,906                      | 15,550                     | 5,488,719                          | 6,824,593                      |
| 72,754                       | -                          | 644,672                            | 1,023,162                      |
| -                            | -                          | 459,804                            | 470,562                        |
| <b>3,850,567</b>             | <b>5,017,944</b>           | <b>8,547,492</b>                   | <b>36,654,662</b>              |
| <b>246,993</b>               | <b>(2,540,915)</b>         | <b>159,503</b>                     | <b>(100,139)</b>               |
| -                            | 2,874,410                  | 11,283,754                         | 15,102,833                     |
| (158,856)                    | -                          | (6,516,981)                        | (14,321,164)                   |
| -                            | -                          | 85,300                             | 167,336                        |
| 373,524                      | -                          | -                                  | 708,914                        |
| -                            | -                          | -                                  | 15,095                         |
| <b>214,668</b>               | <b>2,874,410</b>           | <b>4,852,073</b>                   | <b>1,673,014</b>               |
| <b>461,661</b>               | <b>333,495</b>             | <b>5,011,576</b>                   | <b>1,572,875</b>               |
| <b>1,352,412</b>             | <b>-</b>                   | <b>7,234,806</b>                   | <b>23,014,445</b>              |
| <b>\$ 1,814,073</b>          | <b>\$ 333,495</b>          | <b>\$ 12,246,382</b>               | <b>\$ 24,587,320</b>           |



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**City of Groveland, Florida**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**

|   |              |                    |
|---|--------------|--------------------|
| Net change in fund balances - total governmental funds  | \$           | <b>1,572,875</b>   |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period.</p> |              |                    |
| Expenditures for capital assets   | \$ 6,824,593 |                    |
| Capital contribution  | 1,401,901    |                    |
| Less current year depreciation and amortization   | (2,412,027)  | <b>5,814,467</b>   |
| <p>In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.</p>   |              |                    |
| Loss from disposition of capital assets   |              | <b>(331,656)</b>   |
| <p>Revenues recognized in a prior period in the statement of activities that did not provide current financial resources were not recognized in the funds until such resources were provided.</p>   |              |                    |
|   |              | <b>(293,296)</b>   |
| <p>Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.</p>   |              |                    |
|   |              | <b>(876,250)</b>   |
| <p>Repayment of note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>   |              |                    |
|   |              | <b>1,003,162</b>   |
| <p>Reversal of prepayment of lease liability</p>  |              |                    |
|   |              | <b>20,000</b>      |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>  |              |                    |
| Accrued interest  |              | <b>(10,932)</b>    |
| <p>Unavailable revenue is recorded as a deferred inflow in the fund statements but is recorded as revenue in governmental activities.</p>   |              |                    |
|   |              | <b>335,582</b>     |
| <p>Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.</p>                         |              |                    |
|   |              | <b>(68,921)</b>    |
| <p>Other postemployment benefit and pension obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.</p>   |              |                    |
|   |              | <b>(2,880,117)</b> |
| Change in net position of governmental activities   | \$           | <b>4,284,914</b>   |

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

**City of Groveland, Florida**  
**Statement of Net Position - Proprietary Funds**

**Business-type Activities - Enterprise Funds**

| <i>As of September 30, 2023</i>                                 | <b>Utility<br/>System Fund</b> | <b>Total</b>  |
|---|--------------------------------|---------------|
| <b>ASSETS</b>   |                                |               |
| Current assets:   |                                |               |
| Cash and cash equivalents                                       | \$ 13,512,362                  | \$ 13,512,362 |
| Cash and cash equivalents, restricted                           | 3,226,233                      | 3,226,233     |
| Investments   | 2,109,521                      | 2,109,521     |
| Accounts receivable, net  | 1,336,791                      | 1,336,791     |
| Due from other governments                                      | 1,515,765                      | 1,515,765     |
| Due from other funds  | 11,960                         | 11,960        |
| Prepaid expenses  | 38,422                         | 38,422        |
| Inventories   | 181,027                        | 181,027       |
| Total current assets  | 21,932,081                     | 21,932,081    |
| Noncurrent assets:  |                                |               |
| Capital assets:   |                                |               |
| Land  | 1,160,332                      | 1,160,332     |
| Infrastructure  | 71,230,220                     | 71,230,220    |
| Building and improvements                                       | 1,404,918                      | 1,404,918     |
| Machinery and equipment   | 3,187,518                      | 3,187,518     |
| Construction in progress  | 7,332,680                      | 7,332,680     |
| Total capital assets  | 84,315,668                     | 84,315,668    |
| Less accumulated depreciation                                   | (31,200,860)                   | (31,200,860)  |
| Total capital assets, net of<br>accumulated depreciation        | 53,114,808                     | 53,114,808    |
| Total noncurrent assets   | 53,114,808                     | 53,114,808    |
| Total assets  | 75,046,889                     | 75,046,889    |
| <b>DEFERRED OUTFLOWS OF<br/>RESOURCES</b>                       |                                |               |
| Deferred outflows related to other post-<br>employment benefits | 17,834                         | 17,834        |
| Total deferred outflow of resources                             | 17,834                         | 17,834        |

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

**Business-type Activities - Enterprise Funds**

| <i>As of September 30, 2023</i>                            | Utility<br>System Fund | Total                |
|--|------------------------|----------------------|
| <b>LIABILITIES</b>   |                        |                      |
| Current liabilities:                                       |                        |                      |
| Accounts payable   | 1,308,451              | 1,308,451            |
| Contracts and retainage payable                            | 68,372                 | 68,372               |
| Accrued payroll and related liabilities                    | 26,482                 | 26,482               |
| Accrued interest payable                                   | 39,116                 | 39,116               |
| Financed purchases   | 19,121                 | 19,121               |
| Compensated absences                                       | 38,594                 | 38,594               |
| Other post-employment benefits                             | 3,774                  | 3,774                |
| Customer deposits payable                                  | 1,251,179              | 1,251,179            |
| Bonds and notes payable                                    | 431,152                | 431,152              |
| Total current liabilities                                  | <b>3,186,241</b>       | <b>3,186,241</b>     |
| Noncurrent liabilities:                                    |                        |                      |
| Financed purchases   | 56,809                 | 56,809               |
| Compensated absences                                       | 28,021                 | 28,021               |
| Other post-employment benefits                             | 57,887                 | 57,887               |
| Bonds and notes payable after one year                     | 11,001,022             | 11,001,022           |
| Total noncurrent liabilities                               | <b>11,143,739</b>      | <b>11,143,739</b>    |
| Total liabilities  | <b>14,329,980</b>      | <b>14,329,980</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       |                        |                      |
| Deferred inflows related to other post-employment benefits | 54,945                 | 54,945               |
| Total deferred inflows of resources                        | <b>54,945</b>          | <b>54,945</b>        |
| <b>NET POSITION</b>  |                        |                      |
| Net investment in capital assets                           | 40,837,733             | 40,837,733           |
| Restricted for:  |                        |                      |
| Debt service   | 2,015,799              | 2,015,799            |
| System expansion   | 14,429,240             | 14,429,240           |
| Unrestricted   | 3,397,026              | 3,397,026            |
| <b>Total net position</b>                                  | <b>\$ 60,679,798</b>   | <b>\$ 60,679,798</b> |

**City of Groveland, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Position –**  
**Proprietary Funds**

**Business-type Activities - Enterprise Funds**

| <i>For the year ended September 30, 2023</i>         | <b>Utility<br/>System Fund</b> | <b>Total</b>         |
|--|--------------------------------|----------------------|
| <b>Operating revenues:</b>                           |                                |                      |
| Charges for services                                 | \$ 9,686,147                   | \$ 9,686,147         |
| Miscellaneous  | 28,755                         | 28,755               |
| <b>Total operating revenues</b>                      | <b>9,714,902</b>               | <b>9,714,902</b>     |
| <b>Operating expenses:</b>                           |                                |                      |
| Salaries, wages and employee benefits                | 1,443,757                      | 1,443,757            |
| Contractual, materials, and supplies                 | 4,074,955                      | 4,074,955            |
| Insurance claims and expense                         | 126,685                        | 126,685              |
| Depreciation   | 2,473,303                      | 2,473,303            |
| Repairs and maintenance                              | 458,878                        | 458,878              |
| Other operating expenses                             | 1,489,250                      | 1,489,250            |
| <b>Total operating expenses</b>                      | <b>10,066,828</b>              | <b>10,066,828</b>    |
| <b>Operating income</b>                              | <b>(351,926)</b>               | <b>(351,926)</b>     |
| <b>Nonoperating revenues (expenses):</b>             |                                |                      |
| Federal and state grants                             | 1,656,496                      | 1,656,496            |
| Investment income                                    | 315,960                        | 315,960              |
| Interest and fiscal charges                          | (178,133)                      | (178,133)            |
| <b>Total nonoperating revenues (expenses)</b>        | <b>1,794,323</b>               | <b>1,794,323</b>     |
| <b>Income before contributions<br/>and transfers</b> | <b>1,442,397</b>               | <b>1,442,397</b>     |
| <b>Capital Contributions and transfers:</b>          |                                |                      |
| Capital contributions                                | 6,077,912                      | 6,077,912            |
| Transfers in   | 12,294,445                     | 12,294,445           |
| Transfers out  | (13,076,114)                   | (13,076,114)         |
| Change in net position                               | 6,738,640                      | 6,738,640            |
| <b>Net position, beginning of year</b>               | <b>53,941,158</b>              | <b>53,941,158</b>    |
| <b>Net position, end of year</b>                     | <b>\$ 60,679,798</b>           | <b>\$ 60,679,798</b> |

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

**City of Groveland, Florida**  
**Statement of Cash Flows – Proprietary Funds**

Business-type Activities - Enterprise Funds

| <i>For the year ended September 30, 2023</i>                            | Utility<br>System Fund | Total                |
|---|------------------------|----------------------|
| <b>Cash flows from operating activities:</b>                            |                        |                      |
| Cash received from customers for sales and services                     | \$ 10,409,545          | \$ 10,409,545        |
| Cash payments to employees  | (1,416,802)            | (1,416,802)          |
| Cash payments to suppliers for goods and services                       | (7,666,115)            | (7,666,115)          |
| Cash payments for insurance and claims expenses                         | (126,685)              | (126,685)            |
| Net cash provided by (used in) operating activities                     | 1,199,943              | 1,199,943            |
| <b>Cash flows from noncapital financing activities:</b>                 |                        |                      |
| Cash transfers out to other funds                                       | (13,076,114)           | (13,076,114)         |
| Net cash provided by (used in) noncapital financing activities          | (781,669)              | (781,669)            |
| <b>Cash flows from capital and related financing activities:</b>        |                        |                      |
| Acquisition of capital assets   | (4,193,083)            | (4,193,083)          |
| Capital grants and contributions  | 5,455,337              | 5,455,337            |
| Proceeds from issuance of financed purchases                            | 68,764                 | 68,764               |
| Principal paid on financed purchases                                    | (28,828)               | (28,828)             |
| Proceeds from issuance of bonds and notes payable                       | 3,257,503              | 3,257,503            |
| Principal paid on bonds and notes payable                               | (2,033,256)            | (2,033,256)          |
| Interest paid on long-term debt, net of subsidy                         | (150,474)              | (150,474)            |
| Net cash provided by (used in) capital and related financing activities | 2,375,963              | 2,375,963            |
| <b>Cash flows from investing activities:</b>                            |                        |                      |
| Investment income   | 315,960                | 315,960              |
| Proceeds from sale/maturity of investments                              | 6,576,609              | 6,576,609            |
| Purchase of investments   | (4,170,026)            | (4,170,026)          |
| Net cash provided by (used in) investing activities                     | 2,722,543              | 2,722,543            |
| Net change in cash and cash equivalents                                 | 5,516,780              | 5,516,780            |
| <b>Cash and cash equivalents, beginning of year</b>                     | <b>11,221,815</b>      | <b>11,221,815</b>    |
| <b>Cash and cash equivalents, end of year</b>                           | <b>\$ 16,738,595</b>   | <b>\$ 16,738,595</b> |

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

**City of Groveland, Florida**  
**Statement of Cash Flows – Proprietary Funds (Continued)**

Business-type Activities - Enterprise Funds

| <i>For the year ended September 30, 2023</i>   | <b>Utility<br/>System Fund</b> | <b>Total</b> |
|--|--------------------------------|--------------|
| <b>Reconciliation of operating income (loss)<br/>to net cash provided by (used in) operating<br/>activities:</b> |                                |              |
| Operating income (loss)  | \$ (351,926)                   | \$ (351,926) |
| Adjustments to reconcile operating<br>income (loss) to net cash provided<br>by operating activities:             |                                |              |
| Depreciation   | 2,473,303                      | 2,473,303    |
| Bad debt expense (recovery)  | (50,145)                       | (50,145)     |
| Change in assets and liabilities:  |                                |              |
| (Increase) decrease in assets:   |                                |              |
| Accounts receivable  | (184,660)                      | (184,660)    |
| Due from other governments   | 796,177                        | 796,177      |
| Due from other funds   | (8,784)                        | (8,784)      |
| Prepaid expenses   | (38,422)                       | (38,422)     |
| Inventory  | (181,027)                      | (181,027)    |
| Deferred outflows of<br>OPEB expenses  | (7,396)                        | (7,396)      |
| Increase (decrease) in liabilities:  |                                |              |
| Accounts payable   | (1,423,583)                    | (1,423,583)  |
| Contracts payable  | 47,964                         | 47,964       |
| Accrued payroll and related liabilities  | 9,107                          | 9,107        |
| OPEB obligation  | 23,948                         | 23,948       |
| Compensated absences   | (6,161)                        | (6,161)      |
| Deferred inflows of OPEB earnings  | 7,457                          | 7,457        |
| Customer deposits  | 94,091                         | 94,091       |
| Total adjustments  | 1,551,869                      | 1,551,869    |
| Net cash provided by (used in) operating activities  | \$ 1,199,943                   | \$ 1,199,943 |

**Noncash capital and related financing  
activities:**

|  |              |              |
|--|--------------|--------------|
| Acquisition of capital assets through<br>contributions from property owners,<br>developers and other governments | \$ 2,279,071 | \$ 2,279,071 |
|--|--------------|--------------|

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

## City of Groveland, Florida Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Groveland, Florida (the "City"), was incorporated in 1923 under the provisions of the Special Acts of 1923 of the State of Florida, Chapter 9764. The current City Code authorizes the following services: public safety, public utilities, public works (including roads and streets), planning and zoning, sanitation, parks and recreation, community redevelopment, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to government units. The more significant accounting policies used by the City are described below.

#### **A. Reporting entity**

The City is a municipal corporation governed by an elected mayor and five-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The City has no discretely presented component units.

#### ***Blended component unit***

The City of Groveland created the Community Redevelopment Agency in 2002. The original Groveland Community Redevelopment Area was established in Resolution 2002-03-02, the area was expanded with the adoption of Resolution 2021-10. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Ordinance 2002-05-15, which established the City of Groveland as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. Through the Ordinance, the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. The Groveland Community Redevelopment Fund is presented as a blended component unit since the City Council serves as 5 of the 7 members of the governing board and the City has operational responsibility for the Fund.

#### **B. Government-wide and fund financial statements**

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

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### B. Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

#### ***Government-wide financial statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds, while business-type activities incorporate the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### ***Fund financial statements***

The fund financial statements provide information about the government's funds, including its blended component unit. Separate statements for each fund category—governmental, and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *Community Redevelopment Agency Fund* accounts for the resources accumulated and payments made for the rehabilitation, conservation and/or redevelopment of the Community Redevelopment Area. The Community Redevelopment Agency fund is presented separately as a major fund, which is also in compliance with Florida Statute 163.387. This fund receives special incremental ad-valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base.

The *Building Services Fund* is used to account for the proceeds of specific revenue sources, licenses and permits, which are restricted to expenditures specific use of the Building Department.

The *Fire Operations Fund* is used to account for the revenues and expenditures related to the Fire Department. The fire assessment in this fund is restricted and can only be used to pay for basic life support (BLS) costs for the Fire Department. These revenues and expenditures were formerly in the General Fund.

The government reports the following major enterprise funds:

The *Utility System Fund* accounts for the operations of the City's water, sewer, and reclaimed water utility operations, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing service to the general public on an ongoing basis are financed primarily through user charges.

Additionally, the City reports the following non-major fund types:

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

The *Debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

*Capital projects funds* account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### D. Other information

##### ***Budgetary Information***

###### *Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Community Redevelopment Fund, special revenue funds and debt service fund. The capital projects funds are appropriated on a project-length basis. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

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

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance

##### ***1. Cash and cash equivalents***

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

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance (continued)

##### 2. Investments

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). The State Treasurer's Investment Pool meets all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

##### 3. Receivables and payables

All account and tax receivables are shown net of allowance for uncollectible accounts. As provided by law, the Lake County Property Appraiser assesses all properties for ad valorem taxing purposes and the Lake County Tax Collector collects and distributes all taxes. Ad valorem taxes are levied based on property valuation as of January 1. The fiscal year for which ad valorem taxes are levied begins on October 1. Taxes are due beginning November 1, delinquent on April 1, and lien on May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable. Virtually all unpaid taxes are collected via tax sale certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal year-end.

*Unbilled receivables* – An amount for unbilled revenue is recorded in the Water and Sewer System and sanitation services in the General Fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

*Lease receivables* - The City's lease receivables are measured at the net present value of future lease payments to be received for the lease term and an offsetting deferred inflow of resources at the beginning of the term. The periodic amortization of the discount on the receivable is reported as interest revenue for that period. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of leases receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreement. In case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow if resources will be reduced and be recorded as a gain or loss for the difference.

*Loan receivable* – An amount established through the anchor tenant loan to grant program by the Groveland Community Redevelopment Agency to allow property owners within the area to apply for and receive loan to grant funding to improve their property. The amount of the loan to grant that the recipient would repay is reduced by 20% annually until the loan to grant amount is reduced to zero after five years and completion of the facility improvements. The receivable is recognized as long-term on the governmental fund balance sheet.

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance (continued)

*Allowance for doubtful accounts* – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

*Unearned revenue* – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

#### 4. *Interfund activities and transactions*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the government and business-type activities columns of the statement of net position, except for any residual balance outstanding between the government and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

#### 5. *Inventories and Prepaid items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance (continued)

##### 6. *Restricted Assets*

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

*Customer and developer deposit accounts* – Deposited in non-interest-bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

*Debt service accounts* – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds obligations.

##### 7. *Capital assets*

Capital assets, which include property, plant, equipment, leased assets, right-to-use assets, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance (continued)**

| Capital asset classes             | Lives   |
|-----------------------------------|---------|
| Buildings                         | 40      |
| Improvements other than buildings | 25 - 40 |
| Water and sewer systems           | 25 - 40 |
| Machinery and equipment           | 5 - 15  |

**8. Deferred outflows/inflows of resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has two items that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to other-post employment benefits and pensions*, reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to other post-employment benefits and pensions are an aggregate of items related to OPEB and pensions, reflecting amounts resulting from experience gains/losses that have not been recognized in the current OPEB and pension expense calculations, but will be potentially reflected in future years as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria* and GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to OPEB and pensions will be recognized as either OPEB and pensions expense or a reduction in the net OPEB and pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has one (1) item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to other-post employment benefit* are an aggregate of items related to OPEB, reflecting amounts resulting from experience gains/losses that have not been recognized in the current OPEB expense calculation, but will be potentially reflected in future years as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to other-post employment benefits will be recognized as a reduction to OPEB expense in future reporting years.

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance (continued)

The deferred inflows related to leases are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

*Unavailable revenue*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: grants and other intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### 9. *Compensated absences*

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation from service, no monetary obligation exists.

#### 10. *Long term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB 65, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance (continued)

##### **11. Leases**

The City is a lessee for noncancellable leases of buildings. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the City is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of a lease liability. Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

##### **12. Other post-employment benefits (OPEB) liability**

The City participates in a single employer, defined benefit, other post-employment plan. The City does not have a trust for the plan, and there is no actuarial determined contribution. The OPEB liability is determined in accordance with GASBC Section P52: *Postemployment Benefits Other*. For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account. This is a method of financing a post-retirement benefit plan under which the contributions to the plan are generally made at about the same time and amount as benefits and expenses become due.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance (continued)**

**13. Pensions**

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

**14. Categories and classification of net position and fund balance**

*Net position flow assumption* – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions* – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of Section 1800: *Classification and Terminology* of the GASB Codification, specifies the following classifications:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance (continued)**

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* - The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned Fund Balance* - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

*Fund balance reserve* – The City adopted Ordinance 2013-08-17 creating a fund balance reserve. For the general fund, the reserve is the sinking fund committed fund balance, \$3,457,763. The reserve is calculated as 15% of the expenditures less capital outlay budgeted for the next fiscal year. For the enterprise funds, the reserve is 20% of the expenditures, less capital outlay, budgeted for the next fiscal year. The reserve for the enterprise funds as of September 30, 2023 is \$2,326,621.

*Negative fund balance* – The Grants Fund has a negative fund balance of \$104,209, primarily due to not receiving grants within the period of availability.

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### F. Revenues and expenditures/expenses

*Program revenues* – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property taxes* – All property is reassessed according to its fair value on the lien date, or January 1 of each year. Taxes are levied on October 1 of each year. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. On or around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

*Proprietary funds operating and non-operating revenues and expenses* – Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer system fund are charges to customers for sales and services. The water and sewer system fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### G. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, OPEB liability and pension liability.

#### H. Subsequent events

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 28, 2024. See Note 8 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## City of Groveland, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. Recently issued and implemented accounting pronouncements

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this statement are effective for fiscal year ending September 30, 2024.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Recently issued and implemented accounting pronouncements (continued)**

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

**Note 2: CHANGE IN ACCOUNTING PRINCIPLE**

In fiscal year 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. In accordance with generally accepted accounting principles, the implementation of this Statement for the City requires the restatement of the September 30, 2022, net position to record the cumulative effect of recording right-to-use subscription assets less accumulated amortization, net of the respective subscription liabilities as of September 30, 2022.

The following table summarizes the changes to the City’s net position as a result of the change in accounting principle:

|   | Government-wide Statements |                             |                |
|---|----------------------------|-----------------------------|----------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total          |
| Net position, September 30, 2022,<br>as previously reported | \$ 48,274,653              | \$ 53,941,158               | \$ 102,215,811 |
| Right-to-use subscription assets                            | 177,853                    | -                           | 177,853        |
| Subscription liabilities                                    | (177,853)                  | -                           | (177,853)      |
| Beginning net position, as restated                         | \$ 48,274,653              | \$ 53,941,158               | \$ 102,215,811 |

## City of Groveland, Florida Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS

#### A. Deposits and investments

As of September 30, 2023, \$250,000 of the City's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2023, the City had \$271,934 invested. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

The Florida Surplus Asset Fund Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2023, the City's share of Florida SAFE was \$2,816,725. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Deposits available within various funds were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances.

## City of Groveland, Florida Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### A. Deposits and investments (continued)

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this 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.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City’s investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City’s investment policy limits investments to securities with specific ranking criteria.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City’s investment policy does not address concentration risk.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and investments (continued)**

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of September 30, 2023, the City did not hold any investments which met the criteria set forth in GASB Codification Section 3100 and would be required to be classified within the fair value hierarchy. At September 30, 2023, the City has the following investments:

| Investment type                 | Fair Value          | Weighted<br>Average to<br>Maturity | Rating    | Agency    |
|---------------------------------|---------------------|------------------------------------|-----------|-----------|
| Primary government:             |                     |                                    |           |           |
| Certificates of Deposit         | \$ 2,601,003        | -                                  | Not rated | Not rated |
| SBA (Florida PRIME)             | 271,934             | 75 days                            | AAAm      | S&P       |
| Florida SAFE Stable NAV Fund    | 2,816,725           | 60 days                            | AAAm      | S&P       |
| <u>Total primary government</u> | <u>\$ 5,689,662</u> |                                    |           |           |

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Accounts receivable**

For the water and sewer system and sanitation services, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2023 (unbilled receivable), is estimated and accrued at year end. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectable accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2023, were as follows:

|                              | Accounts<br>Receivable | Unbilled<br>Receivable | Allowance for<br>Uncollectible | Net                 |
|------------------------------|------------------------|------------------------|--------------------------------|---------------------|
| General Fund                 | \$ 968,940             | \$ 230,705             | \$ (42,352)                    | \$ 1,157,293        |
| Community Redevelopment      |                        |                        |                                |                     |
| Agency Fund                  | 124                    | -                      | -                              | 124                 |
| Building Services Fund       | 971                    | -                      | -                              | 971                 |
| Fire Operations Fund         | 4,433                  | -                      | -                              | 4,433               |
| Non-major governmental funds | 750                    | -                      | -                              | 750                 |
| Enterprise Funds:            |                        |                        |                                |                     |
| Utility System Fund          | 603,668                | 800,157                | (67,034)                       | 1,336,791           |
| <b>Totals</b>                | <b>\$ 1,578,886</b>    | <b>\$ 1,030,862</b>    | <b>\$ (109,386)</b>            | <b>\$ 2,500,362</b> |

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2023. There are no other reserves for receivables recorded by the City as of September 30, 2023.

*Leases- Lessor*

The City accounts for leases in accordance with GASB Statement No. 87, *Leases*. The City's operations consists of an agreement for use of property for (i) transmission and reception of communications signals; (ii) to construct, install, maintain, repair, replace protect and secure communication fixtures and related equipment, cables, accessories and improvements, including the right to construct a communication structure along with any number of associated antennas, an equipment shelter, fencing, and any other accessories necessary to the successful and secure operation of the communications facility. The non-cancelable agreement for the property began in August 2000 with an intial term of five year. The agreement automatically renews for five additional five year terms expiring on July 31, 2030. Monthly rental payments are \$1,150 and increase annually by 3% beginning with year two of the initial term. The City recognized \$23,654 of lease revenue principal and \$2,920 of lease interest for the year ended September 30, 2023. As of September 30, 2023, the lease receivable and deferred inflows of resources related to leases were \$194,205 and \$185,981, respectively.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets**

The following is a summary of changes in capital assets during the year ended September 30, 2023:

|   | Beginning<br>Balance,<br>As Restated | Increases/<br>Transfers | Decreases/<br>Transfers | Ending<br>Balance    |
|---|--------------------------------------|-------------------------|-------------------------|----------------------|
| <b>Governmental activities:</b>                         |                                      |                         |                         |                      |
| Capital assets, not being depreciated:                  |                                      |                         |                         |                      |
| Land  | \$ 9,015,424                         | \$ 49,961               | \$ (253,566)            | \$ 8,811,819         |
| Construction-in-progress                                | 744,662                              | 5,067,428               | (492,137)               | 5,319,953            |
| <b>Total capital assets,<br/>not being depreciated</b>  | <b>9,760,086</b>                     | <b>5,117,389</b>        | <b>(745,703)</b>        | <b>14,131,772</b>    |
| Capital assets, being depreciated:                      |                                      |                         |                         |                      |
| Buildings   | 14,897,521                           | 278,035                 | -                       | 15,175,556           |
| Improvements/infrastructure                             | 27,279,611                           | 1,542,706               | -                       | 28,822,317           |
| Machinery and equipment                                 | 9,722,868                            | 911,461                 | (480,615)               | 10,153,714           |
| Right-to-use leased assets                              | 842,268                              | 82,036                  | -                       | 924,304              |
| Right-to-use subscriptions*                             | 177,853                              | 708,914                 | -                       | 886,767              |
| <b>Total capital assets,<br/>being depreciated</b>      | <b>52,920,121</b>                    | <b>3,523,152</b>        | <b>(480,615)</b>        | <b>55,962,658</b>    |
| Less accumulated depreciation for:                      |                                      |                         |                         |                      |
| Buildings   | (1,950,719)                          | (384,195)               | -                       | (2,334,914)          |
| Improvements/infrastructure                             | (8,710,890)                          | (760,777)               | -                       | (9,471,667)          |
| Machinery and equipment                                 | (5,177,513)                          | (968,271)               | 480,615                 | (5,665,169)          |
| Right-to-use leased assets                              | (97,137)                             | (134,163)               | -                       | (231,300)            |
| Right-to-use subscriptions                              | -                                    | (164,621)               | -                       | (164,621)            |
| <b>Total accumulated depreciation</b>                   | <b>(15,936,259)</b>                  | <b>(2,412,027)</b>      | <b>480,615</b>          | <b>(17,867,671)</b>  |
| <b>Total capital assets,<br/>being depreciated, net</b> | <b>36,983,862</b>                    | <b>1,111,125</b>        | <b>-</b>                | <b>38,094,987</b>    |
| <b>Governmental activities<br/>capital assets, net</b>  | <b>\$ 46,743,948</b>                 | <b>\$ 6,228,514</b>     | <b>\$ (745,703)</b>     | <b>\$ 52,226,759</b> |

\* Restated for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* implementation.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (continued)**

|   | Beginning<br>Balance | Increases/<br>Transfers | Decreases/<br>Transfers | Ending<br>Balance    |
|---|----------------------|-------------------------|-------------------------|----------------------|
| <b>Business-type activities:</b>                        |                      |                         |                         |                      |
| Capital assets, not being depreciated:                  |                      |                         |                         |                      |
| Land  | \$ 1,160,332         | \$ -                    | \$ -                    | \$ 1,160,332         |
| Construction-in-progress                                | 3,800,014            | 3,532,666               | -                       | 7,332,680            |
| <b>Total capital assets,<br/>not being depreciated</b>  | <b>4,960,346</b>     | <b>3,532,666</b>        | <b>-</b>                | <b>8,493,012</b>     |
| Capital assets, being depreciated:                      |                      |                         |                         |                      |
| Buildings and improvements                              | 1,404,918            | -                       | -                       | 1,404,918            |
| Water system  | 21,430,834           | 436,994                 | -                       | 21,867,828           |
| Sewer system  | 38,593,396           | 1,229,615               | -                       | 39,823,011           |
| Reclaimed water system                                  | 8,926,918            | 612,463                 | -                       | 9,539,381            |
| Machinery and equipment                                 | 2,527,102            | 660,416                 | -                       | 3,187,518            |
| <b>Total capital assets,<br/>being depreciated</b>      | <b>72,883,168</b>    | <b>2,939,488</b>        | <b>-</b>                | <b>75,822,656</b>    |
| Less accumulated depreciation for:                      |                      |                         |                         |                      |
| Buildings and improvements                              | (461,588)            | (48,406)                | -                       | (509,994)            |
| Water system  | (8,449,004)          | (685,178)               | -                       | (9,134,182)          |
| Sewer system  | (15,550,090)         | (1,110,164)             | -                       | (16,660,254)         |
| Reclaimed water system                                  | (2,371,218)          | (477,468)               | -                       | (2,848,686)          |
| Machinery and equipment                                 | (1,895,657)          | (152,087)               | -                       | (2,047,744)          |
| <b>Total accumulated depreciation</b>                   | <b>(28,727,557)</b>  | <b>(2,473,303)</b>      | <b>-</b>                | <b>(31,200,860)</b>  |
| <b>Total capital assets,<br/>being depreciated, net</b> | <b>44,155,611</b>    | <b>466,185</b>          | <b>-</b>                | <b>44,621,796</b>    |
| <b>Business-type activities<br/>capital assets, net</b> | <b>\$ 49,115,957</b> | <b>\$ 3,998,851</b>     | <b>\$ -</b>             | <b>\$ 53,114,808</b> |

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (continued)**

Depreciation and amortization expense was allocated to the governmental functions in the statement of activities as follows:

|  |              |
|--|--------------|
| Governmental activities:   |              |
| General government (infrastructure)                                    | \$ 304,003   |
| Public safety  | 1,124,351    |
| Transportation   | 621,774      |
| Parks and recreation   | 289,176      |
| Economic development   | 72,723       |
| <hr/>  |              |
| Total depreciation and amortization expense - governmental activities  | \$ 2,412,027 |
| <hr/>  |              |
| Business-type activities:  |              |
| Utility system   | \$ 2,473,303 |
| <hr/>  |              |
| Total depreciation and amortization expense - business-type activities | \$ 2,473,303 |
| <hr/>  |              |

**D. Long-term debt and liabilities**

***Notes payable***

On September 23, 2021, the City borrowed \$3,706,000 and \$4,300,000 through a local bank for the purpose of refinancing the Series 2017 note in order to extend the maturity thereof and to lower the debt service payment with respect to the financing of the public safety complex and to reimburse costs of the public safety complex and the land acquisition and pay costs of the issuance. The Capital Improvement Refunding Revenue Note, Series 2021A and the Taxable Capital Improvement Revenue Note, Series 2021B bear interest of 2.11% and 2.75% per annum, respectively and mature on June 1, 2041. Principal of the Series 2021 notes is payable annually on June 1 of each year commencing June 1, 2022, through and including the maturity date. The notes are secured by a pledge of non-ad valorem revenues of the City. As of September 30, 2023, the principal outstanding on the the Capital Improvement Refunding Revenue Note, Series 2021A and the Taxable Capital Improvement Revenue Note, Series 2021B was \$3,444,000 and \$4,014,000, respectively.

## City of Groveland, Florida Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### D. Long-term debt and liabilities (continued)

On December 9, 2021, the City borrowed \$9,986,000 through a local bank for the purpose of financing the right of way acquisitions for State Road 50/33 realignment project and transportation related capital improvements. The Capital Improvement Refunding Revenue Note, Series 2021C bears interest of 1.99% per annum and matures on June 1, 2029. Interest on the series, 2021C note is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2022. Principal of the Series, 2021C note is payable in full on the maturity date. The note is secured by a pledge of non-ad valorem revenues of the City; however, the Florida Department of Transportation (FDOT) is contractually obligated to reimburse the City \$9,845,000 (the amount advanced to FDOT for the State Road 50/33 realignment project) in ten equal quarterly payments beginning in Fiscal Year 2025. As of September 30, 2023, the principal outstanding on the the Capital Improvement Revenue Note, Series 2021C was \$9,986,000.

On July 24, 2018, the City entered into an interlocal agreement for emergency network radios to benefit and continue the county-wide communication system in place. The purchase price and closing costs amounted to \$421,716. Commencing October 31, 2018, payments of \$47,158, including interest of 2.53%, are due annually each October 15<sup>th</sup> through 2028. As of September 30, 2023, the principal outstanding on the note was \$218,725.

The City borrowed \$1,355,015 under the State of Florida Revolving Fund Program under a small community loan contract for the construction of facilities planned and designed through the pre-construction activities for the wastewater transmission, collection, reuse, and treatment facilities. The effective interest rate for the funds borrowed under the program is 1.58% for the original award and 1.22% for the amended amount. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$44,609, with a final payment due on September 15, 2024, commenced September 15, 2004. Interest of \$3,827 was paid on this note during the year ended September 30, 2023. As of September 30, 2023, the principal outstanding on the note was \$87,557.

The City borrowed \$520,000 under the State of Florida Revolving Fund Program under a small community pre-construction loan contract for the construction of treatment and transmission facilities. The effective interest rate for the funds borrowed under the program is 0.22%. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$6,793, with a final payment due on March 15, 2041, commenced September 15, 2021. Interest of \$1,047 was paid on this note during the year ended September 30, 2023. As of September 30, 2023, the principal outstanding on the note was \$228,584. The City is eligible for principal forgiveness on this SRF loan; \$239,876 was forgiven.

## City of Groveland, Florida Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### D. Long-term debt and liabilities (continued)

The City borrowed \$3,052,000 under the State of Florida Revolving Fund Program under a small community pre-construction loan contract for the planning activities for water system improvements. The effective interest rate for the funds borrowed under the program is 1.51%. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$169,323, with a final payment due on September 15, 2034, commencing March 15, 2025. No interest was paid on this note during the year ended September 30, 2023. As of September 30, 2023, the principal outstanding on the note was \$2,705,779.

The City borrowed \$3,618,580 under the State of Florida Revolving Fund Program under a small community pre-construction loan contract for the treatment and transmission project. The effective interest rate for the funds borrowed under the program is 0.03%. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$1,763,253 commencing February 15, 2025, and semiannually thereafter on August 15 and February 15 of each year until all amount due under the agreement has been fully paid off. No interest was paid on this note during the year ended September 30, 2023. As of September 30, 2023, the principal outstanding on the note was \$1,763,253. The City is eligible for principal forgiveness on this SRF loan; \$1,610,625 was forgiven during the year ended September 30, 2023.

On February 3, 2021, the City borrowed \$7,472,000 through a local bank for the purpose of refunding the City's outstanding senior lien Water & Sewer Bonds and Notes including (1) the outstanding principal and related accrued interest of the City's Water and Sewer Revenue Refunding Bond, Series 2007A maturing in years 2021-2046 in an aggregate principal sum of \$3,523,894 (2) the outstanding principal and related accrued interest of the City's Water and Sewer Revenue Refunding Bond, Series 2007B maturing in years 2021-2046 in an aggregate principal amount of \$1,585,712 (3) the outstanding principal and related accrued interest of the City's Water and Sewer Revenue Note, Series 2016A maturing in the years 2021-2030 in an aggregate principal amount of \$1,383,000 (4) the outstanding principal and related accrued interest of the City's Water and Sewer Revenue Note, Series 2016B maturing in years 2021-2030 in an aggregate principal amount of \$3,656,000 (5) pay the costs related to the issuance of the Series 2021 Note. The Water and Sewer Revenue Refunding Note, Series 2021 bears interest at the rate of 2.04% per annum and is payable semiannually on March 1 and September 1, commencing on March 1, 2021. The note matures on September 1, 2040 and is secured by a pledge of the net revenues of the City's combined water and sewer system. As of September 30, 2023, the principal outstanding on the note was \$6,647,000.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term debt and liabilities (continued)**

The following is a summary of governmental activities notes payable for the year ended September 30, 2023:

| <i>Year ending<br/>September 30,</i> | Governmental Activities  |                   |  |                     |  |                   |
|--------------------------------------|--|-------------------|--|---------------------|--|-------------------|
|                                      | Capital Improvement<br>Refunding Revenue Note,<br>Series 2021A |                   | Taxable Capital<br>Improvement Revenue<br>Note, Series 2021B |                     | Capital Improvement<br>Revenue Note,<br>Series 2021C |                   |
|                                      | Principal  | Interest          | Principal  | Interest            | Principal  | Interest          |
| 2024                                 | \$ 159,000   | \$ 72,668         | \$ 175,000   | \$ 110,385          | \$ -   | \$ 198,721        |
| 2025                                 | 163,000  | 69,314            | 180,000  | 105,573             | -  | 198,721           |
| 2026                                 | 166,000  | 65,874            | 185,000  | 100,623             | -  | 198,721           |
| 2027                                 | 170,000  | 62,372            | 190,000  | 95,535              | -  | 198,721           |
| 2028                                 | 173,000  | 58,785            | 196,000  | 90,310              | -  | 198,721           |
| 2029-2033                            | 922,000  | 197,813           | 1,061,000  | 367,840             | 9,986,000  | 198,721           |
| 2034-2038                            | 1,023,000  | 136,137           | 1,215,000  | 213,703             | -  | -                 |
| 2039-2043                            | 668,000  | 28,380            | 812,000  | 45,073              | -  | -                 |
| <b>Total</b>                         | <b>3,444,000</b>   | <b>691,343</b>    | <b>4,014,000</b>   | <b>1,129,042</b>    | <b>9,986,000</b>                                     | <b>1,192,326</b>  |
| <b>Current portion</b>               | <b>(159,000)</b>   | <b>(72,668)</b>   | <b>(175,000)</b>   | <b>(110,385)</b>    | <b>-</b>   | <b>(198,721)</b>  |
| <b>Payable after<br/>one year</b>    | <b>\$ 3,285,000</b>  | <b>\$ 618,675</b> | <b>\$ 3,839,000</b>  | <b>\$ 1,018,657</b> | <b>\$ 9,986,000</b>                                  | <b>\$ 993,605</b> |

| <i>Year ending September 30,</i> | Governmental Activities |                  |                      |                     |
|----------------------------------|-------------------------|------------------|----------------------|---------------------|
|                                  | Note -<br>Lake County   |                  |                      |                     |
|                                  | Principal               | Interest         | Principal            | Interest            |
| 2024                             | \$ 41,565               | \$ 5,593         | \$ 375,565           | \$ 387,367          |
| 2025                             | 42,627                  | 4,530            | 385,627              | 378,138             |
| 2026                             | 43,717                  | 3,440            | 394,717              | 368,658             |
| 2027                             | 44,835                  | 2,322            | 404,835              | 358,950             |
| 2028                             | 45,981                  | 1,176            | 414,981              | 348,992             |
| 2029-2033                        | -                       | -                | 11,969,000           | 764,374             |
| 2034-2038                        | -                       | -                | 2,238,000            | 349,840             |
| 2039-2043                        | -                       | -                | 1,480,000            | 73,453              |
| <b>Total</b>                     | <b>218,725</b>          | <b>17,061</b>    | <b>17,662,725</b>    | <b>3,029,772</b>    |
| <b>Current portion</b>           | <b>(41,565)</b>         | <b>(5,593)</b>   | <b>(375,565)</b>     | <b>(387,367)</b>    |
| <b>Payable after one year</b>    | <b>\$ 177,160</b>       | <b>\$ 11,468</b> | <b>\$ 17,287,160</b> | <b>\$ 2,642,405</b> |

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term debt and liabilities (continued)**

The following is a summary of business-type activities notes payable for the year ended September 30, 2023:

| <i>Year ending</i><br><i>September 30,</i> | Business-type Activities      |                |                               |                 |                                  |                   |
|--|-------------------------------|----------------|-------------------------------|-----------------|----------------------------------|-------------------|
|  | Clean Water -<br>SRF CS38507P |                | Clean Water -<br>SRF WW350610 |                 | Drinking Water -<br>SRF DW350620 |                   |
|  | Principal                     | Interest       | Principal                     | Interest        | Principal                        | Interest          |
| 2024                                       | \$ 87,558                     | \$ 1,659       | \$ 12,594                     | \$ 992          | \$ -                             | \$ -              |
| 2025                                       | -                             | -              | 12,649                        | 936             | 252,632                          | 39,907            |
| 2026                                       | -                             | -              | 12,705                        | 881             | 256,461                          | 36,078            |
| 2027                                       | -                             | -              | 12,761                        | 825             | 260,348                          | 32,191            |
| 2028                                       | -                             | -              | 12,817                        | 769             | 264,294                          | 28,245            |
| 2029-2033                                  | -                             | -              | 64,937                        | 2,991           | 1,382,786                        | 79,907            |
| 2034-2038                                  | -                             | -              | 66,380                        | 1,548           | 289,258                          | 3,280             |
| 2039-2043                                  | -                             | -              | 33,741                        | 223             | -                                | -                 |
| <b>Total</b>                               | <b>87,558</b>                 | <b>1,659</b>   | <b>228,584</b>                | <b>9,165</b>    | <b>2,705,779</b>                 | <b>219,608</b>    |
| <b>Current portion</b>                     | <b>(87,558)</b>               | <b>(1,659)</b> | <b>(12,594)</b>               | <b>(992)</b>    | <b>-</b>                         | <b>-</b>          |
| <b>Payable after</b><br><b>one year</b>    | <b>\$ -</b>                   | <b>\$ -</b>    | <b>\$ 215,990</b>             | <b>\$ 8,173</b> | <b>\$ 2,705,779</b>              | <b>\$ 219,608</b> |

| <i>Year ending</i><br><i>September 30,</i> | Business-type Activities      |             |  |                     |                      |                     |
|--|-------------------------------|-------------|--|---------------------|----------------------|---------------------|
|  | Clean Water -<br>SRF WW350612 |             | Water and Sewer Revenue<br>Refunding Note Series, 2021 |                     | Total                |                     |
|  | Principal                     | Interest    | Principal  | Interest            | Principal            | Interest            |
| 2024                                       | \$ -                          | \$ -        | \$ 331,000   | \$ 135,599          | \$ 431,152           | \$ 138,250          |
| 2025                                       | 1,763,253                     | -           | 338,000  | 128,846             | 2,366,534            | 169,689             |
| 2026                                       | -                             | -           | 345,000  | 121,951             | 614,166              | 158,910             |
| 2027                                       | -                             | -           | 352,000  | 114,913             | 625,109              | 147,929             |
| 2028                                       | -                             | -           | 359,000  | 107,732             | 636,111              | 136,746             |
| 2029-2033                                  | -                             | -           | 1,907,000  | 425,809             | 3,354,723            | 508,707             |
| 2034-2038                                  | -                             | -           | 2,110,000  | 223,196             | 2,465,638            | 228,024             |
| 2039-2043                                  | -                             | -           | 905,000  | 27,785              | 938,741              | 28,008              |
| <b>Total</b>                               | <b>1,763,253</b>              | <b>-</b>    | <b>6,647,000</b>                                       | <b>1,285,831</b>    | <b>11,432,174</b>    | <b>1,516,263</b>    |
| <b>Current portion</b>                     | <b>-</b>                      | <b>-</b>    | <b>(331,000)</b>                                       | <b>(135,599)</b>    | <b>(431,152)</b>     | <b>(138,250)</b>    |
| <b>Payable after</b><br><b>one year</b>    | <b>\$ 1,763,253</b>           | <b>\$ -</b> | <b>\$ 6,316,000</b>                                    | <b>\$ 1,150,232</b> | <b>\$ 11,001,022</b> | <b>\$ 1,378,013</b> |

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term debt and liabilities (continued)**

**Leases- Lessee**

*Governmental Activities*

The City is the lessee for the acquisition of various vehicles through financed purchases. The interest rate is 5.64%. Future minimum payments are as follows:

| <i>For the years ending September 30,</i> | Principal<br>Payments | Interest<br>Expense | Total               |
|---|-----------------------|---------------------|---------------------|
| 2024                                      | \$ 265,838            | \$ 52,797           | \$ 318,635          |
| 2025                                      | 218,972               | 37,162              | 256,134             |
| 2026                                      | 197,828               | 24,292              | 222,120             |
| 2027                                      | 120,616               | 12,946              | 133,562             |
| 2028                                      | 108,071               | 5,971               | 114,042             |
| <b>Total</b>                              | <b>\$ 911,325</b>     | <b>\$ 133,168</b>   | <b>\$ 1,044,493</b> |

The City has entered into lease agreement to obtain the right-to-use an office building and gymnasium. The total annual rent paid for the fiscal year ended September 30, 2023 was \$145,000.

At September 30, 2023, the City's lease payable of \$627,609 was composed of the following:

Office building lease for City operations – monthly payments totaling \$5,000 for the initial 5-year term and \$6,000 per month for the 3-year additional lease term at the option of the tenant, including interest at an annual rate of 0.77%. Payments are due monthly, and the lease, including the additional optional period, expires in September 2028. On August 23, 2023, the City signed the first amendment to the lease agreement extending the lease term for an additional 5 years. The additional lease term commences October 1, 2025 and terminates September 30, 2030. Rent was also amended to be paid in annual installments of \$60,000 on October 1st of each year beginning October 1, 2023. The lease liability balance is \$388,363 at September 30, 2023.

Gymnasium lease for community enrichment programs, focusing on youth, requiring annual payments totaling \$85,000 including interest at an annual rate of 3.21%. Payments are due annually, and the lease expires in March 2027. The lease liability balance was \$239,246 at September 30, 2023.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term debt and liabilities (continued)**

The following is a schedule by years of minimum future expenses from lease agreements as of September 30:

| <i>For the years ending September 30,</i> | Principal<br>Payments | Interest<br>Expense | Total             |
|---|-----------------------|---------------------|-------------------|
| 2024                                      | \$ 134,205            | \$ 9,353            | \$ 143,558        |
| 2025                                      | 137,161               | 6,360               | 143,521           |
| 2026                                      | 140,202               | 3,282               | 143,484           |
| 2027                                      | 58,331                | 1,256               | 59,587            |
| 2028                                      | 58,781                | 802                 | 59,583            |
| 2029                                      | 98,929                | 371                 | 99,300            |
| <b>Total</b>                              | <b>\$ 627,609</b>     | <b>\$ 21,424</b>    | <b>\$ 649,033</b> |

*Business-Type Activities*

The Utility System Fund is the lessee for the acquisition of various vehicles through financed purchases. The interest rate is 5.64%. Future minimum payments are as follows:

| <i>For the years ending September 30,</i> | Principal<br>Payments | Interest<br>Expense | Total            |
|---|-----------------------|---------------------|------------------|
| 2024                                      | \$ 19,121             | \$ 5,125            | \$ 24,246        |
| 2025                                      | 20,389                | 3,858               | 24,247           |
| 2026                                      | 21,743                | 2,505               | 24,248           |
| 2027                                      | 14,677                | 1,061               | 15,738           |
| <b>Total</b>                              | <b>\$ 75,930</b>      | <b>\$ 12,549</b>    | <b>\$ 88,479</b> |

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term debt and liabilities (continued)**

***Subscription-Based Information Technology Arrangements***

The City has nine software arrangements that require recognition under GASBC Section S:80, *Subscription-Based Information Technology Arrangements* (SBITAs). The City now recognizes a subscription liability and an intangible right-to-use subscription asset for various software packages within governmental activities specifically general government and public safety functions.

Subscriptions payments totaled \$224,112 for the fiscal year ended September 30, 2023. The discount rate on these SBITAs range from 3.54% to 3.59%. Expiration dates for each subscription range from November 2023 to September 2028.

The following is a schedule of minimum future payments from SBITAs as of September:

| <i>For the years ending September 30,</i> | Principal         | Interest         | Total             |
|---|-------------------|------------------|-------------------|
| 2024                                      | \$ 175,154        | \$ 19,406        | \$ 194,560        |
| 2025                                      | 189,945           | 12,559           | 202,504           |
| 2026                                      | 133,859           | 7,632            | 141,491           |
| 2027                                      | 143,538           | 2,561            | 146,099           |
| 2028                                      | 20,688            | 64               | 20,752            |
| <b>Total</b>                              | <b>\$ 663,184</b> | <b>\$ 42,222</b> | <b>\$ 705,406</b> |

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term debt and liabilities (continued)**

**Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2023, was as follows:

|   | Beginning<br>Balance | Additions           | Reductions            | Ending<br>Balance    | Due Within<br>One Year |
|---|----------------------|---------------------|-----------------------|----------------------|------------------------|
| <b>Governmental activities:</b>                             |                      |                     |                       |                      |                        |
| Notes payable:  |                      |                     |                       |                      |                        |
| Capital Improvement Revenue<br>Refunding Note, Series 2021A | \$ 3,600,000         | \$ -                | \$ (156,000)          | \$ 3,444,000         | \$ 159,000             |
| Taxable Capital Improvement<br>Revenue Note, Series 2021B   | 4,185,000            | -                   | (171,000)             | 4,014,000            | 175,000                |
| Capital Improvement Revenue<br>Note, Series 2021C           | 9,986,000            | -                   | -                     | 9,986,000            | -                      |
| Note - Lake County  | 259,253              | -                   | (40,528)              | 218,725              | 41,565                 |
| <b>Total notes from direct<br/>borrowings</b>               | <b>18,030,253</b>    | <b>-</b>            | <b>(367,528)</b>      | <b>17,662,725</b>    | <b>375,565</b>         |
| Compensated absences  | 998,661              | 1,051,583           | (982,662)             | 1,067,582            | 511,682                |
| Financed purchases  | 1,103,169            | 85,300              | (277,144)             | 911,325              | 265,838                |
| Lease liabilities   | 680,480              | 82,036              | (134,907)             | 627,609              | 134,205                |
| Subscription liabilities*                                   | 177,853              | 708,914             | (223,583)             | 663,184              | 175,154                |
| <b>Governmental activity<br/>long-term liabilities</b>      | <b>\$ 20,990,416</b> | <b>\$ 1,927,833</b> | <b>\$ (1,985,824)</b> | <b>\$ 20,932,425</b> | <b>\$ 1,462,444</b>    |

\* Restated for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* implementation.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term debt and liabilities (continued)**

**Changes in long-term liabilities (Continued)**

|   | Beginning<br>Balance | Additions           | Reductions            | Ending<br>Balance    | Due Within<br>One Year |
|---|----------------------|---------------------|-----------------------|----------------------|------------------------|
| <b>Business-type activities:</b>                        |                      |                     |                       |                      |                        |
| State Revolving Loan CS38507P                           | \$ 172,951           | \$ -                | \$ (85,393)           | \$ 87,558            | \$ 87,558              |
| State Revolving Loan WW350610                           | 241,122              | -                   | (12,538)              | 228,584              | 12,594                 |
| State Revolving Loan DW350620                           | 1,332,854            | 1,372,925           | -                     | 2,705,779            | -                      |
| State Revolving Loan WW350612                           | 1,489,000            | 1,884,578           | (1,610,325)           | 1,763,253            | -                      |
| Water and Sewer Revenue<br>Refunding Note, Series 2021  | 6,972,000            | -                   | (325,000)             | 6,647,000            | 331,000                |
| <b>Total notes from direct<br/>borrowings</b>           | <b>10,207,927</b>    | <b>3,257,503</b>    | <b>(2,033,256)</b>    | <b>11,432,174</b>    | <b>431,152</b>         |
| Compensated absences                                    | 72,776               | 85,590              | (91,751)              | 66,615               | 38,594                 |
| Financed purchases                                      | 35,994               | 68,764              | (28,828)              | 75,930               | 19,121                 |
| <b>Business-type activity<br/>long-term liabilities</b> | <b>\$ 10,316,697</b> | <b>\$ 3,411,857</b> | <b>\$ (2,153,835)</b> | <b>\$ 11,574,719</b> | <b>\$ 488,867</b>      |

Compensated absences, lease liabilities, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences, lease liabilities, and outstanding notes and revenue bonds will be liquidated by the respective proprietary fund.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-term debt and liabilities (continued)**

**Pledged revenues**

The City has revenue notes outstanding at September 30, 2023, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

|   | Amount<br>Issued | Future<br>Principal and<br>Interest | Current<br>Pledged<br>Revenue | Current Year<br>Principal<br>and Interest | Current<br>Percentage<br>of Revenue |
|---|------------------|-------------------------------------|-------------------------------|---|-------------------------------------|
| <b>Governmental Activities:</b>   |                  |                                     |                               |   |                                     |
| <b>Revenue Notes:</b>   |                  |                                     |                               |   |                                     |
| Capital Improvement Revenue<br>Refunding Note, Series 2021A<br>Maturity: 2041<br>Interest rate: 2.11%                                     | \$ 3,706,000     | \$ 4,135,343                        | \$ 16,633,810                 | \$ 231,668                                | 1.4%                                |
| Purpose: Refinance the Series 2017 Note, reimburse costs of the public safety complex, land acquisition, and related capital improvements |                  |                                     |                               |   |                                     |
| Pledged revenue: Non-Ad Valorem Revenues  |                  |                                     |                               |   |                                     |
| Taxable Capital Improvement<br>Revenue Note, Series 2021B<br>Maturity: 2041<br>Interest rate: 2.75%                                       | \$ 4,300,000     | \$ 5,143,042                        | \$ 16,633,810                 | \$ 285,385                                | 1.7%                                |
| Purpose: Refinance the Series 2017 Note, reimburse costs of the public safety complex, land acquisition, and related capital improvements |                  |                                     |                               |   |                                     |
| Pledged revenue: Non-Ad Valorem Revenues  |                  |                                     |                               |   |                                     |
| Capital Improvement Revenue<br>Note, Series 2021C<br>Maturity: 2029<br>Interest rate: 1.99%   | \$ 9,986,000     | \$ 11,178,326                       | \$ 16,633,810                 | \$ 198,721                                | 1.2%                                |
| Purpose: Finance a road project   |                  |                                     |                               |   |                                     |
| Pledged revenue: Non-Ad Valorem Revenues  |                  |                                     |                               |   |                                     |

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund transfers**

| Operating Transfers                 | Transfers            |                        | Net            |
|-------------------------------------|----------------------|------------------------|----------------|
|                                     | In                   | Out                    |                |
| Major Funds:                        |                      |                        |                |
| General Fund                        | \$ 944,669           | \$ (7,491,183)         | \$ (6,546,514) |
| Community Redevelopment Agency Fund | -                    | (154,144)              | (154,144)      |
| Building Services Fund              | -                    | (158,856)              | (158,856)      |
| Fire Operations Fund                | 2,874,410            | -                      | 2,874,410      |
| Nonmajor governmental funds         | 11,283,754           | (6,516,981)            | 4,766,773      |
| Utility System Fund                 | 12,294,445           | (13,076,114)           | (781,669)      |
| <b>Total</b>                        | <b>\$ 27,397,278</b> | <b>\$ (27,397,278)</b> | <b>\$ -</b>    |

The transfers from the General Fund to the Fire Operations Fund and nonmajor governmental funds were to set up the new special revenue and capital projects funds. Transfers from the Water and Sewer Fund to the General Fund provides reimbursement for support and payment in lieu of taxes and franchise fees.

**F. Net investment in capital assets**

The elements of this calculation are as follows:

|  | Governmental<br>Activities | Business-type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| Capital assets (net)                       | \$ 52,226,759              | \$ 53,114,808               | \$ 105,341,567       |
| Contracts and retainage payable            | (1,108,892)                | (68,372)                    | (1,177,264)          |
| Accounts payable related to capital assets | -                          | (700,600)                   | (700,600)            |
| Outstanding debt related to capital assets | (19,864,843)               | (11,508,104)                | (31,372,947)         |
| <b>Net investment in capital assets</b>    | <b>\$ 31,253,024</b>       | <b>\$ 40,837,732</b>        | <b>\$ 72,090,756</b> |

**G. Retirement plans**

The City has established the City of Groveland, Florida 457(b) Retirement Plan, which is a type of tax-advantaged retirement savings plan available to employees of governmental employers in the United States. The purpose of a 457 plan is to provide a way for employees to save for retirement with certain tax benefits. At September 30, 2023, there were 112 participants. Total employee contributions to this plan were \$433,285 for the fiscal year ended September 30, 2023.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Retirement plans (continued)**

In October 2018, the City Council approved the adoption of the City of Groveland, Florida 401(a) Retirement Plan. At September 30, 2023, there were 109 participants. The City is required to contribute 4% of eligible compensation and match 100% of employee contributions up to 3% of total eligible compensation for regular employees. For managerial employees, the City is required to contribute 8% of eligible compensation and match 100% of employee contributions up to 6% of total eligible compensation. When the City's police and firefighters entered the Florida Retirement System (FRS) on July 1, 2022, three public safety employees were ineligible to join due to the restriction on renewed membership in FRS for retired Pension Plan members reemployed after July 1, 2010. Consequently, for these three employees, the City contributes 20% of eligible contributions to the 401(a) Plan. Employee contributions to the existing 457 plan are eligible for matching in the 401(a) plan. Employees vest in the employer contribution ratably over the 3 year period following eligibility. Plan provisions and contribution requirements are established and may be amended by the City Council. The City's contributions to the 401(a) Retirement Plans were \$645,439 for the fiscal year ended September 30, 2023.

***Defined Benefit Plan***

The City Council has approved to join the Florida Retirement System (FRS) Pension Plan and Retiree Health Insurance Subsidy (HIS) Program effective July 1, 2022 for its public safety employees.

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

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

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Retirement plans (continued)**

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

***Benefits Provided***

Benefits under the FRS Pension 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 plan and/or class to which the member belonged when the service credit was earned.

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

***Contributions***

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2023, were as follows:

|                                 | FRS    | HIS   |
|---------------------------------|--------|-------|
| Regular class                   | 11.57% | 2.00% |
| Special risk class              | 30.67% | 2.00% |
| Senior management service class | 32.52% | 2.00% |
| Elected officials               | 56.68% | 2.00% |
| DROP from FRS                   | 19.13% | 2.00% |

The employer's contributions for the year ended September 30, 2023 were \$1,156,670 to the FRS Pension Plan and \$90,989 to the HIS Program.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Retirement plans (continued)**

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

|                                 | FRS          | HIS          |
|---------------------------------|--------------|--------------|
| Net pension liability           | \$ 9,110,531 | \$ 2,043,713 |
| Proportion at:                  |              |              |
| Current measurement date        | 0.022863875% | 0.012868651% |
| Prior measurement date          | 0.000000000% | 0.000000000% |
| Increase in proportionate share | 0.022863875% | 0.012868651% |
| Pension expense                 | \$ 3,112,152 | \$ 998,666   |

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | FRS                                  |                                     | HIS                                  |                                     |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
| Differences between expected and actual experience  | \$ 855,400                           | \$ -                                | \$ 29,919                            | \$ (4,797)                          |
| Changes of assumptions  | 593,900                              | -                                   | 53,729                               | (177,095)                           |
| Difference between projected and actual   |                                      |                                     |                                      |                                     |
| earnings on pension plan investments  | 380,480                              | -                                   | 1,055                                | -                                   |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 5,268,498                            | -                                   | 1,226,888                            | -                                   |
| Employer contributions subsequent to the measurement date   | 359,709                              | -                                   | 27,379                               | -                                   |
| Total   | \$ 7,457,987                         | \$ -                                | \$ 1,338,970                         | \$ (181,892)                        |

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Retirement plans (continued)**

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <i>Year ending September 30,</i> | FRS       |                  | HIS       |                  |
|----------------------------------|-----------|------------------|-----------|------------------|
| 2024                             | \$        | 967,405          | \$        | 197,389          |
| 2025                             |           | (383,281)        |           | 119,677          |
| 2026                             |           | 5,804,871        |           | 199,117          |
| 2027                             |           | 551,414          |           | 390,556          |
| 2028                             |           | 157,869          |           | 206,881          |
| Thereafter                       |           | -                |           | 16,079           |
| <b>Total</b>                     | <b>\$</b> | <b>7,098,278</b> | <b>\$</b> | <b>1,129,699</b> |

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2022. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

|                                     | FRS   | HIS   |
|-------------------------------------|-------|-------|
| Inflation                           | 2.40% | 2.40% |
| Payroll growth, including inflation | 3.25% | 3.25% |
| Investment rate of return           | 6.70% | N/A   |
| Discount rate                       | 6.70% | 3.65% |

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

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

The following changes in key actuarial assumptions occurred in 2023:

HIS: The discount rate used in calculation of the pension liability increased from 3.54% to 3.65%.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Retirement plans (continued)**

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

| Asset Class           | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return |
|-----------------------|-------------------|--------------------------|------------------------------------|
| Cash                  | 1.0%              | 2.9%                     | 2.9%                               |
| Fixed income          | 19.8%             | 4.5%                     | 4.4%                               |
| Global equity         | 54.0%             | 8.7%                     | 7.1%                               |
| Real estate           | 10.3%             | 7.6%                     | 6.6%                               |
| Private equity        | 11.1%             | 11.9%                    | 8.8%                               |
| Strategic investments | 3.8%              | 6.3%                     | 6.1%                               |
| Total                 | 100%              |                          |                                    |

***Discount Rate***

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Retirement plans (continued)**

|   | FRS                       |                                     |                           | HIS                       |                                     |                           |
|---|---------------------------|-------------------------------------|---------------------------|---------------------------|-------------------------------------|---------------------------|
|   | 1%<br>Decrease<br>(5.70%) | Current<br>Discount Rate<br>(6.70%) | 1%<br>Increase<br>(7.70%) | 1%<br>Decrease<br>(2.65%) | Current<br>Discount Rate<br>(3.65%) | 1%<br>Increase<br>(4.65%) |
| Employer's proportionate share of the net pension liability | \$ 15,562,642             | \$ 9,110,531                        | \$ 3,712,568              | \$ 2,331,558              | \$ 2,043,713                        | \$ 1,805,110              |

***Pension Plans' Fiduciary Net Position***

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

**H. Post-employment benefits other than pensions (OPEB)**

The City follows Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria* of the GASB Codification (GASBC P52) for certain postemployment health care benefits provided by the City.

*Plan description.* The OPEB plan is a single-employer benefit plan administered by the City. Medical insurance benefits are provided to employees and their eligible dependents through an employee group medical insurance plan. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical plan to active employees and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this insurance. Benefit provisions for the insurance are established and may be amended by the City Council. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City.

*Funding policy.* Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate, which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. OPEB liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, OPEB liabilities are generally liquidated by the general fund. For the year ended September 30, 2023, the City estimated it subsidized \$173 of medical costs for its retirees and their covered dependents.

As of September 30, 2023, no trust has been established for the other postemployment benefits.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Post-employment benefits other than pensions (OPEB) (continued)**

*Plan membership.* At October 1, 2022, OPEB membership consisted of the following:

|   | Number of<br>Covered Individuals |
|---|----------------------------------|
| Inactive members currently receiving benefits               | -                                |
| Inactive members entitled to but not yet receiving benefits | -                                |
| Active members  | 159                              |
| Total   | 159                              |

*Actuarial assumptions and other inputs.* The total OPEB liability in the September 30, 2023 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                              |   |
|------------------------------|---|
| Salary Increases             | 3.00 % projected annual salary increase |
| Discount rate                | 4.75 % investment rate of return        |
| Health care cost trend rates | 7.00 % trending down to 4.50%           |

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included an annual healthcare cost trend rate of 7.00% initially, reduced by decrements of 0.50% to an ultimate rate of 4.50% after two years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The October 1, 2022 actuarial valuation included changes in assumptions for the discount rate and in the health care cost trend rates. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2022. These calculations are based on the Entry Age Normal cost method required by GASBC P52.

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Post-employment benefits other than pensions (OPEB) (continued)**

At September 30, 2023, the City reported a total OPEB liability of \$669,337. The other postemployment benefit information has been provided as of the September 30, 2023 measurement date.

|                                | Increase (Decrease) |
|--------------------------------|---------------------|
|                                | Total OPEB          |
| Change in total OPEB liability | Liability           |
| Balance, at September 30, 2022 | \$ 520,182          |
| Service cost                   | 55,803              |
| Expected interest growth       | 24,705              |
| Change in assumptions          | 68,820              |
| Benefit payments               | (173)               |
| Net changes                    | 149,155             |
| Balance, at September 30, 2023 | \$ 669,337          |

*Sensitivity of the OPEB liability.* The following presents the City’s OPEB liability as if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate:

|                    | 1% Decrease<br>(3.75%) | Current<br>Discount Rate<br>(4.75%) | 1% Increase<br>(5.75%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB Liability | \$ 902,115             | \$ 669,337                          | \$ 503,802             |

The following presents the City’s total OPEB liability as if it were calculated using a trend rate that is one percentage-point lower or higher than the current trend rate:

|                    | 1% Decrease<br>(6.00%) | Ultimate Trend<br>(7.00%) | 1% Increase<br>(8.00%) |
|--------------------|------------------------|---------------------------|------------------------|
| Net OPEB Liability | \$ 482,441             | \$ 669,337                | \$ 943,111             |

*OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.* For the fiscal year ended September 30, 2023, the City recognized an OPEB expense of \$41,139.

At September 30, 2023, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

|                       | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-----------------------|-----------------------------------|----------------------------------|
| Change of assumptions | \$ 193,588                        | \$ 596,435                       |
| Total                 | \$ 193,588                        | \$ 596,435                       |

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Post-employment benefits other than pensions (OPEB) (continued)**

The deferred outflows and inflows of resources related to OPEB will be recognized in the expense as follows:

| <i>Years ending September 30,</i> |                     |
|-----------------------------------|---------------------|
| 2024                              | \$ (39,369)         |
| 2025                              | (39,369)            |
| 2026                              | (39,369)            |
| 2027                              | (39,369)            |
| 2028                              | (39,369)            |
| 2029-2033                         | (211,980)           |
| 2034-2038                         | 5,978               |
| <b>Total</b>                      | <b>\$ (402,847)</b> |

**Note 4: RISK MANAGEMENT**

The City is a member of Public Risk Management of Florida (the pool), a local government liability risk pool. The pool administers insurance activities relating to property, general liability, police, professional, automobile liability, public officials' liability, workers' compensation, and boiler and machinery. The pool absorbs losses up to a specified amount for each pool year and purchases excess and other specific coverage's from third-party carriers. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the pool can make additional limited assessments. Losses, if any, in excess of the pools ability to assess its members would revert back to the member that incurred the loss. There has been no significant reduction in insurance coverage from the prior year, and no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2023. The cost of the insurance is allocated among the appropriate departments and funds.

**Note 5: COMMITMENTS AND CONTINGENCIES**

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

**City of Groveland, Florida**  
**Notes to Financial Statements**

**Note 5: COMMITMENTS AND CONTINGENCIES (Continued)**

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2023. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

The City has active construction projects as of September 30, 2023. At year-end, the City's commitments with contractors are as follows:

|                               |    |           |
|-------------------------------|----|-----------|
| Non-major governmental funds  | \$ | 6,430,164 |
| Utility System Fund           |    | 2,598,907 |
| <hr/>                         |    |           |
| Total outstanding commitments | \$ | 9,029,071 |
| <hr/>                         |    |           |

**Note 6: ASSET RETIREMENT OBLIGATIONS**

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The City assesses asset retirement obligations on a periodic basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

The City operates a wastewater treatment plant, which is regulated by the Florida Department of Environmental Protection, and requires certain cleanup and remediation activities if use of the wastewater treatment plant is discontinued. The City plans ongoing refurbishment to the plant as needed and has no plans to discontinue use of the plant. As such, the City is not able to readily estimate the fair value of the liability for discontinuing use of the plant, and has not recorded an asset retirement obligation for this asset.

## City of Groveland, Florida Notes to Financial Statements

### Note 7: TAX ABATEMENTS

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program authorized by Groveland City Code, Chapter 25, and Section 166.021(9) Florida Statutes. Under the program, the City grants up to 100% property tax abatements from one to 10 years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applications on the number of employees, average payroll, capital investment, and additional high economic impact factors such as capital investments over \$25 million, the purchase and use of local materials goods and services to be utilized in the construction or expansion of facilities, providing healthcare, daycare and other benefits to the employees. Benefitting businesses are required to file an annual performance report on the anniversary date of the execution of the performance agreement to verify compliance with the terms and conditions of the Performance Agreement.

For the fiscal year ending September 30, 2023, the City had the following agreements:

Kroger Co. of Ohio - The City entered into an Economic Development Agreement (Agreement) with Kroger Co. of Ohio on July 1, 2019 in which, Kroger Co. of Ohio agreed to construct a 350,000 square foot robotically operated fulfillment center that to source, package, and prepare grocery products for delivery to consumers and create 350 full-time jobs. The agreement remains in effect for a period of fifteen years after the date the City issues a final certificate of occupancy for the fulfillment center. The City waived \$261,250 in City permit fees, paid \$213,750 in City permit fees to Alpha Inspections, Inc. and paid \$431,000 in City impact fees on behalf of Kroger Co. of Ohio. In addition, the City agreed to pay Kroger Co. of Ohio, a \$500,000 job growth incentive payment plus a rebate of City ad valorem taxes on real property and tangible personal property over ten years that gradually decreases from 80% to 10% of the incremental increase in ad valorem taxes on the real property and tangible personal property over said period. In exchange, Kroger Co. of Ohio, agreed to invest, by July 1, 2021, a total of \$55 million (\$45 million in real property and \$10 million in tangible personal property) and within nine months of the final certificate of occupancy, create 350 full-time jobs with an average annual payroll of \$14 million. Kroger Co. of Ohio's investment will create new jobs, promote state and local economic development and stimulate business and commercial activity in the City. There are no provisions in the Agreement for recapturing rebated taxes. During the year ended September 30, 2023, the rebate of City ad valorem taxes on tangible personal property totaled \$111,943.

Ocado Solutions, USA, Inc. - The City entered into an Economic Development Agreement (Agreement) with Ocado Solutions, USA, Inc. on January 21, 2020 in which Ocado Solutions, USA, Inc. agreed to install robotics technology at Kroger Co. of Ohio's 350,000 square robotically operated fulfillment center and create 60 full-time jobs. The agreement remains in effect for a period of fifteen years after the date the City issues a final certificate of occupancy for the fulfillment center to be constructed by Kroger of Ohio. The City agreed to pay OCADO a \$60,000 job growth incentive payment plus a rebate of City ad valorem taxes on tangible personal property over ten years that gradually decreases from 80% to 10% of the incremental increase in ad valorem taxes on the tangible personal property over

## City of Groveland, Florida Notes to Financial Statements

### **Note 7: TAX ABATEMENTS (Continued)**

said period. In exchange, Ocado Solutions, USA, Inc. agreed to, by December 31, 2022, create 60 fulltime jobs with an average annual salary of \$60,000 each and invest \$70 million in robotics technology. Ocado Solutions, USA, Inc. investment will create new jobs, promote state and local economic development and stimulate business and commercial activity in the City. There are no provisions in the Agreement for recapturing rebated taxes. During the year ended September 30, 2023, the rebate of City ad valorem taxes on tangible personal property totaled \$457,608.

### **Note 8: SUBSEQUENT EVENTS**

Management evaluated all events or transactions that occurred after September 30, 2023 through June 28, 2024, the date the current year's financial statements were available to be issued. The following events occurred:

On October 18, 2023, the City entered into an agreement with a local bank for the Water and Sewer Revenue Note (Subordinate), Series 2023A with a principal amount of \$2,000,000. The principal sum is to be paid in installments on each September 1, with all unpaid principal and interest due in full on the maturity date, September 1, 2030, and to pay interest on the outstanding principal amount on March 1 and September 1 of year, commencing on March 1, 2024. The note bears interest of 4.65%. The proceeds of the Series 2023A Note will be used to finance certain capital improvements to the water and sewer utility system of the City and pay related costs of issuance.

On May 13, 2024, the City entered into an agreement with the State of Florida Department of Environmental Protection for a clean water state revolving fund loan, WW350650. The principal amount of the loan is \$201,300, which includes \$200,000 to be disbursed to the City and \$1,300 of capitalized interest. The financing rate on the unpaid principal loan amount is 1.79% per annum and the loan term is 10 years. Repayments are made semiannually in the amount of \$11,257, beginning on May 15, 2025 and semiannually thereafter on November 15 and May 15 of each year until all amounts due have been fully paid. The purpose of the loan is to fund planning or administrative work necessary for the construction of wastewater transmission, collection, reuse, and treatment facilities.



**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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**City of Groveland, Florida**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Last Ten Fiscal Years**

| <b>Florida Retirement System (FRS)</b>   | <b>2023</b>         | <b>2022</b>         |
|--|---------------------|---------------------|
| Employer's proportion of the net pension liability (asset)   | <b>0.022863875%</b> | <b>0.000000000%</b> |
| Employer's proportionate share of the net pension liability (asset)  | <b>\$ 9,110,531</b> | <b>\$ -</b>         |
| Employer's covered payroll <sup>(2)</sup>  | <b>\$ 5,102,336</b> | <b>\$ -</b>         |
| Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <b>178.56%</b>      | <b>0.00%</b>        |
| Plan fiduciary net position as a percentage of the total pension liability                                 | <b>82.38%</b>       | <b>0.00%</b>        |

| <b>Health Insurance Subsidy Program (HIS)</b>  | <b>2023</b>         | <b>2022</b>         |
|--|---------------------|---------------------|
| Employer's proportion of the net pension liability (asset)   | <b>0.012868651%</b> | <b>0.000000000%</b> |
| Employer's proportionate share of the net pension liability (asset)  | <b>\$ 2,043,713</b> | <b>\$ -</b>         |
| Employer's covered payroll <sup>(2)</sup>  | <b>\$ 5,102,336</b> | <b>\$ -</b>         |
| Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <b>40.05%</b>       | <b>0.00%</b>        |
| Plan fiduciary net position as a percentage of the total pension liability                                 | <b>4.12%</b>        | <b>0.00%</b>        |

**Notes to schedule:**

<sup>(1)</sup> The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

<sup>(2)</sup> GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, were implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan actives, members in DROP and investment plan members.

<sup>(3)</sup> GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, the City is presenting information only for those years for which it is available.

**City of Groveland, Florida  
Schedule of Contributions  
Last Ten Fiscal Years**

| <b><i>Florida Retirement System (FRS)</i></b>                        | <b>2023</b> |                    | <b>2022</b> |                  |
|--|-------------|--------------------|-------------|------------------|
| Contractually required contribution                                  | \$          | 1,156,670          | \$          | 302,938          |
| Contributions in relation to the contractually required contribution |             | <b>(1,156,670)</b> |             | <b>(302,938)</b> |
| Contribution deficiency (excess)                                     | \$          | -                  | \$          | -                |
| Employer's covered payroll <sup>(1)</sup>                            | \$          | 5,199,068          | \$          | 1,270,752        |
| Contributions as a percentage of covered payroll                     |             | 22.25%             |             | 23.84%           |
| <hr/>  |             |                    |             |                  |
| <b><i>Health Insurance Subsidy Program (HIS)</i></b>                 | <b>2023</b> |                    | <b>2022</b> |                  |
| Contractually required contribution                                  | \$          | 90,989             | \$          | 21,042           |
| Contributions in relation to the contractually required contribution |             | <b>(90,989)</b>    |             | <b>(21,042)</b>  |
| Contribution deficiency (excess)                                     | \$          | -                  | \$          | -                |
| Employer's covered payroll <sup>(1)</sup>                            | \$          | 5,199,068          | \$          | 1,270,752        |
| Contributions as a percentage of covered payroll                     |             | 1.75%              |             | 1.66%            |

**Notes to schedules:**

<sup>(1)</sup> Covered payroll includes the payroll for defined benefit actives, members in DROP and investment plan members.

<sup>(2)</sup> GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

**City of Groveland, Florida**  
**Required Other Post-employment Benefits Supplementary Information**  
**Schedules of Changes in Total OPEB Liability and Related Ratios**

| <i>September 30,</i>                                       | 2023              | 2022                | 2021                | 2020                | 2019              |
|--|-------------------|---------------------|---------------------|---------------------|-------------------|
| <b>Total OPEB Liability - beginning</b>                    | <b>\$ 520,182</b> | <b>\$ 1,107,840</b> | <b>\$ 1,075,967</b> | <b>\$ 817,004</b>   | <b>\$ 755,286</b> |
| Changes due to:  |                   |                     |                     |                     |                   |
| Service cost   | 55,803            | 30,733              | 56,083              | 48,234              | 39,195            |
| Interest   | 24,705            | 50,842              | 24,638              | 22,715              | 22,657            |
| Change in assumptions                                      | 68,820            | (668,874)           | (48,690)            | 188,184             | -                 |
| Benefit payments   | (173)             | (359)               | (158)               | (170)               | (134)             |
| Net changes in total OPEB liability                        | 149,155           | (587,658)           | 31,873              | 258,963             | 61,718            |
| <b>Total OPEB Liability - ending (a)</b>                   | <b>\$ 669,337</b> | <b>\$ 520,182</b>   | <b>\$ 1,107,840</b> | <b>\$ 1,075,967</b> | <b>\$ 817,004</b> |
| <b>Plan fiduciary net position (b)</b>                     | <b>\$ -</b>       | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>       |
| <b>OPEB liability - ending (a) - (b)</b>                   | <b>\$ 669,337</b> | <b>\$ 520,182</b>   | <b>\$ 1,107,840</b> | <b>\$ 1,075,967</b> | <b>\$ 817,004</b> |
| Covered-employee payroll for measurement period            | 10,156,715        | 8,751,150           | 8,751,150           | \$ 5,834,221        | \$ 5,831,221      |
| OPEB liability as a percentage of covered-employee payroll | 6.59%             | 5.94%               | 12.66%              | 18.44%              | 14.01%            |

Notes to schedule:

<sup>(1)</sup> The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Pensions*, in 2019. The employer must eventually disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

<sup>(2)</sup> The following discount rate was used in each period:  
9/30/2019 - 3.00%  
9/30/2020 - 2.30%  
9/30/2021 - 2.29%  
9/30/2022 - 4.59%  
9/30/2023 - 4.75%

**City of Groveland, Florida**  
**Budgetary Comparison Schedule – General Fund**

| <i>For the year ended September 30, 2023</i>          | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
| <b>REVENUES</b>                                       |                     |                     |                     |   |
| Property taxes  | \$ 7,992,134        | \$ 7,955,134        | \$ 7,959,412        | \$ 4,278  |
| Franchise and utility taxes                           | 2,777,223           | 3,378,723           | 3,632,741           | 254,018   |
| License and permits                                   | 162,037             | 633,942             | 875,883             | 241,941   |
| Intergovernmental                                     | 3,079,915           | 3,346,812           | 3,331,211           | (15,601)  |
| Charges for services                                  | 2,925,133           | 3,154,604           | 3,448,512           | 293,908   |
| Fines and forfeitures                                 | 90,136              | 83,136              | 101,586             | 18,450  |
| Investment income                                     | 12,600              | 21,500              | 251,083             | 229,583   |
| Miscellaneous revenue                                 | 48,819              | 617,614             | 691,658             | 74,044  |
| Total revenues  | 17,087,997          | 19,191,465          | 20,292,086          | 1,100,621   |
| <b>EXPENDITURES</b>                                   |                     |                     |                     |   |
| General government                                    | 6,431,987           | 6,718,218           | 5,106,317           | 1,611,901   |
| Public safety   | 6,289,273           | 7,350,216           | 7,037,220           | 312,996   |
| Transportation  | 1,017,418           | 1,136,018           | 1,052,897           | 83,121  |
| Economic development                                  | 647,181             | 906,051             | 730,766             | 175,285   |
| Physical environment                                  | 2,311,600           | 2,394,288           | 2,324,206           | 70,082  |
| Parks and recreation                                  | 1,521,515           | 1,648,515           | 1,371,216           | 277,299   |
| Capital outlay  | 370,360             | 2,169,033           | 888,167             | 1,280,866   |
| Debt service:   |                     |                     |                     |   |
| Principal   | 7,049               | 7,049               | 305,736             | (298,687)   |
| Interest and fiscal charges                           | 41                  | 41                  | 10,758              | (10,717)  |
| Total expenditures                                    | 18,596,424          | 22,329,429          | 18,827,283          | 3,502,146   |
| <b>Excess (deficit) of revenues over expenditures</b> | <b>(1,508,427)</b>  | <b>(3,137,964)</b>  | <b>1,464,803</b>    | <b>4,602,767</b>  |
| <b>OTHER FINANCING SOURCES</b>                        |                     |                     |                     |   |
| Transfers in  | 1,316,850           | 944,669             | 944,669             | -   |
| Transfers out   | (6,638,099)         | (7,491,183)         | (7,491,183)         | -   |
| Lease proceeds  | -                   | -                   | 82,036              | 82,036  |
| Subscription proceeds                                 | -                   | -                   | 335,390             | 335,390   |
| Sale of capital assets                                | -                   | (6,200)             | 15,095              | 21,295  |
| Total other financing sources                         | (5,321,249)         | (6,552,714)         | (6,113,993)         | 438,721   |
| <b>Net change in fund balance</b>                     | <b>(6,829,676)</b>  | <b>(9,690,678)</b>  | <b>(4,649,190)</b>  | <b>5,041,488</b>  |
| <b>Fund balance, beginning of the year</b>            | <b>13,909,824</b>   | <b>13,909,824</b>   | <b>13,909,824</b>   | <b>-</b>  |
| <b>Fund balance, end of year</b>                      | <b>\$ 7,080,148</b> | <b>\$ 4,219,146</b> | <b>\$ 9,260,634</b> | <b>\$ 5,041,488</b>                                     |

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

**City of Groveland, Florida**

**Budgetary Comparison Schedule – Community Redevelopment Agency**

| <i>For the year ended September 30, 2023</i>                         | Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
| <b>REVENUES</b>  |                    |                 |            |   |
| Property taxes   | \$ 936,255         | \$ 931,750      | \$ 931,667 | \$ (83)   |
| Investment income  | -                  | 5,800           | 20,686     | 14,886  |
| Miscellaneous revenue  | 48,283             | 19,500          | 28,500     | 9,000   |
| Total revenues   | 984,538            | 957,050         | 980,853    | 23,803  |
| <b>EXPENDITURES</b>  |                    |                 |            |   |
| Economic development   | 610,828            | 658,429         | 387,125    | 271,304   |
| Capital outlay   | 469,566            | 606,178         | 24,251     | 581,927   |
| Total expenditures   | 1,080,394          | 1,264,607       | 411,376    | 853,231   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | (95,856)           | (307,557)       | 569,477    | 877,034   |
| <b>OTHER FINANCING SOURCES</b>                                       |                    |                 |            |   |
| Transfers in   | -                  | -               | -          | -   |
| Transfers out  | (154,144)          | (154,144)       | (154,144)  | -   |
| Total other financing sources  | (154,144)          | (154,144)       | (154,144)  | -   |
| <b>Net change in fund balance</b>                                    | (250,000)          | (461,701)       | 415,333    | 877,034   |
| <b>Fund balance, beginning of year</b>                               | 517,403            | 517,403         | 517,403    | -   |
| <b>Fund balance, end of year</b>                                     | \$ 267,403         | \$ 55,702       | \$ 932,736 | \$ 877,034  |

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

**City of Groveland, Florida**  
**Budgetary Comparison Schedule – Building Services Fund**

| <i>For the year ended September 30, 2023</i>                         | Original<br>Budget | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|---------------------|---------------------|---|
| <b>REVENUES</b>  |                    |                     |                     |   |
| Licenses and permits   | \$ 2,102,145       | \$ 3,952,145        | \$ 4,058,490        | \$ 106,345  |
| Investment earnings  | 1,000              | 5,000               | 39,070              | 34,070  |
| <b>Total revenues</b>  | <b>2,103,145</b>   | <b>3,957,145</b>    | <b>4,097,560</b>    | <b>140,415</b>  |
| <b>EXPENDITURES</b>  |                    |                     |                     |   |
| Public safety  | 2,444,289          | 3,575,120           | 3,369,907           | 205,213   |
| Debt service:  |                    |                     |                     |   |
| Principal  | -                  | -                   | 72,754              | (72,754)  |
| Capital outlay   | -                  | 34,382              | 407,906             | (373,524)   |
| <b>Total expenditures</b>  | <b>2,444,289</b>   | <b>3,609,502</b>    | <b>3,850,567</b>    | <b>(241,065)</b>  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(341,144)</b>   | <b>347,643</b>      | <b>246,993</b>      | <b>(100,650)</b>  |
| <b>OTHER FINANCING SOURCES</b>                                       |                    |                     |                     |   |
| Transfers out  | (158,856)          | (158,856)           | (158,856)           | -   |
| Subscription proceeds  | -                  | -                   | 373,524             | 373,524   |
| <b>Total other financing sources</b>                                 | <b>(158,856)</b>   | <b>(158,856)</b>    | <b>214,668</b>      | <b>373,524</b>  |
| <b>Net change in fund balance</b>                                    | <b>(500,000)</b>   | <b>188,787</b>      | <b>461,661</b>      | <b>272,874</b>  |
| <b>Fund balance, beginning of year</b>                               | <b>1,352,412</b>   | <b>1,352,412</b>    | <b>1,352,412</b>    | <b>-</b>  |
| <b>Fund balance, end of year</b>                                     | <b>\$ 852,412</b>  | <b>\$ 1,541,199</b> | <b>\$ 1,814,073</b> | <b>\$ 272,874</b>                                       |

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

**City of Groveland, Florida**  
**Budgetary Comparison Schedule – Fire Operations Fund**

| <i>For the year ended September 30, 2023</i>                         | Original<br>Budget | Final<br>Budget    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
| <b>REVENUES</b>  |                    |                    |                    |   |
| Permits, fees & special assessments                                  | \$ 2,275,122       | \$ 2,216,122       | \$ 2,289,028       | \$ 72,906   |
| Intergovernmental  | 107,000            | 229,342            | 168,027            | (61,315)  |
| Investment earnings  | -                  | 500                | 12,757             | 12,257  |
| Miscellaneous revenue  | -                  | -                  | 7,217              | 7,217   |
| <b>Total revenues</b>  | <b>2,382,122</b>   | <b>2,445,964</b>   | <b>2,477,029</b>   | <b>31,065</b>   |
| <b>EXPENDITURES</b>  |                    |                    |                    |   |
| Public safety  | 4,904,643          | 5,304,823          | 5,002,394          | 302,429   |
| Capital outlay   | -                  | 15,551             | 15,550             | 1   |
| <b>Total expenditures</b>  | <b>4,904,643</b>   | <b>5,320,374</b>   | <b>5,017,944</b>   | <b>302,430</b>  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(2,522,521)</b> | <b>(2,874,410)</b> | <b>(2,540,915)</b> | <b>333,495</b>  |
| <b>OTHER FINANCING SOURCES</b>                                       |                    |                    |                    |   |
| Transfers in   | 2,522,521          | 2,874,410          | 2,874,410          | -   |
| <b>Total other financing sources</b>                                 | <b>2,522,521</b>   | <b>2,874,410</b>   | <b>2,874,410</b>   | <b>-</b>  |
| <b>Net change in fund balance</b>                                    | <b>-</b>           | <b>-</b>           | <b>333,495</b>     | <b>333,495</b>  |
| <b>Fund balance, beginning of year</b>                               | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>  |
| <b>Fund balance, end of year</b>                                     | <b>\$ -</b>        | <b>\$ -</b>        | <b>\$ 333,495</b>  | <b>\$ 333,495</b>                                       |

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

**City of Groveland, Florida**  
**Notes to Required Supplementary Information**

**A. BUDGETARY INFORMATION**

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

1. Prior to the end of the fiscal year, the City Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public budget workshops are held where the Mayor, City Council, City Manager and department heads refine budget detail items.
3. The general summary of the budget and notice of public hearing is published in the local newspaper.
4. Public hearings are conducted to obtain taxpayer comments.
5. Prior to October 1, the budgets are legally enacted through passage of a resolution.
6. The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that alter the total appropriations of any department must be approved by a majority vote of the City Council.
7. The level of classification detail at which expenditures may not legally exceed appropriations is the department level.
8. Unexpended, unencumbered appropriations lapse at the close of the fiscal year.
9. Budgets are adopted for the general fund and community redevelopment fund on a basis consistent with generally accepted accounting principles, except as described below under Budget Basis of Accounting. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.
10. The City Council, by Ordinance, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

***Budgetary basis of accounting***

The City includes a portion of the prior year's fund balances represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures.

**City of Groveland, Florida**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended September 30, 2023**

| Federal/State Grantor, Pass Through Entity,<br>Program or Cluster Title                            | Contract No.                       | Assistance<br>Listing/<br>CSFA No. | Federal/State<br>Expenditures(\$) | Transfers to<br>Subrecipients |
|--|------------------------------------|------------------------------------|-----------------------------------|-------------------------------|
| Department of Homeland Security  |                                    |                                    |                                   |                               |
| <i>Passed through the Florida Division of Emergency Management</i>                                 |                                    |                                    |                                   |                               |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)                            | 4673DR-FL<br>(Hurricane Ian)       | 97.036                             | \$ 4,139                          | \$ -                          |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)                            | 4673DR-FL Z3318<br>(Hurricane Ian) | 97.036                             | 47,116                            | -                             |
| COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)                   | 4486DR-FL - Z2806<br>(COVID)       | 97.036                             | <u>79,452</u>                     | <u>-</u>                      |
| Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)                      |                                    |                                    | 130,707                           | -                             |
| Staffing for Adequate Fire and Emergency Response (SAFER)  | EMW-2018-FH-00296                  | 97.083                             | <u>61,322</u>                     | <u>-</u>                      |
| Total Staffing for Adequate Fire and Emergency Response (SAFER)                                    |                                    |                                    | <u>61,322</u>                     | <u>-</u>                      |
| <i>Total Department of Homeland Security</i>   |                                    |                                    | 192,029                           | -                             |
| United States Department of Justice  |                                    |                                    |                                   |                               |
| Patrick Leahy Bulletproof Vest Partnership   | 2023BUBX23033850                   | 16.607                             | <u>2,203</u>                      | <u>-</u>                      |
| Total Patrick Leahy Bulletproof Vest Partnership   |                                    |                                    | <u>2,203</u>                      | <u>-</u>                      |
| <i>Total United States Department of Justice</i>   |                                    |                                    | 2,203                             | -                             |
| Department of Housing and Urban Development  |                                    |                                    |                                   |                               |
| <i>Passed through the Florida Department of Economic Opportunity</i>                               |                                    |                                    |                                   |                               |
| COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii   | 22CV-S42                           | 14.228                             | 1,167                             | -                             |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii            | 20DB-OO-06-45-02-H 05              | 14.228                             | <u>787,082</u>                    | <u>-</u>                      |
| Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii      |                                    |                                    | <u>788,249</u>                    | <u>-</u>                      |
| <i>Total Department of Housing and Urban Development</i>   |                                    |                                    | 788,249                           | -                             |
| Department of the Treasury   |                                    |                                    |                                   |                               |
| <i>Passed through the State of Florida, Department of State</i>                                    |                                    |                                    |                                   |                               |
| COVID-19 Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds (ARPA) | LF89W5U9JBS5<br>23.s.aa.900.004    | 21.027                             | <u>202,462</u>                    | <u>-</u>                      |
| Total Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds (ARPA)    |                                    |                                    | <u>202,462</u>                    | <u>-</u>                      |
| <i>Total Department of the Treasury</i>  |                                    |                                    | <u>202,462</u>                    | <u>-</u>                      |
| <b>Total Expenditures of Federal Awards</b>  |                                    |                                    | <b><u>\$ 1,184,943</u></b>        | <b><u>\$ -</u></b>            |
| Florida Department of Environmental Protection   |                                    |                                    |                                   |                               |
| Wastewater Treatment Facility Construction   | WW350612                           | 37.077                             | \$ 1,884,578                      | -                             |
| Drinking Water Facility Construction   | DW350620                           | 37.076                             | 1,371,700                         | -                             |
| <i>Passed through St. Johns Water Management District</i>  |                                    |                                    |                                   |                               |
| State of Florida Alternative Water Supplies Program  | 36638                              | 37.100                             | <u>25,025</u>                     | <u>-</u>                      |
| Total Florida Department of Environmental Protection   |                                    |                                    | <u>3,281,303</u>                  | <u>-</u>                      |
| State of Department of Management Services   |                                    |                                    |                                   |                               |
| Local Government Cyber Security Grant  | DMS-22/23-271                      | 72.009                             | <u>32,131</u>                     | <u>-</u>                      |
| Total State of Department of Management Services   |                                    |                                    | <u>32,131</u>                     | <u>-</u>                      |
| <i>Total Expenditures of State Financial Assistance</i>  |                                    |                                    | <b><u>\$ 3,313,434</u></b>        | <b><u>\$ -</u></b>            |

**City of Groveland, Florida**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2023**

**A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award activity and state award activity of the City of Groveland, Florida, under programs of the federal government and state government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the 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 the Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City of Groveland, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Groveland, Florida.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

**C. SUBRECIPIENTS**

The City of Groveland, Florida provided no federal awards to subrecipients in the fiscal year ended September 30, 2023.

**D. INDIRECT COST RATE**

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

**E. NONCASH AWARDS**

The City of Groveland, Florida received no noncash awards in the fiscal year ended September 30, 2023.



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

To the City Council  
City of Groveland, 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 Groveland, 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 June 28, 2024.

**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 entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida

June 28, 2024



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

Honorable Mayor and Members of the City Council  
City of Groveland, Florida

**Report on Compliance for the Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

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

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

***Basis for Opinion on Each Major Federal Program and State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Florida Auditor General. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. 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 and state projects.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General 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 and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and Chapter 10.550, Rules of the Florida Auditor General we:

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance 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.

*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 and state project 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 and state project will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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 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.

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 and Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

*Carr, Rigg & Ingram, L.L.C.*

Melbourne, Florida

June 28, 2024

**City of Groveland, Florida**  
**Schedule of Findings and Questioned Costs**

**Section I—Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes      X no
- Significant deficiency(ies) identified? \_\_\_ yes      X none noted

Noncompliance material to financial statements noted? \_\_\_ yes      X no

***Federal Programs and State Projects***

Internal control over major federal programs and state projects:

- Material weakness(es) identified? X yes      \_\_\_ no
- Significant deficiency(ies) identified? \_\_\_ yes      X none noted

Type of auditor’s report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) of OMB Compliance Supplement and/or Chapter 10.554(1)(l)(4)? X yes      \_\_\_ none noted

Identification of major federal programs and state projects:

| <u>Assistance Listing/CSFA Number</u> | <u>Federal Program/State Award or Cluster</u>   |
|---------------------------------------|---|
| 14.228                                | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii |
| 37.077                                | Wastewater Treatment Facility Construction  |

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs and major state projects.

Auditee qualified as a low-risk auditee for federal purposes? \_\_\_ yes      X no

## City of Groveland, Florida Schedule of Findings and Questioned Costs

### Section II – Financial Statement Findings

No matters were reported.

### Section III – Federal Award Findings and Questioned Costs

#### **MW 2023-001 REPORTING**

Assistance Listing No. 14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii  
2022-2023 Funding  
U.S. Department of Housing and Urban Development  
*Passed through the Florida Department of Economic Opportunity*

CRITERIA: Per 2 CFR 200.303, non-Federal entities must establish and maintain effective internal controls to provide reasonable assurance of compliance with the Uniform Guidance and the Florida Small Cities Community Development Block Grant Program Act.

CONDITION: The following reports were not reviewed prior to submission to the State of Florida Department of Economic Opportunity:

- i. Quarterly Progress Report, Form SC-65;
- i. Contract and Subcontract Activity form, Form HUD-2516; and
- ii. Section 3 Summary Report, form HUD-60002

Additionally, two out of the two Quarterly Progress Reports tested were filed late. For one out of the two Contract and Subcontract Activity forms tested, the City did not have evidence of the submission to the State of Florida Department of Economic Opportunity.

CAUSE OF CONDITION: Procedures are not in place internally for the review and approval of reports required by the State of Florida Department of Economic Opportunity for CDBG grant funding.

POTENTIAL EFFECT OF CONDITION: Potential for unintended errors to occur without being immediately identified and corrected. The City was not in compliance with the Uniform Guidance and the Florida Small Cities Community Development Block Grant Program Act.

PERSPECTIVE: All of the reports identified above were not reviewed.

RECOMMENDATION: Reports prepared by the Special Projects Manager should be reviewed by an independent person to ensure completeness and accuracy. Additionally, the City should design a control to ensure reports are submitted in a timely manner in accordance with compliance requirements.

MANAGEMENT RESPONSE: The City agrees with the recommendation to strengthen internal controls over grant reporting processes. To enhance accountability and accuracy, grant reports authored by the designated grant recipient, who is the City employee tasked with managing the grant activity, will now undergo a review by someone else in the City independent of the report preparation. This review will focus on ensuring the reports are complete, accurate, and fully compliant with all stipulated grant requirements.

**City of Groveland, Florida**  
**Schedule of Findings and Questioned Costs**

**Section IV – Prior Findings and Questioned Costs for Federal Awards and State Projects**

**SD 2022-001 UTILITY BILLING RATES**

Status: Cleared



Carr, Riggs & Ingram, LLC  
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 Melbourne, Florida 32940  
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 386.336.4189 (fax)  
 CRlcpa.com

**INDEPENDENT AUDITOR’S MANAGEMENT LETTER**

The Honorable Mayor and City Council  
 City of Groveland, Florida

**Report on the Financial Statements**

We have audited the financial statements of the City of Groveland, Florida (the “City”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 28, 2024.

**Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 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. The status of each finding and recommendation made in the preceding annual financial audit report, is noted below:

Prior Year Management Letter Comments:\*

|                 |                              |           |
|-----------------|------------------------------|-----------|
| <b>2022-001</b> | <b>UTILITY BILLING RATES</b> | Corrected |
|-----------------|------------------------------|-----------|

\* The findings listed above originated in the fiscal year 2022 audit.

## Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the City of Groveland, Florida and its component unit is disclosed in the footnotes.

The City of Groveland, Florida includes the following component units:

| Component Unit                           | Established by: |
|--|-----------------|
| Groveland Community Redevelopment Agency | City Ordinance  |

## Financial Condition and Management

Section 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 of Groveland, Florida 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 of Groveland, Florida did not meet the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have any the following recommendation:

### **2023-002 BUILDING PERMITS**

**CRITERIA:** Building permit fees should be charged in accordance with Resolution 2022-100 adopted by the City Council.

**CONDITION:** The City used incorrect formulas when updating the fee schedule into their Trakit software that calculates building permit fees. Additionally, fees were not reviewed before invoices were sent to customers.

**CAUSE OF CONDITION:** Building permit fee rates were not reviewed in sufficient detail when rate changes were entered into the system.

**POTENTIAL EFFECT OF CONDITION:** Five of the ninety-nine customers tested were undercharged for building permits, and two were overcharged, resulting in a projected understatement of \$3,532.

**RECOMMENDATION:** The City should continue to operating the control implemented in July 2023, where someone independent of the person who entered the fees into the system perform a thorough review of the changes to building permit fees for accuracy and compliance with City Code.

MANAGEMENT RESPONSE: The City agrees with the recommendation to enhance internal controls over permit fees. Moving forward, an independent reviewer, separate from the individual entering fees into the Trakit system, will conduct comprehensive reviews of changes to building permit fees to ensure accuracy and compliance with City Code. Furthermore, the Community Development Department will conduct random audits of fee calculators and sample a diverse range of permits each month to verify the correctness of charges. Additionally, technological safeguards have been implemented within Trakit that prevent applicants from paying permit fees until the City's outsourced building official has thoroughly reviewed the permit charges for accuracy, thereby minimizing errors in fee assessment.

### **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.

### **Additional Matters**

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

### **Purpose of this Letter**

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

*Carr, Rigg & Ingram, L.L.C.*

Melbourne, Florida

June 28, 2024



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Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940  
  
321.255.0088  
386.336.4189 (fax)  
CRIcpa.com

## **INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

The Honorable Mayor and City Council  
City of Groveland, Florida

We have examined the City of Groveland, Florida’s (the “City”) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, 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’s complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City’s complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence 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 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 the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

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

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
June 28, 2024



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352-730-9264  
Jo-Anne.Drury@groveland-fl.gov

156 S. Lake Avenue • Groveland, FL 34736 • www.Groveland-FL.gov

June 4, 2024

BEFORE ME, the undersigned authority, personally appeared Jo-Anne Drury, who being duly sworn, deposes and says on oath that:

1. I am the Finance Director of the City of Groveland which is a political subdivision of the State of Florida;
2. City of Groveland adopted Resolution No. 2013-04-07 implementing an impact fee as amended by Ordinance No. 2019-50 on September 16, 2019, Ordinance No. 2022-02 on March 7, 2022, and
3. City of Groveland has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Jo-Anne Drury, Finance Director

STATE OF FLORIDA  
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 4 day of June, 2023.



Kathleen Cotton  
NOTARY PUBLIC  
Print Name Kathleen Cotton

Personally known  or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

November 5, 2024

Handwritten text in a small box, possibly a signature or a note, located in the lower-left quadrant of the page.



156 S. Lake Avenue  
Groveland, FL 34736  
352-429-2141  
[www.groveland-fl.gov](http://www.groveland-fl.gov)

## CORRECTIVE ACTION PLAN

The City of Groveland respectfully submits the following corrective action plan for the year ended September 30, 2023.

### **MW 2023-001 REPORTING**

Assistance Listing No. 14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii  
2022-2023 Funding  
U.S. Department of Housing and Urban Development  
*Passed through the Florida Department of Economic Opportunity*

RECOMMENDATION: Reports prepared by the Special Projects Manager should be reviewed by an independent person to ensure completeness and accuracy. Additionally, the City should design a control to ensure reports are submitted in a timely manner in accordance with compliance requirements.

CORRECTIVE ACTION: The City agrees with the recommendation to strengthen internal controls over grant reporting processes. To enhance accountability and accuracy, grant reports authored by the designated grant recipient, who is the City employee tasked with managing the grant activity, will now undergo a review by someone else in the City independent of the report preparation. This review will focus on ensuring the reports are complete, accurate, and fully compliant with all stipulated grant requirements.

RESPONSIBLE PARTY: Tim Maslow, Community Development Director

ANTICIPATED COMPLETION DATE: 9/30/2024