

CITY OF TAVARES, FLORIDA

Annual Comprehensive Financial Report

FISCAL YEAR 2022 - 2023



ANNUAL COMPREHENSIVE
FINANCIAL REPORT

CITY OF TAVARES, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

PREPARED BY:

FINANCE DEPARTMENT

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June 28, 2024

To the Honorable Mayor and City Council and Citizens of the City of Tavares, Florida:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP) and that they be audited in accordance with Generally Accepted Auditing Standards in the United States of America by a firm of licensed Certified Public Accountants (CPAs). Pursuant to that requirement, it is with great pleasure that we present to you the City of Tavares, Florida Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

McDermitt Davis & Company, LLC, a firm of licensed Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Tavares's financial statements for the fiscal year ended September 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the MD&A should be read in conjunction with this letter.

Profile of the Government

The City of Tavares, incorporated in 1880, is located in central Lake County. The City currently has a land area of 13.93 square miles and serves a population of approximately 19,600. The City is located in the center of Lake County which contains more than 1,000 lakes within its 13.978 square mile area. It is one of the few places within Florida that contains rolling hills making it a natural challenge for those who enjoy golfing, hiking or bicycling. Location is another key element that makes Tavares so unique. The City's downtown waterfront on Lake Dora provides an exceptional experience for residents and visitors alike. Probably the most unique aspect of this Florida city is its designation as "America's Seaplane City", accommodating thousands of seaplane visits each year. The

City is the County Seat, housing the Lake County government campus, courthouse, criminal justice complex and jail. At the northern most tip of the county sits the Ocala National Forest. At the southern border, one is only a short 16 miles to all the major central Florida attractions including Disney theme parks, Universal Studios, and Sea World. Further, the City is within a 90 minute drive to either the Gulf of Mexico beaches to the west, or the Atlantic Coast beaches to the east. The City of Tavares is empowered to levy a property tax on both real and personal property located within its boundaries. The City is also empowered by State statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Tavares operates according to a Council/Administrator form of government, whereby the registered voters of the City of Tavares elect the City Council who in turn select a Council Member from the elected Council to serve as Mayor. The Mayor chairs all meetings of the Council, and represents the City and the Council at ceremonial events. The Council hires the City Administrator who in turn hires Department Heads of the various departments. The five (5) Council members are each assigned a "seat" (one through five) and are elected at large by seat and serve for two year terms.

The City of Tavares provides a full range of municipal services as directed by the City Charter, including general government, public safety, public improvements, community development, economic development, community services, parks, recreation, library, and special events. The City operates and maintains water, wastewater, reclaim water, stormwater, and solid waste utilities services. The City also operates a full-service Marina and Seaplane Base Airport (FA1) at the downtown City waterfront as well as the Tavares Pavilion on the Lake, a premier venue for any event.

The annual budget serves as the foundation for the City of Tavares's financial planning and control. All departments of the City of Tavares are required to submit requests for appropriations to the City Administrator. The City Administrator then uses these requests as the starting point for developing a proposed budget. The City Administrator then presents the proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the close of the City of Tavares's fiscal year. The appropriated budget is prepared by fund (e.g., general fund), and department (e.g., fire department).

Local economy

The City of Tavares includes retail business, commercial offices, county government, judicial courts, hospitals, medical offices, retirement and assisted living facilities, professional offices, and residential areas with a small amount of light industry and commercial business. As the County seat of Lake County, the City is home to Lake County's Administrative Government Center including the Judicial Center, as well as Lake County's five (5) constitutional officers: Sheriff, Clerk of Courts and Comptroller, Property Appraiser, Tax Collector, and the Supervisor of Elections. Various county, state and federal support facilities are also located within the City. In addition, medical support offices are a continued business sector for Tavares, as one of only two major hospitals in the area is located within the corporate limits of the City. As America's Seaplane City, the City of Tavares has been successful in acquiring industries related to the aircraft industry, such as Progressive Aerodyne, a designer, manufacturer and supplier of SeaRey seaplanes, and the Jones Brothers Seaplanes, LLC, a seaplane flight training and scenic tour operator. The Jones Brothers LLC is licensed to operate and offer air passenger service.

The City's total assessed valuation for real and personal property increased by approximately 15.3% from the prior year. The increase in valuation was primarily due to new construction as well as property value increases in the real estate markets as a result of the current economic environment. The millage rate was decreased from 6.7579 in the prior fiscal year to 6.6950 mills in fiscal year 2023 (tax roll 2022). The millage rate decrease can be attributed to increased property valuations.

The unemployment rate for Lake County on September 30, 2023, was reported at 3.3%, an increase over the prior year. This compares to the state unemployment rate of 2.8% and the national rate of 3.8%. Business tax receipt applications remained constant in fiscal year 2023 indicating a constant and steady growth in new businesses for the year ended September 30, 2023.

Although the total number of new construction permits decreased in fiscal year 2023, permit activities remained constant through-out the year indicating a stable local economy for new construction as the City issued 274 permits for new home construction and eight permits for new commercial construction for the current year. Permit activity for permits other than new home and new commercial construction remained steady with 234 permits issued for home alterations and additions, 14 permits issued for commercial alterations, and 1,581 permits issued for all other permitted activity. Although Impact Fee waivers for new construction are not offered for new development, the City provides Impact Fee waivers on a case by case basis for new manufacturing related to the seaplane industry. No case by case waivers were issued for the current year.

Local economic indicators such as those described above indicate continued growth and a stable economic environment, as well as the City's ability to weather effects of the current inflationary environment. The City continues to work with builders, developers, manufacturers, and residents for both commercial and residential development.

Long-term financial planning

Unassigned fund balance in the General Fund represents approximately 61% of total General Fund expenditures (excluding debt service), the City continued to include budgeting for sustainable reserves in the adopted budget for fiscal year 2024 and will continue to include a focus toward maintaining adequate reserves as part of the annual budgeting process. Total Fund balance is within the policy guidelines set by the City Council for budgetary and planning purposes (i.e., between 5 and 20 percent of total General Fund revenues/expenditures). The City Council does not envision changing the current fund balance reserve range of between 5 and 20 percent.

The City Council will review the City's Five-Year Capital Improvement Plan (CIP) during the budget planning process to determine the best financing options for capital projects. In addition, the City will seek various grants and low interest government loans to fund major capital projects that are identified within the CIP that will enhance infrastructure needs, and economic development within the City.

Major initiatives

In April 2010 the City opened the Wootton Park Seaplane Base located on the Lake Dora downtown waterfront, and America's Seaplane City was born. The Seaplane Base and Marina includes a Train Station Depot with a passenger rail platform with a recent addition of a history museum at the Train Depot. In March 2012, a special referendum was held

for issuance of General Obligation Debt to provide funding to expand the Wooton Park Seaplane Base and Marina on the downtown waterfront. The referendum was approved by the citizens of Tavares and provided for the expansion of the Seaplane Base and Marina. The expansion included new restrooms to service the park, a railroad crossing for the west park entrance, and a continuation of the Tav-Lee Trail. The referendum provided for a separate debt service millage for repayment of the debt for the project.

The various transportation components of the Tavares Seaplane Base support the City's vision for a multi-modal transportation system. The Seaplane Base and Railroad initiatives have been a major stimulator for securing new businesses in the downtown Community Redevelopment Area (CRA) such as three new hotels and supporting restaurants. The Seaplane Base project was funded through grants and bank loan financing.

In the early morning hours of September 11, 2017 Hurricane Irma arrived at the Tavares Seaplane Base and downtown waterfront, packing Category 2 winds, and delivering extensive damage to the City's Seaplane Base and Marina as the eye of the storm went over Tavares. In January 2018 the City opted to undertake the rebuilding of the project through a design/build initiative. Project design for the rebuild project began in fiscal year 2018, and the City commenced construction in March of 2020. The rebuild project included a best layout of co-located seaplane and recreation boating activities, on-the-water fueling facility with self-service credit card acceptance, sanitary sewer pump out facilities, 80 boat slips with lighting and water availability, and linear dockage to accommodate visiting recreational boats and transient seaplanes. The docks were designed to accommodate commercial operations for a tour vessel with loading, unloading, and long-term vessel storage, as well as use by a boat rental organization. The downtown waterfront seaplane base rebuild project was funded from insurance proceeds and a small contribution from the general government. The project was completed in September 2021, and the Seaplane Base continues to enjoy occupancy for marina slips at the waterfront at nearly 100%, and record seaplane landings at the Seaplane Base. The success for marina occupancy and seaplane landings is attributed to the completed waterfront rebuild project. In fiscal year 2024 the City will begin making additional improvements to the Seaplane Base and downtown waterfront. The project will include parking improvements, pedestrian lighting along Lake Dora, and a safety re-route to the Tav-Lee Trail at the Tavares Seaplane Base waterfront and marina.

Ongoing initiatives to stimulate downtown revitalization include a campaign to showcase Tavares as the premiere waterfront Central Florida Capital City for special events. The natural historical waterfront and designated entertainment district provides an ideal setting for various water-oriented community events. Some events that the City has been successful in securing for the downtown include: Sunnyland Antique Classic Boat Festival, Planes-Music-Barbeque event, and the Classic Boat Regatta. An air show for the Planes, Tunes and Barbeque event has added a unique experience for this event, bringing many new visitors to Tavares each year. In fiscal year 2022, two additional events were showcased: Rocktoberfest featuring Monster Splash Fly-in, and Rhythm on Ruby Street. The City included several concerts featuring nationally known musicians and bands to the downtown waterfront events which brought many new visitors to the downtown.

In Fiscal 2021, the City began a major downtown renovation project to completely rebuild and replace the City's signature waterfront playground known as Wooton Wonderland. The new playground provides ADA friendly playground components for visiting children to the downtown. The Splashpark which is located next to the Wooton Wonderland Playground also received major improvements as part of the project. The Wooton

Wonderland project and the Splashpark project were completed in fiscal year 2023.

In Fiscal 2023, the City began construction of a new Public Works Operation Center. The project includes participation with Lake Technical College, Inc. as the project will include a training component so that students of Lake Technical College may train with certified City tradesmen and tradeswomen. The project complex design includes four buildings. One building will provide administration and shop work areas for Public Works staff, and a second building will provide a shop and education facility for the Lake Technical College Diesel School. The Project is funded through grants, a bank loan, and funding from the College.

The City also began construction in Fiscal 2022 for a major water distribution service line and a companion sewer collection gravity line which will service new subdivisions in the northwest quadrant of the City as well as an area known as the Peninsula. The project is funded with bank loan financing as well as impact fees. The project is anticipated to be completed in early fiscal year 2024.

In the current fiscal year, the City began an interlocal project in coordination with Lake County, and acquired the well-known YMCA property, including a building with an undeveloped area for expansion. The City will lease a portion of the existing building to the YMCA, and the City will begin improvements to the property to locate and expand City Community Services (Parks and Recreation) to the new location. The project provides the newest regional park to Lake County and has been named the Golden Triangle East Regional Park. This new regional park is anticipated to provide various recreational activities to City and County residents. The project, once complete, will add to the inventory of City Parks and Recreation facilities. Funding for the acquisition was provided by Lake County. The acquisition was completed in fiscal year 2023, and various improvements will be ongoing over the next five years.

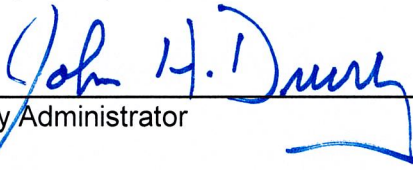
Enhancements to the Tavares Police Department began in fiscal year 2023 which will provide the department with eligibility for certification as an accredited police department. One improvement includes the addition of an evidence technician. The technician will add the eligibility for accreditation through collecting, analyzing, processing, cataloging, and safeguarding evidence pertaining to crimes. In addition, the department has planned the start-up and operation of a new K-9 program. The K-9 program will enhance service levels in the City by greatly aiding the safe return of missing or lost persons, tracking of suspects or perpetrators that have fled on foot, and narcotic detection. The Tavares Police Department anticipates that these enhancements to the department will be fully functional in fiscal year 2024, and accreditation achieved in 2024 as well.

The preparation of this report would not have been possible without the efficient and dedicated services of the staff in the Finance Department. We would like to express our appreciation to all members of the staff who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tavares's finances.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tavares for its annual comprehensive financial report for the fiscal year ended September 30, 2021. This was the sixth consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,



City Administrator



Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Tavares
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

CITY OF TAVARES, FLORIDA

LIST OF PRINCIPAL OFFICIALS

Year Ended September 30, 2023

MAYOR

Bob Grenier, Mayor

CITY COUNCIL

Sandy Gamble, Vice Mayor

Walter Price

Troy Singer

Lori Pfister

CITY ADMINISTRATOR

John Drury

CITY CLERK

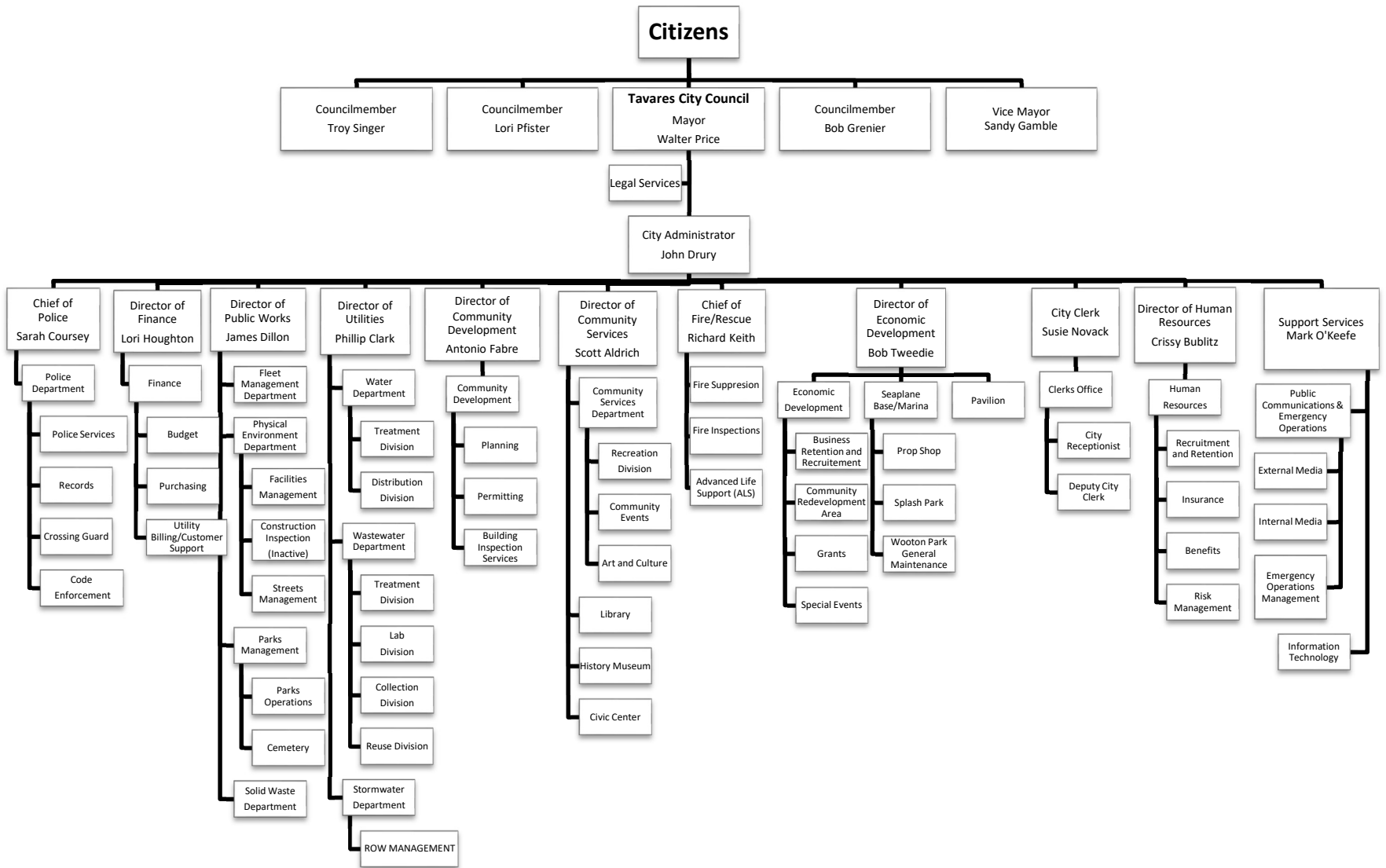
Susie Novack

CITY ATTORNEY

Lindsay Holt

FINANCE DIRECTOR

Lori Houghton



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Tavares, 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 Tavares, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, pavilion fund, infrastructure surtax fund, and ARPA grant fund 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

Responsibilities of Management for the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, pension and other postemployment benefits disclosures on pages 3 through 12 and 73 through 83, respectively, be presented to supplement the basic financial statements. Such information, is 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 combining and individual nonmajor fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards (the Schedule), as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's 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 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 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.

McDiarmid Davis

Orlando, Florida
June 28, 2024

As management of the City of Tavares, Florida we offer readers of the City of Tavares's financial statements this narrative overview and analysis of the financial activities of the City of Tavares for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of the City of Tavares exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$115,837,484 (net position). Of this amount, \$25,166,022 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$19,384,538.
- As of the close of the current fiscal year, the City of Tavares governmental funds reported combined ending fund balances of \$17,279,241, an increase of \$3,410,714 in comparison with the prior year. This increase resulted primarily from debt proceeds and ARPA grant funds.
- The General Fund experienced an increase of \$4,257,612 in fund balance for the fiscal year and ended the year with a fund balance of \$12,431,072 with \$12,058,712 in unassigned fund balance and available for spending at the City's discretion.
- The Water and Sewer Fund issued \$1,234,166 in notes payable to finance the construction of various improvements within the City.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Tavares 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 of Tavares include general government, public safety, physical environment, economic environment, and culture and recreation. The business-type activities of the City of Tavares include water, sewer, solid waste, and stormwater management, and seaplane base operations.

The government-wide financial statements include only the City of Tavares itself (known as the *primary government*) and one blended component unit (The City of Tavares Community Redevelopment Trust Fund).

The government-wide financial statements can be found on pages 13 - 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Tavares, 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 of Tavares can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

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

The City of Tavares maintains eighteen (18) 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 capital projects fund, the pavilion fund, the infrastructure surtax fund, the ARPA grant fund, and the grant fund all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Tavares adopts an annual appropriated budget for all of its governmental funds except for the permanent funds. Budgetary comparison statements have been provided for the general fund, the pavilion special revenue fund, infrastructure surtax fund, ARPA grant fund, and the grant fund to demonstrate compliance with this budget at pages 18 - 22. Budgetary comparison schedules have been provided for the capital projects fund on page 84 and nonmajor funds at pages 89 - 98.

The basic governmental fund financial statements can be found on pages 15 - 17 of this report.

Proprietary funds

The City of Tavares maintains one proprietary fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* for the government-wide financial statements. The City of Tavares uses enterprise funds to account for water and sewer, solid waste, stormwater, and the Tavares Seaplane Base.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer, solid waste, and stormwater funds which are all considered to be major funds. Data for the seaplane base fund is also included as it is the only nonmajor funds.

The basic proprietary fund financial statements can be found on pages 23 - 26 of this report.

Fiduciary funds

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

The basic fiduciary fund financial statements can be found on pages 27 - 28 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 29 - 72 of this report.

Other Information

In addition to the basic financial statements and accompanying notes this report also presents certain required supplementary information concerning the City of Tavares progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found starting on page 73.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84 - 100.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Tavares, assets and deferred outflows exceeded liabilities and deferred inflows by \$115,837,484 at the close of the most recent fiscal year. The following table reflects a comparison of the condensed statement of net position for the current year to the prior year. For more detail see the Statement of Net Position on page 13.

City of Tavares
Statement of Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 25,825,382	\$ 24,761,161	\$ 39,548,849	\$ 37,587,821	\$ 65,374,231	\$ 62,348,982
Capital assets	75,536,456	61,102,963	65,235,320	64,460,840	140,771,776	125,563,803
Total assets	101,361,838	85,864,124	104,784,169	102,048,661	206,146,007	187,912,785
Total Deferred Outflows of Resources						
	7,066,804	7,233,717	920,231	984,442	7,987,035	8,218,159
Liabilities:						
Long-term liabilities outstanding	39,495,122	38,335,800	45,687,164	46,435,325	85,182,286	84,771,125
Other liabilities	8,641,792	10,974,381	3,386,613	2,469,804	12,028,405	13,444,185
Total liabilities	48,136,914	49,310,181	49,073,777	48,905,129	97,210,691	98,215,310
Total Deferred Inflows of Resources						
	917,108	1,232,680	167,759	230,008	1,084,867	1,462,688
Net Position:						
Net investment in capital assets	55,832,560	41,946,144	26,451,299	24,992,080	82,283,859	66,938,224
Restricted	3,300,063	2,229,941	5,087,540	4,793,728	8,387,603	7,023,669
Unrestricted	241,997	(1,621,105)	24,924,025	24,112,158	25,166,022	22,491,053
Total net position	\$ 59,374,620	\$ 42,554,980	\$ 56,462,864	\$ 53,897,966	\$ 115,837,484	\$ 96,452,946

The largest portion of the City's net position, \$82,283,859, reflects its investments in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt that is outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tavares'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 of Tavares's net position, \$8,387,603, represents resources that are subject to external restriction on how they may be used. The remaining unrestricted net position of \$25,166,022 may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased \$19,384,538 during the current fiscal year for current activities. The following table reflects the condensed Statement of Activities for the current year compared to the prior year. For more detail see the Statement of Activities on page 14.

City of Tavares
Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,878,047	\$ 4,686,985	\$ 19,197,724	\$ 17,739,979	\$ 24,075,771	\$ 22,426,964
Operating grants and contributions	735,897	2,220,416	-	-	735,897	2,220,416
Capital grants and contributions	14,961,360	1,107,586	1,662,213	2,019,378	16,623,573	3,126,964
General revenues:						
Property taxes	9,116,495	7,887,689	-	-	9,116,495	7,887,689
Franchise and utility taxes	4,399,851	4,005,351	-	-	4,399,851	4,005,351
Intergovernmental	4,979,682	4,462,569	-	-	4,979,682	4,462,569
Investment income and miscellaneous	158,576	222,647	275,555	99,332	434,131	321,979
Gain on disposal of capital assets	554,292	-	18,000	-	572,292	-
Total revenues	39,784,200	24,593,243	21,153,492	19,858,689	60,937,692	44,451,932
Expenses:						
General government	5,372,068	4,129,777	-	-	5,372,068	4,129,777
Public safety	10,764,540	9,716,539	-	-	10,764,540	9,716,539
Physical environment	3,995,405	3,671,328	-	-	3,995,405	3,671,328
Economic environment	760,320	585,356	-	-	760,320	585,356
Culture and recreation	4,245,250	3,710,289	-	-	4,245,250	3,710,289
Interest on long-term debt	743,604	658,515	-	-	743,604	658,515
Water and sewer	-	-	10,349,972	9,286,668	10,349,972	9,286,668
Solid waste	-	-	2,740,600	2,470,330	2,740,600	2,470,330
Stormwater	-	-	1,509,937	1,383,924	1,509,937	1,383,924
Seaplane base	-	-	1,071,458	1,024,762	1,071,458	1,024,762
Total expenses	25,881,187	22,471,804	15,671,967	14,165,684	41,553,154	36,637,488
Increase (Decrease) in Net Position Before Transfers						
	13,903,013	2,121,439	5,481,525	5,693,005	19,384,538	7,814,444
Transfers	2,916,627	2,699,934	(2,916,627)	(2,699,934)	-	-
Increase in Net Position	16,819,640	4,821,373	2,564,898	2,993,071	19,384,538	7,814,444
Net position, beginning	42,554,980	37,733,607	53,897,966	50,904,895	96,452,946	88,638,502
Net position, ending	\$ 59,374,620	\$ 42,554,980	\$ 56,462,864	\$ 53,897,966	\$ 115,837,484	\$ 96,452,946

Governmental activities

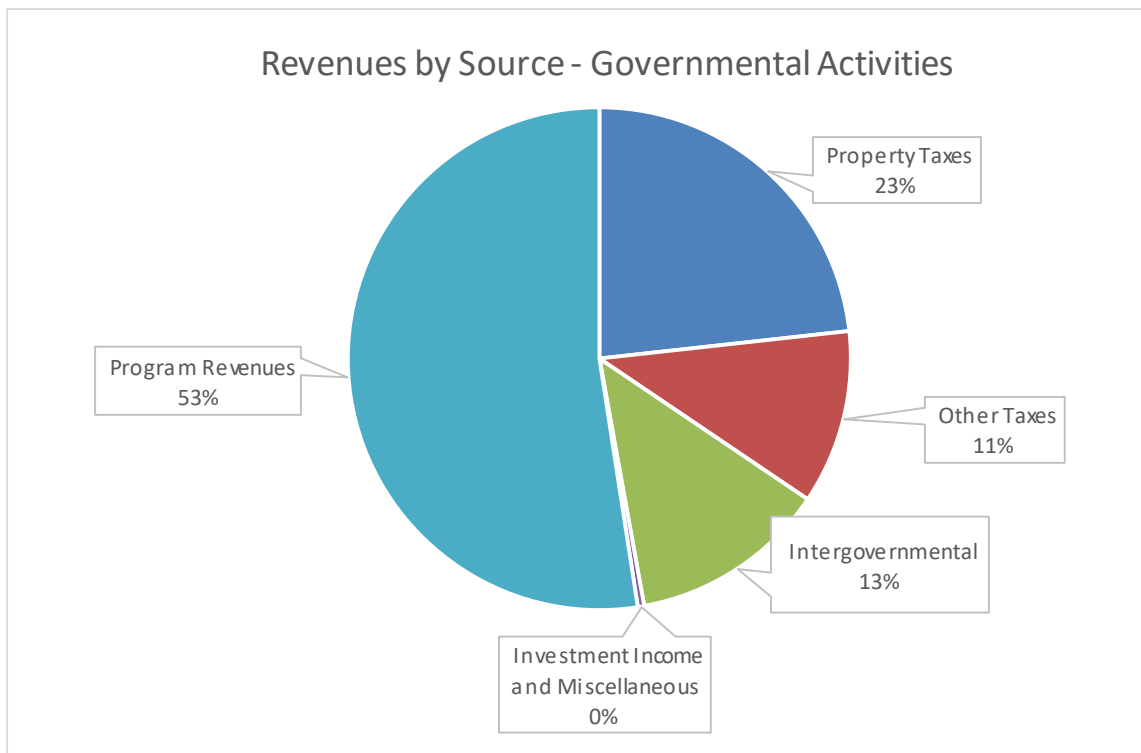
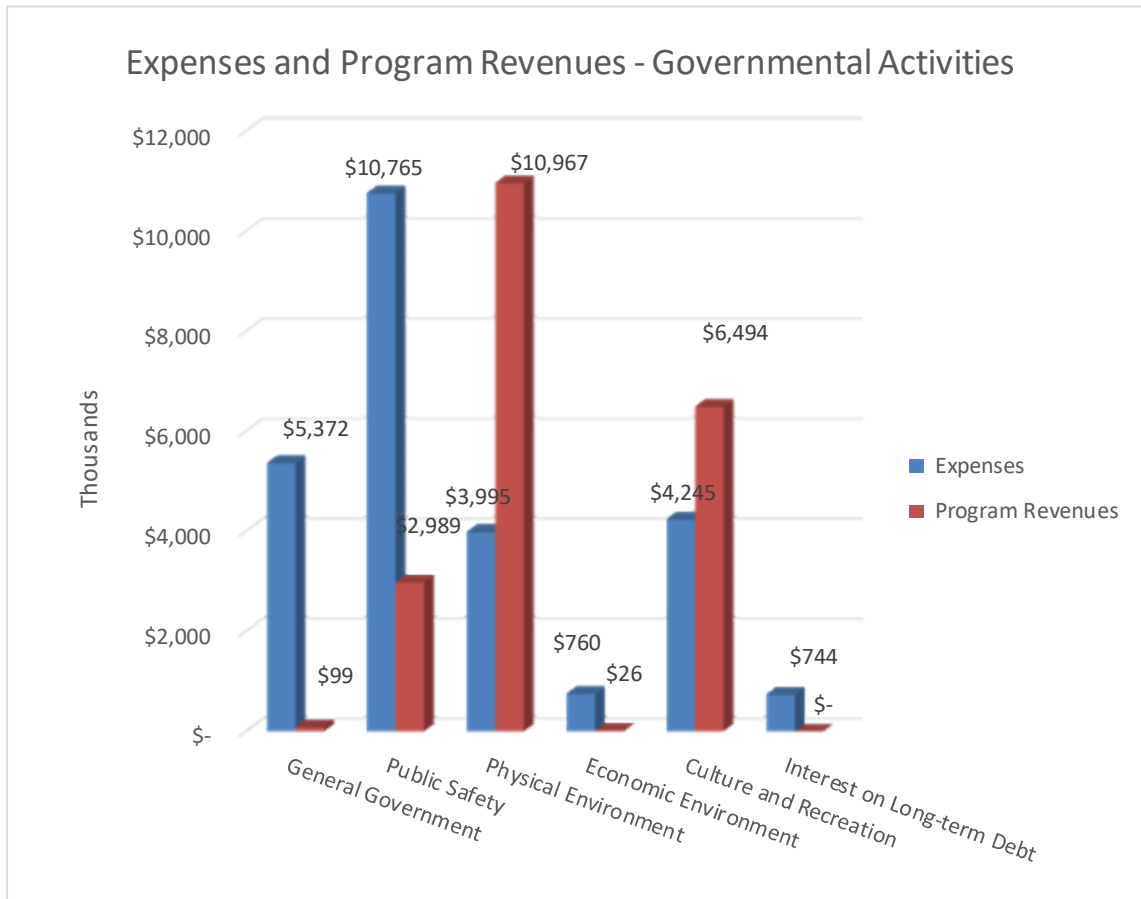
Governmental activities increased the City of Tavares's net position by \$16,819,640. Key elements of this increase are as follows:

- Capital grants and contribution revenues increased \$13,853,774 primarily due to increased ARPA grant activity.
- Property taxes increased by \$1,228,806 primarily due to increased property values.

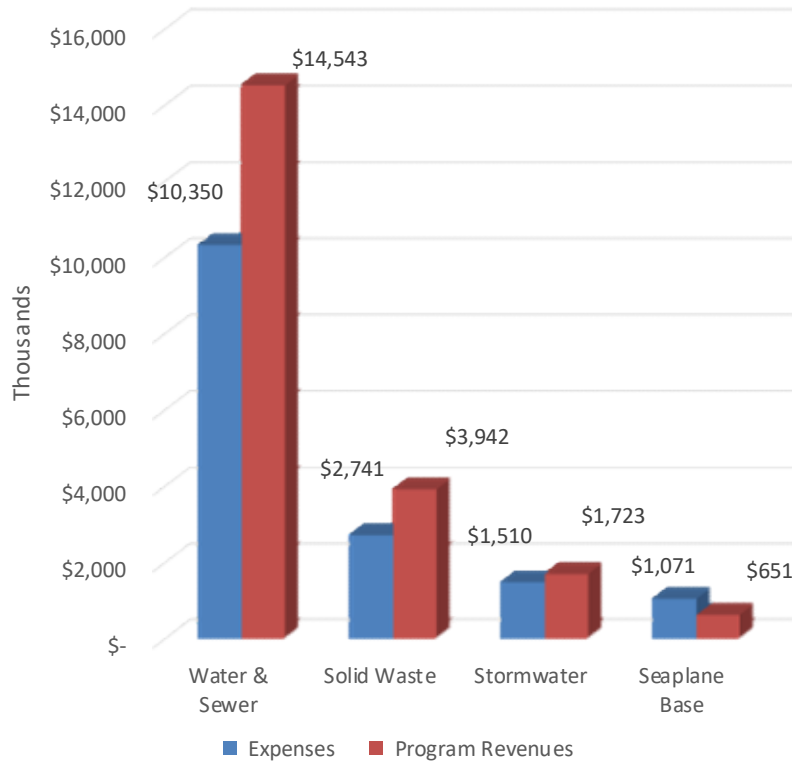
Business-type activities

Overall, net position increased by \$2,564,898 (5%) from business-type activities during the current year. Unrestricted net position of the business-type activities at the end of the year amounted to \$24,924,025. Key highlights for business activities during the current year were as follows:

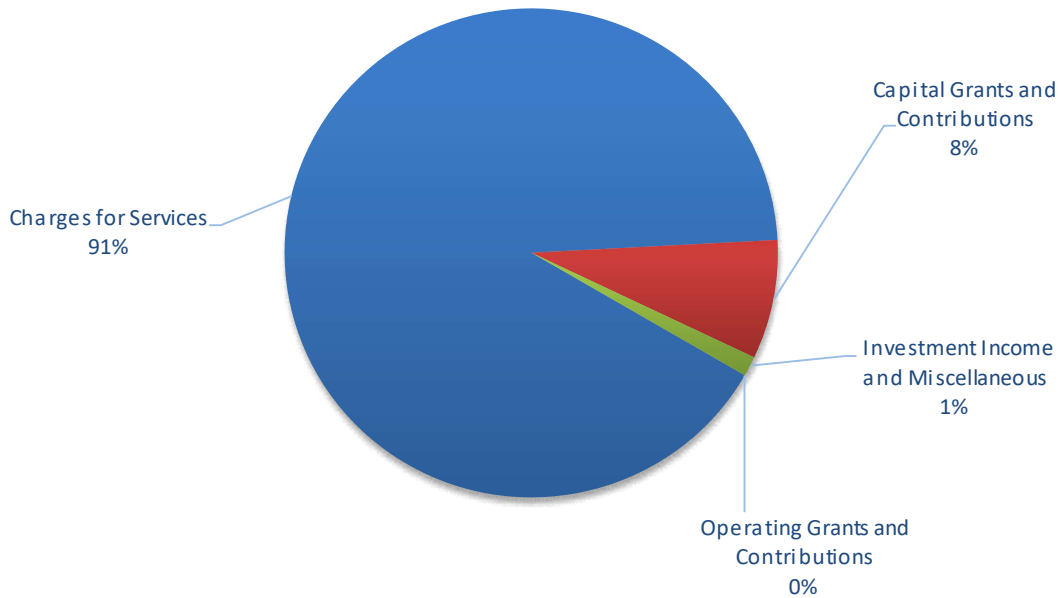
- Total revenues for all business-type activities increased by \$1,294,803 (7%), primarily in user fees.
- Operating expenses for all business-type activities increased over the prior fiscal year by \$1,551,052 (10%). The increase can be attributed to increases for personal services, utilities and other expenses for the seaplane base.



Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business - Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Tavares used fund accounting to ensure and demonstrate compliance with finance-related 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 of Tavares's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Tavares's governmental funds reported combined ending fund balances of \$17,279,241, an increase of \$3,410,714 in comparison with the prior year. The increase is primarily attributable to proceeds from notes payable as well as ARPA/SLFRF funding. Unassigned fund balance is \$9,605,862. The remainder of fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been assigned or restricted: 1) debt service (\$470,368), 2) to fund public safety expansion projects (\$1,179,751), 3) to fund various capital projects (\$5,134,211), and 4) to fund culture and recreation expansion projects (\$487,394). In addition, fund balance includes nonspendable amounts (\$232,925), and non-expendable trusts (\$29,295). The majority of the nonspendable balance, \$216,584 relates to long term advances to other funds.

The general fund is the chief operating fund of the City of Tavares. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,058,712 while total fund balance was \$12,431,072. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49% of total general fund expenditures, while total fund balance represents 51% of that same amount.

The fund balance of the general fund increased by \$4,257,612 during the current fiscal year. Key factors attributing to the increase are as follows:

- Increase in intergovernmental revenues of \$4,800,000 due to a contribution from lake county.
- Increase in Taxes of \$1,543,478 due to an increase in property values.

The capital projects fund had \$1,823,859 in expenditures primarily related to the reconstruction of Wooton Wonderland.

The fund deficit of the pavilion fund was \$2,282,398, which is a decrease in the deficit of \$25,207. The revenues of the fund continue to increase as the economy recovers from the economic downturns.

The fund balance in the infrastructure surtax fund increased by \$615,556. This increase is primarily due to increased infrastructure sales tax collections.

Proprietary Funds

The City of Tavares's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the year-end amounted to \$24,924,025. Total net position for proprietary funds increased by \$2,564,898 (5%). Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Tavares's business-type activities.

General Fund Budgetary Highlights

Increases from original budget appropriations and final amended budget appropriations were \$6,383,529 while original estimated revenues increased by \$7,591,981. The increase in budgeted expenditures was primarily in the public safety and culture and recreation functions. During the year, actual revenues were more than budgetary estimates by \$968,573, and expenditures were less than budgetary estimates by \$1,757,688. The reasons for the increase in appropriations can be briefly summarized as follows:

- \$936,630 in increased public safety costs primarily related to capital outlay for a new fire ladder truck.
- \$4,951,412 in increased culture and recreation costs primarily related to capital outlay for the addition of a regional park.

Capital Asset and Debt Administration

Capital Assets

The City of Tavares's investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to \$140,771,776 (net of accumulated depreciation/amortization). This investment in capital assets includes land, intangible assets, buildings, improvements/infrastructure, and machinery and equipment. An increase of 12.11% in the City's investment in capital assets was experienced for the current fiscal year due to several ongoing major capital projects. Major capital asset events during the current fiscal year included the following:

- Construction of a new public safety complex
- Reconstruction of Wooton Wonderland Playground

**City of Tavares
 Capital Assets
 (Net of Depreciation)**

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 8,744,365	\$ 6,594,102	\$ 533,788	\$ 533,788	\$ 9,278,153	\$ 7,127,890
Software/licenses	367,236	474,367	378,489	445,936	745,725	920,303
Buildings & improvements	26,192,377	24,590,836	58,210,463	52,738,522	84,402,840	77,329,358
Improvements/infrastructure	25,799,046	24,622,922	-	-	25,799,046	24,622,922
Machinery and equipment	2,976,578	2,747,017	2,198,613	2,572,035	5,175,191	5,319,052
Construction in progress	11,456,854	2,073,719	3,913,967	8,170,559	15,370,821	10,244,278
Total	\$ 75,536,456	\$ 61,102,963	\$ 65,235,320	\$ 64,460,840	\$ 140,771,776	\$ 125,563,803

Additional information on the City of Tavares's capital assets can be found in Note 6 on pages 40 - 41 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Tavares had total debt outstanding of \$64,550,839. This debt includes bonds payable, notes payable and capital leases payable. Additional information on long-term debt can be found in Note 7 on pages 42 - 50 of this report.

**City of Tavares
 Long-Term Debt**

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable	\$ -	\$ -	\$ 6,720,000	\$ 7,285,000	\$ 6,720,000	\$ 7,285,000
Notes payable	22,542,000	24,069,000	35,111,249	35,711,381	57,653,249	59,780,381
Financed Purchases	177,590	210,086	-	-	177,590	210,086
	<u>\$22,719,590</u>	<u>\$24,279,086</u>	<u>\$41,831,249</u>	<u>\$42,996,381</u>	<u>\$64,550,839</u>	<u>\$67,275,467</u>

The City of Tavares's total debt decreased by \$2,724,628 (4%) during the current fiscal year, primarily because principal payments on notes exceeded the issuance of notes and bonds payable.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Lake County at September 30, 2023 was reported at 3.3%, an increase over the prior fiscal year. The increase is most likely attributed to the effects of inflationary impacts to the local business environment. This compares with the state unemployment rate of 2.8% and the national unemployment rate of 3.8%.
- During the reporting period, the total new construction permits for residential and commercial construction combined experienced a 32% decrease. Although permits for new construction remained steady, the decrease may be attributed to the overall national economic indicators. In addition to decreased new construction permitting over the prior fiscal year, the city also experienced a 35% decrease in approved annexations, site plans, and future land use amendments. However, applications for planning and zoning changes remained steady throughout the year.
- Several new developments approved in fiscal year 2022 and in the prior fiscal year for single family homes resulted in the addition of 490 new meter connections to the city's water/wastewater system. These new homes provide needed housing to the local community.

Requests for Information

This financial report is designed to provide a general overview of the City of Tavares's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, City of Tavares, P.O. Box 1068, Tavares, Florida, 32778.

BASIC FINANCIAL STATEMENTS

City of Tavares, Florida
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 23,744,809	\$ 19,662,074	\$ 43,406,883
Investments	243,015	3,960,855	4,203,870
Receivables, net	779,521	2,017,821	2,797,342
Inventories	8,377	257,630	266,007
Internal balances	(4,552,896)	4,552,896	-
Due from other governments	4,582,095	-	4,582,095
Prepaid costs	7,964	-	7,964
Restricted assets:			
Cash and cash equivalents	983,470	6,864,733	7,848,203
Investments	29,027	2,214,437	2,243,464
Special assessments receivable	-	18,403	18,403
Capital assets not being depreciated	20,201,219	4,447,755	24,648,974
Capital assets being depreciated, net of accumulated depreciation	55,335,237	60,787,565	116,122,802
Total assets	101,361,838	104,784,169	206,146,007
Deferred Outflows of Resources:			
Deferred charge on refunding	-	16,480	16,480
Deferred outflows of OPEB earnings	108,458	47,128	155,586
Deferred outflows of pension earnings	6,958,346	856,623	7,814,969
Total deferred outflows of resources	7,066,804	920,231	7,987,035
Liabilities:			
Accounts payable and other current liabilities	3,295,435	2,151,245	5,446,680
Matured bonds and interest payable	949,142	-	949,142
Accrued interest payable	95,651	285,086	380,737
Unearned revenues	4,226,580	26,439	4,253,019
Customer deposits payable	74,984	923,843	998,827
Noncurrent liabilities:			
Due within one year	2,945,866	2,694,644	5,640,510
Due in more than one year	36,549,256	42,992,520	79,541,776
Total liabilities	48,136,914	49,073,777	97,210,691
Deferred Inflows of Resources:			
Deferred inflows of OPEB earnings	56,648	24,616	81,264
Deferred inflows of pension earnings	860,460	143,143	1,003,603
Total deferred outflows of resources	917,108	167,759	1,084,867
Net Position:			
Net investment in capital assets	55,832,560	26,451,299	82,283,859
Restricted for:			
Capital projects	1,133,255	5,087,540	6,220,795
Culture and recreation	487,394	-	487,394
Public safety	1,179,751	-	1,179,751
Debt Service	470,368	-	470,368
Perpetual care-nonexpendable	29,295	-	29,295
Unrestricted	241,997	24,924,025	25,166,022
Total Net Position	\$ 59,374,620	\$ 56,462,864	\$ 115,837,484

City of Tavares, Florida
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs:	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		Total
			Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary Government							
Governmental Activities:							
General government	\$ 5,372,068	\$ 47,353	\$ -	\$ 51,855	\$ (5,272,860)	\$ -	\$ (5,272,860)
Public safety	10,764,540	1,966,166	134,466	888,222	(7,775,686)	-	(7,775,686)
Physical environment	3,995,405	2,298,117	473,624	8,195,352	6,971,688	-	6,971,688
Economic environment	760,320	16,174	295	10,000	(733,851)	-	(733,851)
Culture and recreation	4,245,250	550,237	127,512	5,815,931	2,248,430	-	2,248,430
Interest on long-term debt	743,604	-	-	-	(743,604)	-	(743,604)
Total governmental activities	25,881,187	4,878,047	735,897	14,961,360	(5,305,883)	-	(5,305,883)
Business-type Activities:							
Water and sewer	10,349,972	12,880,643	-	1,662,213	-	4,192,884	4,192,884
Solid Waste	2,740,600	3,942,341	-	-	-	1,201,741	1,201,741
Stormwater	1,509,937	1,723,442	-	-	-	213,505	213,505
Seaplane Base	1,071,458	651,298	-	-	-	(420,160)	(420,160)
Total business-type activities	15,671,967	19,197,724	-	1,662,213	-	5,187,970	5,187,970
Total primary government	\$ 41,553,154	\$ 24,075,771	\$ 735,897	\$ 16,623,573	(5,305,883)	5,187,970	(117,913)
General Revenues:							
Taxes:							
Property taxes					9,116,495	-	9,116,495
Franchise fees and utility taxes					4,399,851	-	4,399,851
Intergovernmental-unrestricted					4,979,682	-	4,979,682
Investment income and miscellaneous					158,576	275,555	434,131
Gain on disposal of capital assets					554,292	18,000	572,292
Transfers					2,916,627	(2,916,627)	-
Total general revenues and transfers					22,125,523	(2,623,072)	19,502,451
Change in net position					16,819,640	2,564,898	19,384,538
Net position, beginning					42,554,980	53,897,966	96,452,946
Net position, ending					\$ 59,374,620	\$ 56,462,864	\$ 115,837,484

	Special Revenue						Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects Fund	Pavilion Fund	Infrastructure Surtax Fund	ARPA Grant Fund	Grant Fund		
Assets:								
Cash and cash equivalents	\$ 9,304,529	\$ 4,262,018	\$ 74,942	\$ 2,027,749	\$ 3,995,084	\$ 1,764,743	\$ 2,315,744	\$ 23,744,809
Investments	53,168	-	-	153,210	-	-	65,664	272,042
Receivables, net	422,440	-	162,171	-	-	-	194,910	779,521
Inventories, at cost	8,377	-	-	-	-	-	-	8,377
Due from other funds	3,501,540	-	-	-	-	-	-	3,501,540
Due from other governments	244,967	-	-	268,708	-	4,068,410	10	4,582,095
Prepaid items	7,964	-	-	-	-	-	-	7,964
Advances to other funds	216,584	-	-	-	-	-	-	216,584
Restricted assets:								
Cash and cash equivalents	-	-	-	983,470	-	-	-	983,470
Total assets	\$ 13,759,569	\$ 4,262,018	\$ 237,113	\$ 3,433,137	\$ 3,995,084	\$ 5,833,153	\$ 2,576,328	\$ 34,096,402
Liabilities and Fund Balances:								
Accounts payable	\$ 468,559	\$ 195,303	\$ 20,629	\$ -	\$ 210,855	\$ 1,178,452	\$ 4,058	\$ 2,077,856
Accrued liabilities	628,225	-	9,039	-	-	-	814	638,078
Retainage payable	-	27,130	-	-	106,042	446,329	-	579,501
Due to other funds	18,000	1,420,922	2,352,556	240,883	-	3,788,659	450,000	8,271,020
Customer deposits	-	-	74,734	-	-	-	-	74,734
Unearned revenue	213,713	-	62,303	-	3,678,187	251,451	20,926	4,226,580
Developer deposits	-	-	250	-	-	-	-	250
Matured bonds payable	-	-	-	723,000	-	-	94,000	817,000
Matured interest payable	-	-	-	121,968	-	-	10,174	132,142
Total liabilities	1,328,497	1,643,355	2,519,511	1,085,851	3,995,084	5,664,891	579,972	16,817,161
Fund Balances (Deficits):								
Nonspendable	232,925	-	-	-	-	-	29,295	262,220
Restricted	-	2,618,663	-	2,347,286	-	168,262	2,137,513	7,271,724
Assigned	139,435	-	-	-	-	-	-	139,435
Unassigned	12,058,712	-	(2,282,398)	-	-	-	(170,452)	9,605,862
Total fund balances	12,431,072	2,618,663	(2,282,398)	2,347,286	-	168,262	1,996,356	17,279,241
Total liabilities, deferred inflows, and fund balances (deficits)	\$ 13,759,569	\$ 4,262,018	\$ 237,113	\$ 3,433,137	\$ 3,995,084	\$ 5,833,153	\$ 2,576,328	

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.	75,536,456
Deferred inflows and outflows of resources related to pension and OPEB earnings are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting.	6,149,696
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(95,651)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(39,495,122)
Net position of governmental activities	\$ 59,374,620

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

For the Year Ended September 30, 2023

	Special Revenue						Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects Fund	Pavilion Fund	Infrastructure Surtax Fund	ARPA Grant Fund	Grant Fund		
Revenues:								
Taxes	\$ 12,715,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,789	\$ 13,516,346
Licenses and permits	2,318,891	-	-	-	-	-	-	2,318,891
Intergovernmental revenues	8,104,622	-	-	2,429,422	3,928,584	5,905,237	295	20,368,160
Special assessments	-	-	-	-	-	-	2,239,639	2,239,639
Charges for services	170,705	-	402,840	-	-	-	16,174	589,719
Fines and forfeitures	36,472	-	-	-	-	-	2,105	38,577
Investment income	2,504	-	-	7,184	-	-	3,078	12,766
Miscellaneous	137,579	-	7,581	-	-	-	650	145,810
Total revenues	23,486,330	-	410,421	2,436,606	3,928,584	5,905,237	3,062,730	39,229,908
Expenditures:								
Current:								
General government	4,920,775	-	-	45,220	51,855	-	-	5,017,850
Public safety	8,600,127	-	-	-	697,231	4,062	31,942	9,333,362
Physical environment	2,889,896	-	-	76,902	2,814,616	5,336,166	-	11,117,580
Economic environment	357,953	-	-	-	-	-	310,027	667,980
Culture and recreation	7,557,289	-	603,499	44,631	364,882	440,576	30,990	9,041,867
Debt Service:								
Principal	-	-	155,000	1,315,000	-	-	1,065,496	2,535,496
Interest and other fiscal charges	44,564	-	41,503	483,872	-	-	159,761	729,700
Capital Outlay	-	1,823,859	-	-	-	-	-	1,823,859
Total expenditures	24,370,604	1,823,859	800,002	1,965,625	3,928,584	5,780,804	1,598,216	40,267,694
Excess (Deficiency) of Revenues Over Expenditures	(884,274)	(1,823,859)	(389,581)	470,981	-	124,433	1,464,514	(1,037,786)
Other Financing Sources (Uses):								
Long-term debt issued	976,000	-	-	-	-	-	-	976,000
Sale of general capital assets	555,873	-	-	-	-	-	-	555,873
Transfers in	5,480,942	-	436,788	144,575	-	-	914,934	6,977,239
Transfers out	(1,870,929)	-	(22,000)	-	-	-	(2,167,683)	(4,060,612)
Total other financing sources (uses)	5,141,886	-	414,788	144,575	-	-	(1,252,749)	4,448,500
Net change in fund balances	4,257,612	(1,823,859)	25,207	615,556	-	124,433	211,765	3,410,714
Fund balances, beginning	8,173,460	4,442,522	(2,307,605)	1,731,730	-	43,829	1,784,591	13,868,527
Fund balances, ending	\$ 12,431,072	\$ 2,618,663	\$ (2,282,398)	\$ 2,347,286	\$ -	\$ 168,262	\$ 1,996,356	\$ 17,279,241

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

For the Year Ended September 30, 2023

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - total governmental funds:	\$ 3,410,714
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	14,435,074
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(1,581)
Governmental funds report cash contributions to pensions as expenditures because they consume current financial resources. The Statement of Activities reports the change in pension liability and related deferrals as pension expense. This is the amount of the difference between the two amounts.	(2,556,690)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,559,496
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(27,373)
Change in net position of governmental activities	<u>\$ 16,819,640</u>

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 12,411,463	\$ 12,247,762	\$ 12,715,557	\$ 467,795
Licenses and permits	1,007,603	2,321,507	2,318,891	(2,616)
Intergovernmental revenues	2,777,330	7,601,903	8,104,622	502,719
Charges for services	145,328	170,705	170,705	-
Fines and forfeitures	27,520	36,303	36,472	169
Investment income	567	1,999	2,504	505
Miscellaneous	132,839	137,578	137,579	1
Total revenues	16,502,650	22,517,757	23,486,330	968,573
Expenditures:				
Current:				
General government	4,828,661	5,232,604	4,920,775	311,829
Public safety	8,379,871	9,300,759	8,600,127	700,632
Physical environment	3,317,556	3,237,881	2,889,896	347,985
Economic environment	306,458	620,781	357,953	262,828
Culture and recreation	2,946,954	7,690,767	7,557,289	133,478
Debt Service:				
Interest and other fiscal charges	-	45,500	44,564	936
Total expenditures	19,779,500	26,128,292	24,370,604	1,757,688
Excess (deficiency) of revenues over expenditures	(3,276,850)	(3,610,535)	(884,274)	2,726,261
Other financing sources (uses)				
Long-term debt issued	-	976,000	976,000	-
Sale of general capital assets	-	573,874	555,873	(18,001)
Transfers in	5,480,942	5,507,942	5,480,942	(27,000)
Transfers out	(2,009,488)	(2,044,225)	(1,870,929)	173,296
Total other financing sources and uses	3,471,454	5,013,591	5,141,886	128,295
Net change in fund balances	194,604	1,403,056	4,257,612	2,854,556
Fund balances, beginning	8,173,460	8,173,460	8,173,460	-
Fund balances, ending	\$ 8,368,064	\$ 9,576,516	\$ 12,431,072	\$ 2,854,556

**Pavilion Special Revenue Fund - Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual**

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 431,484	\$ 359,012	\$ 402,840	\$ 43,828
Miscellaneous	17,444	7,533	7,581	48
Total revenues	448,928	366,545	410,421	43,876
Expenditures:				
Current:				
Culture and recreation	631,077	606,829	603,499	3,330
Debt Service:				
Principal	155,000	155,000	155,000	-
Interest and other charges	41,504	41,504	41,503	1
Total expenditures	827,581	803,333	800,002	3,331
Excess (deficiency) of revenues over expenditures	(378,653)	(436,788)	(389,581)	47,207
Other financing sources (uses)				
Transfers in	396,504	436,788	436,788	-
Transfers out	-	-	(22,000)	(22,000)
Total other financing sources and uses	396,504	436,788	414,788	(22,000)
Net change in fund balances	17,851	-	25,207	25,207
Fund balances, beginning	(2,307,605)	(2,307,605)	(2,307,605)	-
Fund balances, ending	\$ (2,289,754)	\$ (2,307,605)	\$ (2,282,398)	\$ 25,207

Infrastructure Surtax Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 1,807,358	\$ 1,807,358	\$ 2,429,422	\$ 622,064
Investment income	-	-	7,184	7,184
Total revenues	<u>1,807,358</u>	<u>1,807,358</u>	<u>2,436,606</u>	<u>629,248</u>
Expenditures:				
Current:				
General government	49,000	49,000	45,220	3,780
Public safety	-	2,425	-	2,425
Physical environment	280,000	288,565	76,902	211,663
Culture and recreation	55,000	55,000	44,631	10,369
Debt Service:				
Principal	1,225,213	1,225,213	1,315,000	(89,787)
Interest and other charges	391,658	391,658	483,872	(92,214)
Total expenditures	<u>2,000,871</u>	<u>2,011,861</u>	<u>1,965,625</u>	<u>46,236</u>
Excess (deficiency) of revenues over expenditures	<u>(193,513)</u>	<u>(204,503)</u>	<u>470,981</u>	<u>675,484</u>
Other financing sources (uses)				
Transfers in	-	-	144,575	144,575
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>144,575</u>	<u>144,575</u>
Net change in fund balances	<u>(193,513)</u>	<u>(204,503)</u>	<u>615,556</u>	<u>820,059</u>
Fund balances, beginning	<u>1,731,730</u>	<u>1,731,730</u>	<u>1,731,730</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,538,217</u>	<u>\$ 1,527,227</u>	<u>\$ 2,347,286</u>	<u>\$ 820,059</u>

ARPA Grant Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 3,928,584	\$ 3,928,584
Total revenues	-	-	3,928,584	3,928,584
Expenditures:				
Current:				
General government	-	138,886	51,855	87,031
Public safety	-	731,410	697,231	34,179
Physical environment	-	6,349,957	2,814,616	3,535,341
Culture and recreation	-	389,938	364,882	25,056
Total expenditures	-	7,610,191	3,928,584	3,681,607
Excess (deficiency) of revenues over expenditures	-	(7,610,191)	-	7,610,191
Net change in fund balances	-	(7,610,191)	-	7,610,191
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ (7,610,191)	\$ -	\$ 7,610,191

Grant Fund - Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ 15,503,443	\$ 5,905,237	\$ (9,598,206)
Total revenues	-	15,503,443	5,905,237	(9,598,206)
Expenditures:				
Current:				
Public safety	-	55,436	4,062	51,374
Physical environment	-	14,546,947	5,336,166	9,210,781
Culture and recreation	-	941,855	440,576	501,279
Total expenditures	-	15,544,238	5,780,804	9,763,434
Excess (deficiency) of revenues over expenditures	-	(40,795)	124,433	165,228
Net change in fund balances	-	(40,795)	124,433	165,228
Fund balances, beginning	43,829	43,829	43,829	-
Fund balances, ending	\$ 43,829	\$ 3,034	\$ 168,262	\$ 165,228

Business-Type Activities - Enterprise Funds

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Stormwater</u>	<u>Seaplane Base</u>	<u>Total</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$ 16,337,399	\$ 2,269,642	\$ 898,399	\$ 156,634	\$ 19,662,074
Investments	3,949,847	773	10,235	-	3,960,855
Receivables, net	1,445,189	399,070	165,891	7,671	2,017,821
Inventories, at cost	229,198	-	-	28,432	257,630
Total current assets	<u>21,961,633</u>	<u>2,669,485</u>	<u>1,074,525</u>	<u>192,737</u>	<u>25,898,380</u>
Non-current assets:					
Restricted cash and cash equivalents	6,864,733	-	-	-	6,864,733
Restricted investments	2,214,437	-	-	-	2,214,437
Due from other funds	4,534,896	18,000	-	-	4,552,896
Special assessments receivable - long-term	18,403	-	-	-	18,403
Capital assets:					
Land, buildings and equipment	109,496,263	2,127,633	4,567,246	315,307	116,506,449
Construction in progress	3,093,271	748,671	72,025	-	3,913,967
Less: accumulated depreciation	(51,327,894)	(1,790,875)	(1,929,408)	(136,919)	(55,185,096)
Total capital assets (net of accumulated depreciation)	<u>61,261,640</u>	<u>1,085,429</u>	<u>2,709,863</u>	<u>178,388</u>	<u>65,235,320</u>
Total non-current assets	<u>74,894,109</u>	<u>1,103,429</u>	<u>2,709,863</u>	<u>178,388</u>	<u>78,885,789</u>
Total assets	<u>96,855,742</u>	<u>3,772,914</u>	<u>3,784,388</u>	<u>371,125</u>	<u>104,784,169</u>
Deferred Outflows of Resources:					
Deferred charge on refunding	16,480	-	-	-	16,480
Deferred outflows of pension and OPEB earnings	608,665	139,619	77,853	77,614	903,751
Total deferred outflows of resources	<u>625,145</u>	<u>139,619</u>	<u>77,853</u>	<u>77,614</u>	<u>920,231</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	1,914,156	191,923	23,537	21,629	2,151,245
Customer deposits payable	923,843	-	-	-	923,843
Compensated absences - current	64,244	7,662	22,503	4,123	98,532
Notes payable - current	2,016,112	-	-	-	2,016,112
Revenue bonds payable - current	580,000	-	-	-	580,000
Unearned revenue	-	26,189	-	250	26,439
Accrued interest payable	285,086	-	-	-	285,086
Total current liabilities	<u>5,783,441</u>	<u>225,774</u>	<u>46,040</u>	<u>26,002</u>	<u>6,081,257</u>
Non-current liabilities:					
Compensated absences	256,978	30,646	90,013	16,491	394,128
Notes payable	33,095,137	-	-	-	33,095,137
Revenue bonds payable	6,140,000	-	-	-	6,140,000
Net OPEB liability	116,978	30,756	31,819	21,655	201,208
Net pension liability	2,145,624	488,782	259,866	267,775	3,162,047
Total noncurrent liabilities	<u>41,754,717</u>	<u>550,184</u>	<u>381,698</u>	<u>305,921</u>	<u>42,992,520</u>
Total liabilities	<u>47,538,158</u>	<u>775,958</u>	<u>427,738</u>	<u>331,923</u>	<u>49,073,777</u>
Deferred Inflows of Resources:					
Deferred inflows of pension and OPEB earnings	<u>111,441</u>	<u>25,890</u>	<u>15,657</u>	<u>14,771</u>	<u>167,759</u>
Net Position:					
Net investment in capital assets	22,477,619	1,085,429	2,709,863	178,388	26,451,299
Restricted for capital projects	5,087,540	-	-	-	5,087,540
Unrestricted	22,266,129	2,025,256	708,983	(76,343)	24,924,025
Total net position	<u>\$ 49,831,288</u>	<u>\$ 3,110,685</u>	<u>\$ 3,418,846</u>	<u>\$ 102,045</u>	<u>\$ 56,462,864</u>

Statement of Revenues, Expenses and Changes in Net Position**Proprietary Funds**

For the Year Ended September 30, 2023

	Business-Type Activities - Enterprise Funds				Total
	Water and Sewer	Solid Waste	Stormwater	Seaplane Base	
Operating Revenues:					
User charges	\$ 12,875,014	\$ 3,942,341	\$ 1,723,442	\$ 651,298	\$ 19,192,095
Other revenue	5,557	-	-	-	5,557
Total operating revenues	12,880,571	3,942,341	1,723,442	651,298	19,197,652
Operating Expenses:					
Personal services	3,030,494	687,718	758,031	456,310	4,932,553
Utilities	878,931	1,576,952	-	61,485	2,517,368
Materials and supplies	731,902	205,032	74,521	383,783	1,395,238
Repairs and maintenance	387,793	55,334	44,168	38,917	526,212
Depreciation and amortization	3,283,049	84,061	235,314	18,918	3,621,342
Professional services	540,217	23,068	7,960	8,819	580,064
Other expenses	789,187	108,435	389,943	103,226	1,390,791
Total operating expenses	9,641,573	2,740,600	1,509,937	1,071,458	14,963,568
Operating income (loss)	3,238,998	1,201,741	213,505	(420,160)	4,234,084
Nonoperating Revenue (Expenses):					
Insurance recoveries	18,864	-	1,484	33,975	54,323
Investment income	220,713	37	482	-	221,232
Gain (loss) on disposal of property	(789)	18,000	-	-	17,211
Interest expense	(707,538)	-	-	-	(707,538)
Total nonoperating revenue (expenses)	(468,750)	18,037	1,966	33,975	(414,772)
Income (loss) before contributions and transfers	2,770,248	1,219,778	215,471	(386,185)	3,819,312
Impact fees	1,662,213	-	-	-	1,662,213
Transfers in	269,128	-	455,588	338,552	1,063,268
Transfers out	(2,037,138)	(1,273,136)	(669,621)	-	(3,979,895)
Change in net position	2,664,451	(53,358)	1,438	(47,633)	2,564,898
Total net position, beginning	47,166,837	3,164,043	3,417,408	149,678	53,897,966
Total net position, ending	\$ 49,831,288	\$ 3,110,685	\$ 3,418,846	\$ 102,045	\$ 56,462,864

City of Tavares, Florida
Statement of Cash Flows
Proprietary Funds
For The Year Ended September 30, 2023

	Enterprise Funds				Total
	Water and Sewer	Solid Waste	Stormwater	Seaplane Base	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 12,950,119	\$ 3,920,278	\$ 1,725,126	\$ 650,012	\$ 19,245,535
Payments to suppliers	(2,575,732)	(1,940,732)	(576,637)	(636,558)	(5,729,659)
Payments to employees	(2,771,814)	(630,179)	(698,515)	(404,178)	(4,504,686)
Net cash provided (used) by operating activities	7,602,573	1,349,367	449,974	(390,724)	9,011,190
Cash Flows from Non-Capital Financing Activities:					
Transfers in	269,128	-	455,588	338,552	1,063,268
Transfers out	(2,037,138)	(1,273,136)	(669,621)	-	(3,979,895)
(Increase) decrease in due from other funds	(1,406)	(114,154)	-	40,498	(75,062)
Decrease in due to other funds	(167,930)	-	(23,835)	-	(191,765)
Net cash provided (used) by non-capital financing activities	(1,937,346)	(1,387,290)	(237,868)	379,050	(3,183,454)
Cash Flows from Capital and Related Financing Activities:					
Proceeds from insurance recoveries	18,864	-	1,484	33,975	54,323
Proceeds of notes and bonds	1,234,166	-	-	-	1,234,166
Acquisition of capital assets	(3,756,492)	(169,435)	(409,860)	(60,896)	(4,396,683)
Proceeds from sale of property	72	18,000	-	-	18,072
Principal paid on revenue bonds, notes and leases	(2,399,298)	-	-	-	(2,399,298)
Interest paid on revenue bonds, notes and leases	(685,044)	-	-	-	(685,044)
Impact fees received	1,662,213	-	-	-	1,662,213
Net cash provided (used) by capital and related financing activities	(3,925,519)	(151,435)	(408,376)	(26,921)	(4,512,251)
Cash Flows from Investing Activities:					
Purchase of investments	(207,976)	(37)	(480)	-	(208,493)
Investment income	220,713	37	482	-	221,232
Net cash provided (used) by investing activities	12,737	-	2	-	12,739
Net increase (decrease) in cash and cash equivalents	1,752,445	(189,358)	(196,268)	(38,595)	1,328,224
Cash and cash equivalents, beginning	21,449,687	2,459,000	1,094,667	195,229	25,198,583
Cash and cash equivalents, end	\$ 23,202,132	\$ 2,269,642	\$ 898,399	\$ 156,634	\$ 26,526,807
Classified As:					
Cash and cash equivalents	\$ 16,337,399	\$ 2,269,642	\$ 898,399	\$ 156,634	\$ 19,662,074
Restricted cash and cash equivalents	6,864,733	-	-	-	6,864,733
Total	\$ 23,202,132	\$ 2,269,642	\$ 898,399	\$ 156,634	\$ 26,526,807

City of Tavares, Florida
Statement of Cash Flows
Proprietary Funds
For The Year Ended September 30, 2023

	Enterprise Funds				
	Water and Sewer	Solid Waste	Stormwater	Seaplane Base	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 3,238,998	\$ 1,201,741	\$ 213,505	\$ (420,160)	\$ 4,234,084
Adjustments Not Affecting Cash:					
Depreciation and amortization	3,283,049	84,061	235,314	18,918	3,621,342
Change in Assets and Liabilities:					
(Increase) Decrease in accounts receivable	1,559	(22,063)	1,684	(1,536)	(20,356)
(Increase) Decrease in inventories	(134,778)	-	-	(2,350)	(137,128)
(Increase) Decrease in deferred outflows of pension and OPEB earnings	47,211	6,207	6,364	1,681	61,463
Increase (decrease) in accounts payable	887,076	28,089	(60,045)	(37,978)	817,142
Increase (decrease) in accrued liabilities	4,766	1,154	4,086	1,676	11,682
Increase (decrease) in customer deposits	67,989	-	-	-	67,989
Increase (decrease) in compensated absences	6,685	(10,881)	22,942	8,026	26,772
Increase (decrease) in unearned revenue	-	-	-	250	250
Increase (decrease) in net pension liability	244,400	72,297	28,584	41,736	387,017
Increase (decrease) in deferred inflows of pension and OPEB earnings	(43,448)	(9,110)	(5,391)	(4,300)	(62,249)
Increase (decrease) in OPEB liability	(934)	(2,128)	2,931	3,313	3,182
Total adjustments	1,080,526	63,565	1,155	10,518	1,155,764
Net cash provided (used) by operating activities	\$ 7,602,573	\$ 1,349,367	\$ 449,974	\$ (390,724)	\$ 9,011,190

City of Tavares, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2023

	Total Pension Funds
Assets:	
Cash and cash equivalents	\$ 504,480
Investments, at fair value:	
Corporate bonds & other debt securities	7,387,861
Mutual funds - fixed income	2,510,702
Mutual funds - equity	14,088,415
Common and collective funds	1,742,105
Total investments	25,729,083
Total assets	26,233,563
Net Position - Restricted for Pensions	\$ 26,233,563

City of Tavares, Florida

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended September 30, 2023

	Total Pension Funds
Additions:	
Contributions:	
Employer	\$ 844,866
Plan members	181,716
State	332,207
Total contributions	<u>1,358,789</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	1,249,435
Interest	655,263
Less: investment expense	(61,283)
Net investment earnings (loss)	<u>1,843,415</u>
Total additions	<u>3,202,204</u>
Deductions:	
Benefits/distributions	1,322,125
Administrative expenses	130,523
Total deductions	<u>1,452,648</u>
Change in net position	1,749,556
Net position, beginning	24,484,007
Net position, ending	<u><u>\$ 26,233,563</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Tavares, Florida (the City) is a political subdivision of the State of Florida located in Lake County. The City of Tavares operates under the council-manager (administrator) form of government. The legislative branch of the City is composed of a Mayor and four (4) members. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Administrator.

In evaluating how to define the government for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the City has one blended component unit as follows:

The City of Tavares Greater Downtown TIF District

The City of Tavares created the Downtown Redevelopment Agency in June of 1995. 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 Resolution 95-09, which established the City of Tavares as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. Through Ordinance 95-14, the City established the Greater Downtown TIF District Fund to account for all transactions generated by this special revenue fund. In 2006, the City of Tavares expanded the TIF District in accordance with Chapter 163 of the Florida Statutes designating the expanded area and passed Ordinance Number 2006-24 which established the expanded Community Redevelopment Trust and obligating the trust to implement the City of Tavares Greater Downtown Redevelopment Plan Update.

The City of Tavares Greater Downtown TIF District is reported as a blended unit as the City of Tavares City Council is the governing board and the City has operational responsibility for the Fund.

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 non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period.

All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following funds:

Major Governmental Funds

General Fund - is the government's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Capital Projects Fund - is used to account for acquisition and construction activity for large-scale projects of the general government.

Pavilion Fund - Accounts for the revenues and expenditures of the Wootton Park Pavilion.

Infrastructure Surtax Special Revenue Fund - is used to account for the proceeds and expenditures of Local Government Infrastructure Surtax, which by law is only to be used for capital improvements.

American Rescue Plan Act "ARPA" Grant Fund – A special revenue fund used to account for the receipts and spending of the grant funds related to the American Rescue Plan Act.

Grant Fund – A special revenue fund used to account for the expenditure of grant funds awarded by agencies of the Federal and State governments.

Nonmajor Governmental Funds

Special Revenue Funds - account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Debt Service Fund - is used to account for the accumulation of resources for, and the payment of, principal and interest on certain long-term debt.

Major Proprietary Funds

Water and Sewer Fund - is used to account for the operations of the City's water and sewer system, which is financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Solid Waste Fund - is used to account for the fiscal activities of the City's refuse collection and disposal operation.

Stormwater Fund - is used to account for the fiscal activities of the City's stormwater drainage operations, as well as the funding and payment of related debt.

Tavares Seaplane Base - is used to account for activities of the Tavares Seaplane Base and Marina related to the virtual airport, retail store, marina, and related ancillary operations.

Nonmajor Proprietary Funds

No proprietary funds were classified as nonmajor funds.

Other Fund Types

Pension trust funds - account for activities of police officers' and firefighters' retirement plans, which accumulate resources for pension benefit payments of qualified employees.

Permanent funds - account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water, sewer, solid waste, and stormwater utility funds are charges to customers for sales and services. The City also recognizes as operating revenue the meter fees intended to recover the cost of connecting new customers to the water system. The City's newest enterprise fund, Tavares Seaplane Base, recognizes operating revenues from sales of fuel, merchandise, and rental income. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Deposits and Investments

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.

Investments of the City are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. The City's investments consist of investments authorized per their investment policy adopted in accordance with Section 218.415, Florida Statutes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles. The County bills and collects property taxes and remits them to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

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 about May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

Inventories and Prepaid Items

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

Fuel inventory for fuel sales at the Seaplane Base/Marina is valued at cost using the weighted average method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Assets so designated are identified as restricted assets on the balance sheet.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City, in accordance with Chapter 274.02, Florida Statutes, as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Infrastructure acquired prior to October 1, 2003 has not been recorded for governmental activities. GASB Statement No. 34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year (October 1, 2003).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements	15-50
Infrastructure	30-50
Equipment	3-15
Software	5-15

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. Only 25% of sick pay earned is accrued. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund.

Post Retirement Benefits

The City offers continuation of health, dental, and life insurance benefits to retired employees and eligible dependents. Benefits are offered within the requirements of Florida Statute 112, whereas claim experience is comingled with that of active employees, but retired employees pay the full cost of employer premiums for participation.

Long-Term Obligations

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement 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 assets 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 qualify for reporting in this category. One such item is the deferred charge on refunding reported in the enterprise and government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items are the deferred outflows of pension and OPEB earnings.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, the deferred inflows of pension and OPEB earnings on the proprietary fund and government-wide statements.

Net position flow assumption

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance flow assumption

Sometimes the city 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 City's policy to consider restricted fund balance to have been depleted before using any 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 City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned 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 City Commission is the highest level of decision making authority for the City that can, by adoption of an Ordinance or Resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken (the adoption of another ordinance or resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The commission may 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.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

New GASB Statement Implemented

In fiscal year 2023, the City has implemented GASB Statement No. No. 91, *Conduit Debt Obligations*. This statement requires to disclose general information about conduit debt obligations, organized by type of commitments, including the aggregate outstanding principal amounts of the issuers' conduit debt and a description of each type of commitment. Furthermore, issuers that recognize liabilities related to these obligations should disclose information about amounts recognized and how the liabilities changed during the reporting period As a result of implementation, there were no changes to beginning fund balances or beginning net position.

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NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

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

Capital outlay	\$ 17,265,680
Depreciation expense	<u>(2,830,606)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 14,435,074</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net position. The details of this difference are as follows:

Notes payable issued	\$ (976,000)
Principal repayment	<u>2,535,496</u>
Net Adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,559,496</u>

Another element of that reconciliation states that “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 government funds.” The details of this difference are as follows:

Compensated absences	\$ 10,670
Accrued interest payable (net change)	(13,904)
Other post employment benefits	<u>(24,139)</u>
Net Adjustment to Decrease Net Changes in Fund Balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (27,373)</u>

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Appropriations in Excess of Funds Available

The Pavilion Fund, and Greater Downtown TIF Fund, ARPA Fund, and Capital Projects Fund contained appropriations in excess of revenues and available fund balance for the fiscal year ending September 30, 2023.

Deficit Fund Balances

The Greater Downtown TIF District Special Revenue Fund and Pavilion Fund have deficit fund balances at September 30, 2023.

Expenditures and Transfers Out in Excess of Appropriations

The debt service of the Infrastructure Surtax and Debt Service Funds contained expenditures in excess of appropriations for the fiscal year ended September 30, 2023.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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 Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them. Budgets are adopted for all funds except pension trust funds and permanent funds.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to October 1st, the budget is legally enacted through passage of a resolution.
4. The City cannot legally exceed the budget and any revisions that alter expenditures must be approved by the City Council. All annual appropriations lapse at year-end. The City Council may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenues.
5. The City cannot legally exceed the budget; however, at any time during the year, the City Council may transfer part or all of any unencumbered appropriation balance among programs within a department and transfer part or all of any unencumbered appropriation balance from one department to another. The City Administrator may not amend the budget without the approval of the City Council. The legal level of budgetary control is at the individual expenditure account (as detailed in the budget), e.g., salaries, general operating supplies, engineering services, etc., since the City Council must approve any over-expenditures of appropriations or transfers of appropriated amounts between line items. Individual fund comparisons at the legal level of budgetary control are included in a separate budgetary report which is available from the Finance Department.
6. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year.
7. Budgets are adopted for the general fund, special revenue funds, capital project fund, and debt service fund on a basis consistent with generally accepted accounting principles. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

The City's bank deposits were covered by Federal Depository Insurance or held in banks that are members of the State of Florida's Collateral Pool as specified under Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." This limits local government deposits to "qualified depositories." The State of Florida Collateral Pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails. For this reason, the City considers its deposits insured or collateralized.

Investments

The City's investment policies, except for the pension fund assets, are governed by state statutes and city ordinances. City ordinance allows investments in any financial institution that is formally authorized as a state approved depository for public funds, as identified on the list prepared by the State Treasurer of the State of Florida. The allowable investment instruments include the following:

1. The State Board of Administration Local Government Surplus Funds Trust Fund;
2. Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government;
3. Interest-bearing time deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under state supervision, or in federal savings and loan associations located in this state and organized under federal law and federal supervision;
4. Obligations of the federal farm credit banks; the Federal Home Loan Mortgage Corporation, including Federal Home Loan Mortgage Corporation participation certificates; or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association; or
5. Obligations of the Federal National Mortgage Association, including Federal National Mortgage Association participation certificates and mortgage pass-through certificates guaranteed by the Federal National Mortgage Association.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Most of the City’s investments besides pension funds are invested in interest bearing accounts approved by the State of Florida as a “Qualified Public Depository” and in the SBA, an investment pool administered by the State of Florida.

Investments held in the State Board of Administration Fund (SBA) consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements of a 2a-7 like pool for the A fund and the fair value of the position in the pool is equal to the fair value of the statements. Investment income is recognized as earned and is allocated to the participating funds based on their equity participation.

Investments made by the City of Tavares as of September 30, 2023 are summarized below. In accordance with GASB Statement No. 31, investments are reported at fair value, except for the investment in the SBA, which is carried at amortized cost and approximates fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Florida Prime	\$ 4,323,704	AAAm	35 days

Credit Risk

The City’s investment policy limits credit risk by restricting authorized investments to those described above. Also, the policy requires that investments held are to be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issued instrument, dealer or bank through which financial instruments are bought and sold.

Interest Rate Risk

The policy limits the investment of current operating funds to 24 months. Investments of bond reserves, construction funds, and other nonoperating funds (core funds) may be invested for a term appropriate to the liquidity needs and in accordance with debt covenants, but not to exceed 60 months.

Concentration of Credit Risk

The policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. The policy sets forth parameter limits for each investment type as well as limits for each individual issuer for each investment type. The policy allows 100% of available funds to be invested in the SBA or in United States Government Securities.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that, in the event of bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2023, all the City’s bank deposits were in qualified public depositories.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession an outside party. The City has no investments subject to custodial credit risk.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2023:

	9/30/2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Police Officers' Pension				
Measured by Fair Value Level				
Corporate Bonds & Other Debt Securities				
Corporate bonds	\$ 4,457,700	\$ 4,457,700	\$ -	\$ -
Foreign bonds notes & debentures	32,233	32,233	-	-
Mutual Funds				
Large growth equity	2,278,333	2,278,333	-	-
Large value equity	2,609,807	2,609,807	-	-
Mid cap blend equity	793,483	793,483	-	-
Small blend equity	832,280	832,280	-	-
International growth equity	1,753,781	1,753,781	-	-
Convertible bond fund	1,559,807	1,559,807	-	-
Total	14,317,424	\$ 14,317,424	\$ -	\$ -
Measured at Net Asset Value				
Common and Collective Funds				
Real estate	1,058,592			
Total	1,058,592			
Total investments	\$ 15,376,016			

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

	9/30/2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Firefighters' Pension Plan				
Measured by Fair Value Level				
Corporate Bonds & Other Debt Securities				
U.S. Government Obligations	\$ 4,665	\$ 4,665	\$ -	\$ -
Corporate bonds	2,873,118	2,873,118	-	-
Foreign bonds notes & debentures	20,145	20,145	-	-
Mutual Funds				
Large growth equity	1,623,713	1,623,713	-	-
Large value equity	1,850,596	1,850,596	-	-
Mid cap blend equity	650,120	650,120	-	-
Small blend equity	535,050	535,050	-	-
International growth equity	1,161,252	1,161,252	-	-
Convertible bond fund	950,895	950,895	-	-
Total	9,669,554	\$ 9,669,554	\$ -	\$ -
Measured at Net Asset Value				
Common and Collective Funds				
Real estate	683,513			
Total	683,513			
Total investments	\$ 10,353,067			

NOTE 5 RECEIVABLES

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

	Accounts Receivable	Allowance for Uncollectible	Total
General	\$ 516,243	\$ (93,803)	\$ 422,440
Pavilion	162,729	(558)	162,171
Nonmajor special revenue	243,593	(48,683)	194,910
Water & Sewer	1,898,376	(453,187)	1,445,189
Solid Waste	453,891	(54,821)	399,070
Stormwater	196,794	(30,903)	165,891
Seaplane base	49,478	(41,807)	7,671
Total	\$ 3,521,104	\$ (723,762)	\$ 2,797,342

NOTE 6 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 6,594,102	\$ 2,150,263	\$ -	\$ 8,744,365
Construction in progress	2,073,719	10,792,195	(1,409,060)	11,456,854
Total capital assets not being depreciated	8,667,821	12,942,458	(1,409,060)	20,201,219
Capital Assets, being depreciated:				
Buildings	29,353,155	2,378,441	-	31,731,596
Improvements/Infrastructure	34,502,395	2,485,065	-	36,987,460
Machinery and equipment	10,607,619	861,776	(516,747)	10,952,648
Software/licenses	957,956	7,000	(3,253)	961,703
Total capital assets being depreciated	75,421,125	5,732,282	(520,000)	80,633,407
Less Accumulated Depreciation for:				
Buildings	(4,762,319)	(776,900)	-	(5,539,219)
Improvements/Infrastructure	(9,879,473)	(1,308,941)	-	(11,188,414)
Machinery and equipment	(7,860,602)	(630,634)	515,166	(7,976,070)
Software/licenses	(483,589)	(114,131)	3,253	(594,467)
Total accumulated depreciation	(22,985,983)	(2,830,606)	518,419	(25,298,170)
Total capital assets being depreciated, net	52,435,142	2,901,676	(1,581)	55,335,237
Governmental Activities assets, net	\$ 61,102,963	\$ 15,844,134	\$ (1,410,641)	\$ 75,536,456

NOTE 6 CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital Assets not being depreciated:				
Land	\$ 533,788	\$ -	\$ -	\$ 533,788
Construction in progress	8,170,559	2,783,432	(7,040,024)	3,913,967
Total capital assets not being depreciated	<u>8,704,347</u>	<u>2,783,432</u>	<u>(7,040,024)</u>	<u>4,447,755</u>
Capital Assets being depreciated:				
Buildings & improvements	96,253,322	8,418,851	(4,900)	104,667,273
Machinery and equipment	10,359,501	144,389	(95,576)	10,408,314
Software/licenses	807,039	90,035	-	897,074
Total capital assets being depreciated	<u>107,419,862</u>	<u>8,653,275</u>	<u>(100,476)</u>	<u>115,972,661</u>
Less Accumulated Depreciation for:				
Buildings & improvements	(43,514,800)	(2,946,910)	4,900	(46,456,810)
Machinery and equipment	(7,787,466)	(516,950)	94,715	(8,209,701)
Software/licenses	(361,103)	(157,482)	-	(518,585)
Total accumulated depreciation	<u>(51,663,369)</u>	<u>(3,621,342)</u>	<u>99,615</u>	<u>(55,185,096)</u>
Total capital assets being depreciated, net	<u>55,756,493</u>	<u>5,031,933</u>	<u>(861)</u>	<u>60,787,565</u>
Business-type activities capital assets, net	<u>\$ 64,460,840</u>	<u>\$ 7,815,365</u>	<u>\$ (7,040,885)</u>	<u>\$ 65,235,320</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 217,430
Public safety	774,992
Physical environment	1,090,312
Economic Development	39,601
Culture and recreation	708,271
Total depreciation expense - governmental activities	<u>\$ 2,830,606</u>

Business-type activities:

Water & sewer	3,283,049
Solid waste	84,061
Stormwater	235,314
Seaplane base & marina	18,918
Total depreciation expense - business-type activities	<u>\$ 3,621,342</u>

NOTE 7 LONG-TERM DEBT

Bonds Payable - Private Placement

The City issues bonds to provide funds for the acquisition and construction of major capital assets. Bonds have been issued for business-type activities. Revenue bonds outstanding at year end are as follows:

	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2023</u>
Business-Type Activities				
Water and Sewer Revenue and Refunding Bonds, Series 2012A	2.69% (2/1 & 8/1)	8/1/2013 to 8/1/2030	\$ 4,720,000	\$ 2,105,000
Water and Sewer Revenue and Refunding Bonds, Series 2012B	2.69% (2/1 & 8/1)	8/1/2015 to 8/1/2030	\$ 2,370,000	1,160,000
Water and Sewer Revenue Bonds, Series 2021	2.07% (4/1 & 10/1)	10/1/2022 to 10/1/2041	\$ 3,600,000	3,455,000
				<u>\$6,720,000</u>

	<u>Maximum Annual Debt Service</u>	<u>Fiscal Year Principal & Interest Paid</u>	<u>Principal & Interest Remaining</u>	<u>Total Pledged Revenues</u>
Business-Type Activities				
Water and Sewer Revenue and Refunding Bonds, Series 2012A	\$ 336,560	\$ 333,888	\$ 2,337,552	\$ 8,184,260
Water and Sewer Revenue and Refunding Bonds, Series 2012B	\$ 186,204	\$ 185,239	\$ 1,288,180	\$ 8,184,260
Water and Sewer Revenue Bonds, Series 2021	\$ 221,977	\$ 218,019	\$ 4,178,210	\$ 8,184,260

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for bonds payable are as follows:

<u>Year ending September 30,</u>	Business -Type Activities	
	Principal	Interest
2024	\$ 580,000	\$ 157,794
2025	595,000	143,072
2026	610,000	128,026
2027	625,000	112,528
2028	645,000	96,655
2029-2033	1,860,000	272,657
2034-2038	960,000	137,864
2039-2042	845,000	35,346
	<u>\$ 6,720,000</u>	<u>\$ 1,083,942</u>

The City of Tavares Water and Sewer Revenue Bonds, Series 2012 and 2021, are secured by net revenues from the water and sewer utility, in parity. In the event of default, the bondholders may exercise all available legal remedies to enforce payment of amounts due, including the recovery of attorney fees.

Financed Purchases

The City has entered into agreements for financing the acquisition of police and fire equipment. These agreements qualify as financed purchases for accounting purposes. For the fiscal year, principal and interest paid was \$37,953.

Annual debt service requirements to maturity for financed purchases are as follows:

<u>Year Ending September 30,</u>	Governmental Activities	
	Principal	Interest
2024	\$ 33,347	\$ 4,605
2025	34,221	3,731
2026	35,118	2,834
2027	36,039	1,914
2028	38,865	969
2029	-	-
	<u>\$ 177,590</u>	<u>\$ 14,053</u>

NOTE 7 LONG-TERM DEBT (CONTINUED)

Notes Payable - Direct Borrowing

Notes payable outstanding at year end are as follows:

	Interest Rates and Dates	Issue and Final Maturity Dates	Original Amount	Balance September 30, 2023
Governmental Activities				
Capital Improvement Revenue Note Series 2008	3.99% 10/1 & 4/1	5/23/2008 10/1/2027	\$ 1,500,000	\$ 416,000
Capital Improvement Revenue Refunding Note Series 2012	2.82% 2/1 & 8/1	6/14/2012 2/1/2028	\$ 6,530,000	2,372,000
General Obligation Series 2012	2.77% 1/1 & 7/1	6/18/2012 7/1/2027	\$ 3,300,000	1,018,000
Sales Tax Revenue Note Series 2016	2.95% 10/1 & 4/1	8/5/2016 10/1/2032	\$ 11,250,000	7,546,000
Capital Improvement Revenue Notes Series 2016	2.15% 5/1 & 11/1	3/9/2016 11/1/2026	\$ 1,525,000	595,000
Capital Improvement Revenue Refunding Note Series 2017	2.51% 2/1 & 8/1	11/27/2017 2/1/2032	\$ 5,484,000	3,640,000
Capital Improvement Revenue Note Series 2018	3.25% 5/1 & 11/1	10/19/2018 11/1/2025	\$ 837,000	321,000
Capital Improvement Revenue Note Series 2020	1.48% - 1.79% 3/1 & 9/1	7/17/2020 3/1/2030	\$ 1,915,000	1,295,000
Capital Improvement Revenue Note Series 2022	3.45% 1/1 & 7/1	8/5/2022 7/1/2042	\$ 4,550,000	4,403,000
Capital Improvement Revenue Note Series 2022A	3.53% 1/1 & 7/1	12/23/2022 12/1/2032	\$ 976,000	936,000
Total				\$ 22,542,000

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Notes Payable - Direct Borrowing (Continued)

Notes payable outstanding at year end are as follows:

	Maximum Annual Debt Service	Fiscal Year Principal & Interest Paid	Principal & Interest Remaining	Total Pledged Revenues
Governmental Activities				
Capital Improvement Revenue Note Series 2008	\$ 114,688	\$ 114,349	\$ 458,293	N/A
Capital Improvement Revenue Refunding Note Series 2012	\$ 513,496	\$ 514,100	\$ 2,542,281	\$ 2,078,449
General Obligation Series 2012	\$ 272,487	\$ 271,764	\$ 1,089,467	\$ 257,916
Sales Tax Revenue Note Series 2016	\$ 967,607	\$ 966,936	\$ 8,702,015	\$ 2,429,422
Capital Improvement Revenue Notes Series 2016	\$ 156,666	\$ 154,298	\$ 620,962	N/A
Capital Improvement Revenue Refunding Note Series 2017	\$ 452,964	\$ 452,844	\$ 4,066,424	\$ 2,078,449
Capital Improvement Revenue Note Series 2018	\$ 135,330	\$ 134,390	\$ 336,828	N/A
Capital Improvement Revenue Note Series 2020	\$ 228,334	\$ 228,453	\$ 1,373,498	N/A
Capital Improvement Revenue Note Series 2022	\$ 320,108	\$ 289,150	\$ 6,075,565	N/A
Capital Improvement Revenue Note Series 2022A	\$ 117,532	\$ 57,992	\$ 1,109,523	N/A

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NOTE 7 LONG-TERM DEBT (CONTINUED)

	Interest Rates and Dates	Issue and Final Maturity Dates	Original Amount	Balance September 30, 2023
Business-Type Activities				
State Revolving Fund Loan WW78905P	2.15%-3.07% 6/15 & 12/15	4/2/2002 12/15/2035	\$ 14,706,596	\$ 7,116,096
State Revolving Fund Loan WW789060	2.82% 4/15 & 10/15	3/17/2009 4/15/2031	\$ 850,852	537,246
State Revolving Fund Loan DW350301	2.82% 5/15 & 11/15	9/21/2009 11/15/2030	\$ 370,412	152,419
State Revolving Fund Loan 350910	2.37% 3/15 & 9/15	5/11/2011 3/15/2032	\$ 2,571,438	1,390,009
State Revolving Fund Loan 350920	2.15% 4/15 & 10/15	4/5/2013 3/15/2032	\$ 2,957,044	1,805,754
State Revolving Fund Loan 350900	1.62%-2.06% 4/15 & 10/15	6/28/2013 4/15/2035	\$ 6,505,862	5,103,075
State Revolving Fund Loan 350930	2.00% 4/15 & 10/15	6/28/2013 10/1/2034	\$ 8,104,060	6,326,853
State Revolving Fund Loan 350940	2.06% 6/15 & 12/15	3/31/2014 1/15/2037	\$ 6,989,411	6,194,294
State Revolving Fund Loan 350950	1.38% 5/15 & 11/15	4/14/2016 11/15/2037	\$ 20,074	15,354
State Revolving Fund Loan 350951	0.57% 5/15 & 11/15	11/6/2018 11/15/2040	\$ 6,624,350	5,509,129
State Revolving Fund Loan 350960	2.01% 5/15 & 11/15	11/6/2018 11/15/2029	\$ 77,000	45,850
State Revolving Fund Loan 350961	1.01% 5/15 & 11/15	1/7/2019 11/15/2040	\$ 864,532	668,170
State Revolving Fund Loan 350980	1.08% 5/15 & 11/15	7/15/2021 11/15/2042	\$ 240,000	-
Special Assessment Note Series 2014	2.63% 4/1 & 10/1	12/5/2014 10/1/2024	\$ 1,100,000	247,000
Total				\$ 35,111,249

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NOTE 7 LONG-TERM DEBT (CONTINUED)

	<u>Maximum Annual Debt Service</u>	<u>Fiscal Year Principal & Interest Paid</u>	<u>Principal & Interest Remaining</u>	<u>Total Pledged Revenues</u>
Business-Type Activities				
State Revolving Fund Loan WW78905P	\$ 678,854	\$ 678,853	\$ 8,146,248	\$ 7,885,846
State Revolving Fund Loan WW789060	\$ 57,457	\$ 57,457	\$ 632,018	\$ 7,206,993
State Revolving Fund Loan DW350301	\$ 24,183	\$ 24,166	\$ 169,128	\$ 7,149,536
State Revolving Fund Loan 350910	\$ 164,953	\$ 164,942	\$ 1,559,785	\$ 7,125,370
State Revolving Fund Loan 350920	\$ 188,632	\$ 188,632	\$ 2,074,942	\$ 6,960,428
State Revolving Fund Loan 350900	\$ 278,153	\$ 278,154	\$ 6,119,366	\$ 6,771,796
State Revolving Fund Loan 350930	\$ 364,702	\$ 362,532	\$ 7,843,372	\$ 6,493,643
State Revolving Fund Loan 350940	\$ 247,128	\$ 247,077	\$ 6,425,328	\$ 6,131,110
State Revolving Fund Loan 350950	\$ 1,173	\$ 1,172	\$ 16,996	\$ 5,884,033
State Revolving Fund Loan 350951	\$ 359,486	\$ 204,836	\$ 5,772,983	\$ 5,882,861
State Revolving Fund Loan 350960	\$ 8,150	\$ 8,149	\$ 48,900	\$ 5,678,025
State Revolving Fund Loan 350961	\$ 40,131	\$ 34,548	\$ 734,974	\$ 5,669,876
State Revolving Fund Loan 350980	\$ -	\$ -	\$ -	\$ 5,669,876
Special Assessment Note Series 2014	\$ 128,496	\$ 127,061	\$ 256,784	\$ 8,184,260

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Revenues pledged as security for notes payable are as follows:

	Pledged Revenues
Governmental Activities	
Capital Improvement Revenue Note Series 2008	Budget and appropriate from legally available non ad valorem revenues
Capital Improvement Revenue Refunding Note Series 2012	Public Service Tax revenues
General Obligation Series 2012	Full faith and credit of the City's ad valorem taxing power
Sales Tax Revenue Note Series 2016	Infrastructure Sales Tax revenues
Capital Improvement Revenue Notes Series 2016	Budget and appropriate from legally available non ad valorem revenues
Capital Improvement Revenue Refunding Note Series 2017	Public Service Tax revenues, on parity with the CIRRN, Series 2012
Capital Improvement Revenue Notes Series 2018	Budget and appropriate from legally available non ad valorem revenues
Capital Improvement Revenue Notes Series 2020	Budget and appropriate from legally available non ad valorem revenues
Capital Improvement Revenue Notes Series 2022	Budget and appropriate from legally available non ad valorem revenues
Business-Type Activities	
State Revolving Fund Loan Agreements	Gross revenues of the water and sewer utility after payment of operation and maintenance costs and senior debt obligations
Special Assessment Note Series 2014	Special assessments of the benefiting properties and net revenues of the water and sewer utility

In the event of default on the state revolving fund notes, the Florida Department of Environmental Protection may cause to establish rates and collect fees, require the City to account for all moneys received and used, appoint a receiver to manage the Water and Sewer Systems, intercept delinquent amounts plus a penalty due to the City under State Revenue Sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule or increase the interest rate by a factor of up to 1.667.

For the remaining notes payable, in the event of default, the note holder can declare all outstanding amounts immediately due and payable.

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Debt service requirements for general obligation notes payable at September 30, 2023 are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2024	\$ 244,000	\$ 28,199
2025	251,000	21,440
2026	258,000	14,487
2027	265,000	7,341
	\$ 1,018,000	\$ 71,467

Debt service requirements for direct borrowing notes payable at September 30, 2023 are as follows:

Year Ending September 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,389,000	\$ 613,262	\$ 2,016,112	\$ 525,373
2025	2,453,000	545,551	2,050,503	490,770
2026	2,449,000	475,976	1,957,548	455,435
2027	2,436,000	407,724	1,990,268	422,714
2028	2,210,000	340,700	2,023,671	389,308
2029-2033	7,149,000	938,540	10,445,768	1,424,261
2034-2038	1,262,000	336,480	7,400,479	656,591
2039-2043	1,176,000	103,156	4,674,450	289,167
2044-2048	-	-	2,307,131	34,147
2049-2049	-	-	245,319	1,809
	\$ 21,524,000	\$ 3,761,389	\$ 35,111,249	\$ 4,689,575

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Financed purchases	\$ 210,086	\$ -	\$ (32,496)	\$ 177,590	\$ 33,347
Notes payable - direct borrowing:					
Capital improvement 2008	510,000	-	(94,000)	416,000	98,000
Capital improvement 2012	2,813,000	-	(441,000)	2,372,000	453,000
General obligation 2012	1,255,000	-	(237,000)	1,018,000	244,000
Sales tax 2016	8,269,000	-	(723,000)	7,546,000	745,000
Capital improvement 2016	735,000	-	(140,000)	595,000	145,000
Capital improvement 2017	3,997,000	-	(357,000)	3,640,000	365,000
Capital improvement 2018	442,000	-	(121,000)	321,000	125,000
Capital improvement 2020	1,498,000	-	(203,000)	1,295,000	205,000
Capital improvement 2022	4,550,000	-	(147,000)	4,403,000	168,000
Capital improvement 2022A	-	976,000	(40,000)	936,000	85,000
Total notes payable	<u>24,069,000</u>	<u>976,000</u>	<u>(2,503,000)</u>	<u>22,542,000</u>	<u>2,633,000</u>
Net pension liability	12,191,409	2,723,465	-	14,914,874	-
Net OPEB liability	457,042	6,023	-	463,065	-
Compensated absences	1,408,263	692,474	(703,144)	1,397,593	279,519
Governmental activity long-term liabilities	<u>\$ 38,335,800</u>	<u>\$ 4,397,962</u>	<u>\$ (3,238,640)</u>	<u>\$ 39,495,122</u>	<u>\$ 2,945,866</u>
Business-type Activities:					
Revenue bonds - private placement	\$ 7,285,000	\$ -	\$ (565,000)	\$ 6,720,000	\$ 580,000
Notes payable - direct borrowing:					
State revolving fund loans	35,345,381	1,234,166	(1,715,298)	34,864,249	1,894,112
Special assessment note	366,000	-	(119,000)	247,000	122,000
Total notes payable	<u>35,711,381</u>	<u>1,234,166</u>	<u>(1,834,298)</u>	<u>35,111,249</u>	<u>2,016,112</u>
Net pension liability	2,775,030	387,017	-	3,162,047	-
Net OPEB liability	198,026	-	(3,182)	194,844	-
Compensated absences	465,888	282,141	(255,369)	492,660	98,532
Business-type activity long term liabilities	<u>\$ 46,435,325</u>	<u>\$ 1,903,324</u>	<u>\$ (2,657,849)</u>	<u>\$ 45,680,800</u>	<u>\$ 2,694,644</u>

The governmental activities liabilities for pension-related debt, other post employment benefits and compensated absences is fully liquidated by the general fund.

NOTE 8 CONDUIT DEBT

The City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. In addition, no commitments beyond collateral and payments from the private sector entity of the conduit debt obligation were extended by the City for any of these bonds. The City is not obligated in any manner for repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2023 there was an aggregate principal amount of \$1,000,000,000 authorized to be issued; however, no bonds have been issued.

The City of Tavares approved the issuance of Industrial Development Bonds to provide financial assistance to the private-sector entity, Lifestream Behavioral Center, Inc., in an amount not to exceed \$7,000,000 for the purpose of financing the acquisition and construction of a residential treatment facility deemed to be in the public interest. No amount is outstanding at September 30, 2023. The City is not obligated in any manner for the repayment of the bonds.

NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of due to/from other funds at September 30, 2023 is as follows:

	Receivable Fund			
	General Fund	Water and Sewer Fund	Solid Waste	Total
Payable Fund:				
General fund	\$ -	\$ -	\$ 18,000	\$ 18,000
Capital projects fund	-	1,420,922	-	1,420,922
Pavilion fund	216,584	2,135,972	-	2,352,556
Infrastructure surtax fund	240,883	-	-	240,883
Grant fund	3,260,657	528,002	-	3,788,659
Nonmajor governmental funds	-	450,000	-	450,000
Total	\$ 3,718,124	\$ 4,534,896	\$ 18,000	\$ 8,271,020

With the exception of the interfund loans described below, the outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. These balances also include the amount of working capital loans that the general fund expects to collect in the subsequent fiscal year.

The amounts payable to the general fund relate to disbursements made on behalf of the pavilion fund near the end of the fiscal year. Balances are expected to be collected in these funds and reimbursed to the general fund in the subsequent fiscal year.

In Fiscal Year 2011, the City Council authorized an interfund loan from the Utility Funds for the construction of the Tavares Pavilion on the Lake as well as the authorization for an interfund loan from the Utility Funds for the construction of the City of Tavares Train Station. Subsequently in Fiscal Year 2015 the City Council authorized an additional interfund loan to purchase strategic property in the downtown core owned by the Lake County Government and home to the Lake County Clerk's Office until relocation of County offices was complete with the completion of the Judicial Complex in the County's downtown campus.

The Tavares Pavilion on the Lake is located over the water in the downtown waterfront entertainment district providing a premiere facility and venue that brings vibrancy to downtown economic activity. The Pavilion hosts events such as conferences, training workshops, as well as weddings in a unique setting.

NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

The purchase of the Lake County property in the downtown core, formerly the Clerk’s Building, provided the City with the ability to envision and plan for the development of the property, a keystone for economic initiatives for the downtown core and entertainment district. At this time the property is utilized as a vibrant town square which is an integral part of delivering downtown events.

As with all loans a plan for repayment is a needed component. The City has planned for inclusion of repayments for interfund loans in its annual budgetary process to ensure the repayment of principal and interest on an ongoing basis. It is the goal of the City to increase payment amounts each year in order to achieve repayment in a reasonable period. Payments to the Utility Fund for the internal loans were deferred in fiscal years 2017 and 2018 due to the effects of Hurricane IRMA. Loan payments to the Utility Fund for interest on the loans resumed in fiscal year 2022. The City anticipates the sale of the Tavares Square Property in the downtown for redevelopment initiatives in late 2024; proceeds from the sale will be used to pay down the Utility Fund loan. Interfund balances between funds are generally experienced as a result of grant expenditures or project expenditures funded with State Revolving Loan Funds (SRF) as collections are reimbursement in nature. These items will be closed when grant or SRF loan receipts are received. The City will ensure that all grants and SRF reimbursements are requested timely.

Interfund transfers for the year ended September 30, 2023 consisted of the following:

	Transfer out						Total
	General Fund	Pavilion Fund	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Nonmajor Governmental Funds	
Transfer In:							
General fund	\$ -	\$ -	\$ 2,037,138	\$ 1,128,561	\$ 422,493	\$ 1,892,750	\$ 5,480,942
Pavilion fund	436,788	-	-	-	-	-	436,788
Infrastructure surtax fund	-	-	-	144,575	-	-	144,575
Water and sewer fund	-	22,000	-	-	247,128	-	269,128
Stormwater fund	455,588	-	-	-	-	-	455,588
Seaplane base	63,619	-	-	-	-	274,933	338,552
Nonmajor governmental funds	914,934	-	-	-	-	-	914,934
Total	\$ 1,870,929	\$ 22,000	\$ 2,037,138	\$ 1,273,136	\$ 669,621	\$ 2,167,683	\$ 8,040,507

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) move receipts restricted to debt service from the funds as debt service payments become due. Transfers amounts reflect charges to proprietary funds in lieu of taxable collections on real property owned by the utility. In addition, operating transfers are recorded to reimburse the general government for services provided on behalf of the proprietary funds.

NOTE 10 RETIREMENT PLANS

The City maintains two separate single-employer, defined benefit pension plans for full-time police officers and for full-time firefighters and a defined contribution pension plan for the general employees, which are included as part of the City’s reporting entity in Pension Trust Funds. These pension plans do not issue stand-alone financial reports. In fiscal year 2006, the City implemented participation in the Florida Retirement System (FRS) for general employees and discontinued participation for all new hires to the general employees defined contribution plan. In fiscal year 2018, the Police Officer’s Pension Plan was closed to new hires. In fiscal year 2019, the Firefighter’s Pension Plan was closed to new hires. Police officers and firefighters hired after these dates, respectively, participate in FRS.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plans

Funding Policy

The Police Officers' (POPP) and Firefighters' (FPP) Pension Plans funding methods and determination of benefits payable are provided in the various acts of the Florida Legislature, which created the funds, including subsequent amendments thereto. The Statutes provide, in general, that funds are to be accumulated from Plan members, City contributions, and State contributions from the State of Florida, FS § 175 and FS § 185.

The contribution requirements of the City for the POPP and the FPP are established by ordinance, and may be amended by the City Council. The City is required to contribute at an actuarially determined rate of covered compensation, but not less than 5%; employee contributions are required and are set by ordinance and may be amended by the City Council. Current year contribution details are provided below for each plan.

Basis of accounting

The financial statements of the POPP and the FPP are prepared using the accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan. Plan benefits exceed minimum benefits established under Florida Statutes, Chapter 185 and 175 respectively. The City of Tavares City Council appoints a board of trustees to administer the pension trust funds. The board of trustees may not amend any provisions of the pension plans without the approval of the City Council. The plans are included as part of the City's reporting entity in Pension Trust Funds.

Method used to value investments

Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value. Administrative costs for plan assets are included within investment earnings for each plan.

The individual fund statements for the POPP and FPP are shown on the following page.

	Pension Trust Funds		
	Police Officers	Firefighters	Total Pension Funds
Assets:			
Cash and cash equivalents	\$ 151,903	\$ 352,577	\$ 504,480
Investments, at fair value:			
Corporate bonds & other debt securities	4,489,933	2,897,928	7,387,861
Mutual funds - fixed income	1,559,807	950,895	2,510,702
Mutual funds - equity	8,267,684	5,820,731	14,088,415
Common and collective funds	1,058,592	683,513	1,742,105
Total investments	15,376,016	10,353,067	25,729,083
Total assets	15,527,919	10,705,644	26,233,563
Net Position - Restricted for Pensions	\$ 15,527,919	\$ 10,705,644	\$ 26,233,563

NOTE 10 RETIREMENT PLANS (CONTINUED)

	Pension Trust Funds		
	Police Officers	Firefighters	Total Pension Funds
Additions:			
Contributions:			
Employer	\$ 537,993	\$ 306,873	\$ 844,866
Plan members	146,923	34,793	181,716
State	174,263	157,944	332,207
Total contributions	859,179	499,610	1,358,789
Investment earnings:			
Net increase (decrease) in fair value	714,152	535,283	1,249,435
Interest	375,353	279,910	655,263
Less: investment expense	(33,945)	(27,338)	(61,283)
Net investment earnings (loss)	1,055,560	787,855	1,843,415
Total additions	1,914,739	1,287,465	3,202,204
Deductions:			
Benefits/distributions	895,335	426,790	1,322,125
Administrative expenses	70,118	60,405	130,523
Total deductions	965,453	487,195	1,452,648
Change in net position	949,286	800,270	1,749,556
Net position, beginning	14,578,633	9,905,374	24,484,007
Net position, ending	\$ 15,527,919	\$ 10,705,644	\$ 26,233,563

The following information provides information specific to each of the City's defined benefit plans.

1. Police Officers' Pension Plan

Plan description

The Police Officers' Pension Plan is a single employer defined benefit plan that covers certain police officers of the City of Tavares. All full-time sworn police officers employed before April 1, 2018 are eligible to participate in the plan upon employment. The plan is closed to new hires. The plan's board of trustees is comprised of two legal residents appointed by the City Commission, two plan members as elected by other covered members, and one member elected by the previous four trustees and appointed by the City Commission. As of September 30, 2023 active plan membership was 18, with 19 inactive plan members or beneficiaries receiving benefits and 2 inactive plan members entitled to but not yet receiving benefits.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits

Normal Retirement

Eligibility: First day of the month following attainment of Age 55 and the completion of 10 years of Credited Service, or attainment of age 52 and the completion of 25 years of Credited Service. Benefit: 3.0% of Average Final Compensation times Credited Service.

Early Retirement

Eligibility: Age 50 and 10 years of Credited Service.
Benefit Amount: Accrued benefit, reduced 2.0% for each year that Early Retirement precedes Normal Retirement.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Vesting (Termination)

10 years or more: Accrued benefit payable at age 55 (unreduced), or age 50 (reduced). The Member may also elect a refund of Member Contributions without interest.

Less than 10 years of Contributing Service: Refund of Member Contributions without interest.

Disability

Eligibility: Service Incurred Covered from Date of Employment. Non-Service Incurred 10 years of Credited Service.

Benefit Amount: Accrued benefit payable for life, with 120 monthly payments guaranteed, or until recovery. Minimum benefit for service incurred disability is 42% of Average Final Compensation.

Pre-Retirement Death Benefits

Less than 10 years of Contributing Service: Refund of Member Contributions without interest.

10 years or more: Accrued benefit payable for 10 years commencing at Normal Retirement date or Early Retirement Date, or actuarially reduced for immediate commencement.

Cost-of-Living Adjustment

Automatic 2% lifetime COLA, beginning the first July 1 following one full year of retirement for all categories of retirement. In the event that the first COLA is more than 12 months following retirement, the first adjustment is prorated for the number of months exceeding 12.

Contributions

Employees are required to contribute 11.3% of salary. The City is required to contribute the remaining amount required in order to pay current costs and amortize unfunded past service cost over 30 years, if any, as provided in Chapter 112, Florida Statutes. State contributions are funded by a 0.85% tax on premiums for casualty insurance.

Concentrations

The plan did not hold investments in any one organization that represents 5 percent or more of the plan's fiduciary net position.

Rate of Return

For the year ended September 30, 2023, the annual money-weighted rate of return on plan investments, net of investment expense, was 7.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Members are eligible for the program after satisfaction of normal retirement requirements stated above. Participation is not to exceed 60 months. The rate of return is at the member's election and is a) the actual rate of investment return, net of expenses, or b) 6.0% fixed interest. The DROP balance at September 30, 2023 is \$319,303.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2023 were as follows:

Total Pension Liability	\$ 19,894,984
Plan Fiduciary Net Position*	(15,337,687)
Sponsor's Net Pension Liability	<u>\$ 4,557,297</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.09%

*Does not agree to the Statement of Fiduciary Net Position because of the timing of certain insignificant accruals made by the actuary.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following assumptions:

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

Mortality Rates

The Plan uses the following mortality tables:

Healthy Active Lives

- Female: PubS.H-2010, set forward one year
- Male: PubS.H-2010 (below median), set forward one year

Healthy Inactive Lives

- Female: PubS.H-2010, set forward one year
- Male: PubS.H-2010 (below median), set forward one year

Disabled Lives

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35%	7.2%
International Equity	15%	2.9%
Bonds	35%	1.7%
Convertibles	10%	5.9%
Private Real Estate	5%	5.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability (Asset)	\$ 7,377,449	\$ 4,557,297	\$ 2,255,591

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at September 30, 2022	\$ 18,787,458	\$ (14,585,628)	\$ 4,201,830
Changes for a Year:			
Service cost	448,516	-	448,516
Interest	1,307,970	-	1,307,970
Share plan allocation	48,528	-	48,528
Difference between expected and actual experience	403,878	-	403,878
Changes of assumptions	-	-	-
Contributions - employer	-	(537,993)	(537,993)
Contributions - state	-	(174,263)	(174,263)
Contributions - employee	-	(146,869)	(146,869)
Net investment income	-	(1,046,272)	(1,046,272)
Benefit payments and refunds	(1,101,366)	1,101,366	-
Administrative expense	-	51,972	51,972
Balances at September 30, 2023	<u>\$ 19,894,984</u>	<u>\$ (15,337,687)</u>	<u>\$ 4,557,297</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$1,381,180. On September 30, 2023, the City reported deferred outflows and inflows of resources related to the POPP from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual		
Earnings on Pension Plan Investments	\$ 1,629,301	\$ -
Differences Between Expected and Actual Experience	400,985	140,869
Changes of Assumptions	702,832	-
Balance, September 30, 2022	<u>\$ 2,733,118</u>	<u>\$ 140,869</u>

NOTE 10 RETIREMENT PLANS (CONTINUED)

Amounts reported as deferred outflows and inflows of resources related to the POPP will be recognized in pension expense as follows:

Year Ended September 30,	
2024	\$ 564,150
2025	668,840
2026	1,047,493
2027	204,016
2028	50,053
Thereafter	57,697
	\$ 2,592,249

2. Firefighters' Pension Plan

Plan description

The Firefighters' Pension Plan is a single employer defined benefit plan that covers all firefighters of the City of Tavares. All full-time firefighters hired before February 7, 2019 are eligible to participate in the plan upon employment. The plan is closed to new hires. The plan's board of trustees is comprised of two legal residents appointed by the City Commission, two plan members as elected by other covered members, and one member elected by the previous four trustees and appointed by the City Commission. As of September 30, 2023 active plan membership was 22, with 2 inactive plan members entitled to but not receiving benefits and 10 inactive plan members or beneficiaries receiving benefits.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal retirement

Eligibility: First day of the month following attainment of Age 55 and the completion of 10 years of Credited Service, or attainment of age 52 and the completion of 25 years of Credited Service.

Benefit Amount: 2.0% of Average Final Compensation times Credited Service through 9/30/1996 plus 3.0% of Average Final Compensation times Credited Service on or after 10/1/1996.

Early Retirement

Eligibility: Age 50 and 10 years of Credited Service.

Benefit Amount: Accrued benefit, reduced 2.0% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination)

Less than 10 years of Contributing Service: Refund of Member Contributions without Contributing Service interest.

10 years or more: Accrued benefit payable at earliest Normal Retirement Date based on actual years of Credited Service at termination (unreduced), or age 50 (reduced), or Refund of Member Contributions without interest.

Disability

Eligibility: Service Incurred - Date of Employment. Non-Service Incurred - 10 years of Credited Service.

Benefit Amount: Accrued benefit payable for life, with 120 monthly payments guaranteed, or until recovery. Minimum benefit for service incurred disability is 42% of Average Final Compensation.

Pre-Retirement Death Benefits

Less than 10 years of Contributing Service: Refund of Member Contributions without interest.

10 years or more: Accrued benefit payable for 10 years commencing at Normal Retirement date or Early Retirement Date, or actuarially reduced for immediate commencement.

Contributions

Employees are required to contribute 2.0% of salary. The City is required to contribute the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. State contributions are funded by a 1.85% tax on premiums for fire insurance.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Concentrations

The plan did not hold investments in any one organization that represents 5 percent or more of the plan's fiduciary net position.

Rate of Return

For the year ended September 30, 2023, the annual money-weighted rate of return on plan investments, net of investment expense, was 7.65%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Members are eligible for the program after satisfaction of normal retirement requirements stated above. Participation is not to exceed 60 months. The rate of return is at the member's election and is a) the actual rate of investment return, net of expenses, or b) 6.0% fixed interest. The DROP balance at September 30, 2023 is \$44,391.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2023 were as follows:

Total Pension Liability	\$ 12,623,885
Plan Fiduciary Net Position*	<u>(10,670,211)</u>
Sponsor's Net Pension Asset	<u>\$ 1,953,674</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.52%

*does not agree to the Statement of Fiduciary Net Position because of the timing of certain insignificant accruals made by the actuary

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following assumptions:

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

Mortality Rates

The Plan uses the following mortality tables:

Healthy Active Lives

Female: PubS.H-2010, set forward one year

Male: PubS.H-2010, set forward one year

Healthy Inactive Lives

Female: PubS.H-2010, set forward one year

Male: PubS.H-2010 (below median), set forward one year

Disabled Lives

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

The most recent actuarial experience study used to review the other significant assumptions was dated September 20, 2018.

NOTE 10 RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35%	7.2%
International Equity	15%	2.9%
Bonds	35%	1.7%
Convertibles	10%	5.9%
Private Real Estate	5%	5.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability (Asset)	\$ 3,586,561	\$ 1,953,674	\$ 585,780

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NOTE 10 RETIREMENT PLANS (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at September 30, 2022	\$ 11,256,534	\$ (9,888,785)	\$ 1,367,749
Changes for a Year:			
Service cost	375,988	-	375,988
Interest	799,339	-	799,339
Share plan allocation	37,808	-	37,808
Difference between expected and actual experience	581,006	-	581,006
Changes of assumptions	-	-	-
Contributions - employer	-	(306,873)	(306,873)
Contributions - state	-	(157,944)	(157,944)
Contributions - employee	-	(34,793)	(34,793)
Net investment income	-	(755,743)	(755,743)
Benefit payments and refunds	(426,790)	426,790	-
Administrative Expense	-	47,137	47,137
Balances at September 30, 2023	<u>\$ 12,623,885</u>	<u>\$ (10,670,211)</u>	<u>\$ 1,953,674</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$784,684. On September 30, 2023, the City reported deferred outflows and inflows of resources related to the FPP from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual		
Earnings on Pension Plan Investments	\$ 1,054,723	\$ -
Differences Between Expected and Actual Experience	642,276	246,669
Changes of Assumptions	251,548	92,485
Balance, September 30, 2022	<u>\$ 1,948,547</u>	<u>\$ 339,154</u>

Amounts reported as deferred outflows and inflows of resources related to the FPP will be recognized in pension expense as follows:

Year Ended September 30,	
2024	\$ 287,388
2025	356,709
2026	620,092
2027	76,414
2028	79,688
Thereafter	189,102
	<u>\$ 1,609,393</u>

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Contribution Plans

1. General Employees' Pension Plan

Plan Description

The City of Tavares General Employees' Pension Plan is a single employer defined contribution pension plan established by the City of Tavares to provide benefits at retirement to general employees at the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At September 30, 2023, there were four plan members. The City is required to contribute 6 percent of annual covered payroll of plan member covered payroll to the plan. The City has begun the process of amending the plan to reclassify two of the four active plan members as senior management to better mirror FRS benefits. The amendment will increase employer contributions for these two members from 6 to 8.5%. The City began making increased contributions for the reclassified employees in fiscal year 2023. Participants may not contribute to the Plan. Plan provisions and contribution requirements are established and may be amended by the City of Tavares City Council. New employees are not eligible to participate in this plan. All newly hired general employees are automatically enrolled in the Florida Retirement System (FRS).

City of Tavares employer contributions for the General Employees' Pension Plan for the current year were \$26,229. There were no forfeitures applied to the City's contributions during the year ended September 30, 2023.

2. General Employees Non FRS Eligible Plan

Plan Description

The City of Tavares General Employees' Non FRS Eligible Pension Plan is a single employer defined contribution pension plan established by the City of Tavares to provide benefits at retirement to general employees at the City. At September 30, 2023, there were no plan members. Only employees that are not otherwise eligible to participate in the FRS Plan are eligible. The City is required to contribute a percentage of annual covered payroll equal to FRS statutory rates (11.91% at September 30, 2023). Participants are required to contribute 3% of covered salary. Plan provisions and contribution requirements are established and may be amended by the City of Tavares City Council.

City of Tavares employer contributions for the General Employees' Pension Plan for the current year were \$0. There were no forfeitures applied to the City's contributions during the year ended September 30, 2023.

Florida Retirement System

Plan Description

City employees hired after April 1, 2006, except employees otherwise eligible to participate in the police and fire pension plans, participate in the Florida Retirement System ("System"), a cost-sharing multiple employer public employee retirement plan administered by the State of Florida Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

Early retirement benefits may also be provided; however, there is a reduction in benefits for each year prior to normal retirement. Generally, membership is compulsory for all full-time and part-time employees. There is a 3% requirement for employees to contribute to FRS effective July 1, 2011.

The 2007 Florida Legislature continued the uniform contribution rate system under which participating employers make uniform contributions to support the FRS Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.405, Florida Statutes, FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS defined benefit pension plan. Employers contribute based upon blended rates determined as a percentage of the total payroll for each class or subclass of FRS membership, regardless of which retirement plan individuals elect.

The State of Florida issues a report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, FL 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications

NOTE 10 RETIREMENT PLANS (CONTINUED)

Funding Policy:

The FRS has ten (10) classes of membership. Only five (5) classes are applicable to the City's eligible employees. These classes, with descriptions and contribution rates in effect during the period ended September 30, 2023 are as follows:

Regular Class - Members not qualifying for other classes (16.57% [includes 3% employee contribution] from July 1, 2023 through September 30, 2023 and 14.91% [includes 3% employee contribution] from October 1, 2022 through June 30, 2023).

Special Risk Class - (35.67% [includes 3% employee contribution] from July 1, 2023 through September 30, 2023 and 30.83% [includes 3% employee contribution] from October 1, 2022 through June 30, 2023).

Special Risk Administrative Support Class - (42.82% [includes 3% employee contribution] from July 1, 2023 through September 30, 2023 and 41.65% [includes 3% employee contribution] from October 1, 2022 through June 30, 2023).

Deferred Retirement Option Program (DROP) – 21.13% [DROP participants are not required to contribute] from July 1, 2023 through September 30, 2023 and 18.60% from October 1, 2022 through June 30, 2023.

Senior Management – 37.52% [includes 3% employee contribution] from July 1, 2023 through September 30, 2023 and 34.57% [includes 3% employee contribution] from October 1, 2022 through June 30, 2023.

These employer contribution rates include 2.00% HIS Plan subsidy for October 1, 2022 through June 30, 2023 and 1.66% from July 1, 2023 through September 30, 2023, respectively.

1. Pension Plan (FRS)

Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

NOTE 10 RETIREMENT PLANS (CONTINUED)

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

The City's contributions, including employee contributions, to the Pension Plan totaled \$1,089,979 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the City reported a liability of \$8,369,415 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2023 fiscal year contributions relative to the 2022 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .02100 percent, which was an decrease of .00139 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$1,926,334. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 785,816	\$ -
Change of Assumptions	545,588	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	349,529	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	755,322	169,687
Pension Plan Contributions Subsequent to the Measurement Date	329,027	-
Balance, September 30, 2022	\$ 2,765,282	\$ 169,687

NOTE 10 RETIREMENT PLANS (CONTINUED)

The deferred outflows of resources related to the Pension Plan, totaling \$329,027 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30,		
2024	\$	432,631
2025		108,899
2026		1,482,092
2027		183,133
2028		59,813
Thereafter		-
	\$	2,266,568

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

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

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.10%
Fixed income	19.80%	4.50%	4.40%	3.40%
Global equities	54.00%	8.70%	7.10%	18.10%
Real estate	10.30%	7.60%	6.60%	14.80%
Private equity	11.10%	11.90%	8.80%	26.30%
Strategic investments	3.80%	6.30%	6.10%	7.70%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.40%

(1) As outlined in the Pension Plan's investment policy

NOTE 10 RETIREMENT PLANS (CONTINUED)

Discount Rate

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

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	Discount Rate Minus 1% 5.70%	Current Discount Rate 6.70%	Discount Rate Plus 1% 7.70%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 14,296,665	\$ 8,369,415	\$ 3,410,561

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2023, the City reported no amounts payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

2. HIS Plan

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2022 through June 30, 2023 was 1.66% and from July 1, 2023 through September 30, 2023 was 2%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$144,520 for the fiscal year ended September 30, 2023.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the City reported a liability of \$3,196,535 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2023 fiscal year contributions relative to the 2022 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .02013 percent, which was a decrease of .00033 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$1,254,510. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 46,795	\$ 7,503
Change of Assumptions	84,036	276,990
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,651	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	190,351	69,400
Pension Plan Contributions Subsequent to the Measurement Date	45,189	-
Balance, September 30, 2022	<u>\$ 368,022</u>	<u>\$ 353,893</u>

The deferred outflows of resources related to the HIS Plan, totaling \$45,189 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2024	\$ 9,828
2025	25,234
2026	8,912
2027	(46,793)
2028	(27,660)
Thereafter	(581)
	<u>\$ (31,060)</u>

Actuarial Assumptions

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

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Municipal Bond Rate	3.65% net of pension plan investment expense

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Discount Rate

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

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	Discount Rate Minus 1% 2.65%	Current Discount Rate 3.65%	Discount Rate Plus 1% 4.65%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 3,646,747	\$ 3,196,535	\$ 2,823,339

Pension Plan Fiduciary Net Position

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

3. Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2023 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.30%, Special Risk Administrative Support class 12.95%, Special Risk class 19.00%, and Senior Management Service class 12.67%.

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

The pension expense for the City's Investment Plan for the fiscal year ended September 30, 2023 was \$200,184.

Aggregate Amounts of All Pension Plans

The aggregate amounts for all of the City's defined benefit pension plans at September 30, 2023 are as follows:

	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Pension Expense
Police Officers' Pension Plan	\$ (4,557,297)	\$ (140,869)	\$ 2,733,118	\$ 1,381,180
Firefighters' Pension Plan	(1,953,674)	(339,154)	1,948,547	784,684
FRS Pension Plan	(8,369,415)	(169,687)	2,765,282	1,926,334
HIS Pension Plan	(3,196,535)	(353,893)	368,022	1,254,540
	<u>\$ (18,076,921)</u>	<u>\$ (1,003,603)</u>	<u>\$ 7,814,969</u>	<u>\$ 5,346,738</u>

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

Plan Description

In accordance with Florida Statutes Section 112.0801, the City's single-employer defined benefit OPEB plan makes continued group health insurance coverage through the city's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met.

Retirement Eligibility

General Employees

Participants of the Florida Retirement System are eligible at age 62 and 6 years of service, or 30 years of service. A participant may elect early retirement upon the attainment of age 50 and 10 years of service.

Firefighters

Participants are eligible upon attaining the earlier of: 1) Age 55 and 10 Years of Credited Service; or 2) Age 52 and 25 Years of Credited Service. They are eligible for Early Retirement at Age 50 with 10 Years of Credited Service.

Police Officers

Participants are eligible upon attaining the earlier of: 1) Age 55 and 10 Years of Credited Service; or 2) 25 Years of Credited Service. They are eligible for Early Retirement at Age 50 with 10 Years of Credited Service.

Benefits Provided

The City allows retirees to continue medical insurance coverage under the City's health insurance plan until age 65 or Medicare eligibility. Spouses and dependents of a retiree may continue medical coverage under the plan provided the applicable premium is paid.

Retiree Contributions

The retiree is required to pay the full premium for post-retirement medical coverage.

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At October 1, 2021 (the valuation date), the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	6
Inactive Employees Entitled to but Not Yet Receiving Benefits	-
Active Employees	165
	<u>171</u>

Total OPEB Liability

The City's total OPEB liability of \$664,273 as of September 30, 2023 for the City's fiscal year and reporting period of October 1, 2022 to September 30, 2023. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2021 and the corresponding measurement period of October 1, 2021 to October 1, 2022. The measurement of the total OPEB liability is based on a valuation date of October 1, 2021. There are no assets accumulated in a trust to pay related benefits.

Total OPEB Liability	\$ 664,273
Plan Fiduciary Net Position	-
Sponsor's Net OPEB Liability	<u>\$ 664,273</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%

Actuarial Assumptions and Other Inputs

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

Discount Rate	4.09% (Bond Buyer's 20-Bond GO Index as of September 30, 2023)
Salary Scale	General Employees: 2.50%, Firefighters: 3.00%, Police Officers: 6.00%
Health Care Cost Trend Rates	2022: 4.5% Ultimate: 4.5%. Includes 2.5% inflation assumption.
Mortality	Group Annuity 1983 Mortality Table. Mortality improvements have not been considered as studies do not indicate significant improvements in mortality rates for the Southeast US.
Actuarial Cost Method	Entry Age Actuarial Cost Method

Changes in Total OPEB Liability

	<u>OPEB Liability</u>
Balances at September 30, 2022	\$ 655,068
Changes for the year:	
Service cost	20,409
Interest	27,730
Differences between expected and actual experience	9,239
Benefit payments	<u>(48,173)</u>
Net Changes	<u>9,205</u>
Balances at September 30, 2023	<u>\$ 664,273</u>

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer's net OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> 3.09%	<u>Current Discount</u> <u>Rate</u> 4.09%	<u>1% Increase</u> 5.09%
Plan Sponsor's Net OPEB Liability	\$ 726,895	\$ 664,273	\$ 609,759

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1% Increase</u>
Plan Sponsor's Net OPEB Liability	\$ 605,245	\$ 664,273	\$ 732,760

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$83,279. On September 30, 2023, the City reported deferred outflows and inflows of resources related to the OPEB plan from the following sources:

<u>Description</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences Between Expected and Actual Experience	\$ 155,586	\$ 81,264
Balance, September 30, 2023	<u>\$ 155,586</u>	<u>\$ 81,264</u>

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

<u>Year Ended September 30,</u>	
2024	\$ 35,140
2025	31,562
2026	14,307
2027	3,833
2028	(11,231)
Thereafter	711
	<u>\$ 74,322</u>

NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters for which the City carries commercial insurance.

Risk of loss from the above is transferred by the City to commercial insurers for health and life insurance and to a risk management pool known as PRM for liability and other types of insurance. PRM is an insurance purchasing pool where several governments pool funds or resources to purchase commercial insurance. The City has been a member of the pool since October 1989 and retains a voting privilege on the Board of Directors.

The City has obtained excess insurance coverage with varying retentions and limits to further limit exposure to large losses. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation

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 be materially affect the financial position of the City.

Grants

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2023, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

NOTE 14 FUND BALANCE

At September 30, 2023, the city's governmental fund balances were as follows:

Fund Balances	Capital		Infrastructure		Nonmajor		Total
	General	Projects Fund	Pavilion Fund	Surtax Revenue	Grant Fund	Governmental Funds	
Nonspendable							
Inventory/prepays	\$ 16,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,341
Advances to other funds	216,584	-	-	-	-	-	216,584
Non-expendable trust	-	-	-	-	-	29,295	29,295
Spendable							
Restricted for:							
Public safety	-	-	-	-	-	1,179,751	1,179,751
Capital projects	-	2,618,663	-	2,347,286	168,262	-	5,134,211
Culture recreation	-	-	-	-	-	487,394	487,394
Debt Service	-	-	-	-	-	470,368	470,368
Committed	-	-	-	-	-	-	-
Assigned for:							
Subsequent expenditure	139,435	-	-	-	-	-	139,435
Unassigned	12,058,712	-	(2,282,398)	-	-	(170,452)	9,605,862
Total fund balances	\$ 12,431,072	\$ 2,618,663	\$ (2,282,398)	\$ 2,347,286	\$ 168,262	\$ 1,996,356	\$ 17,279,241

REQUIRED SUPPLEMENTARY INFORMATION

City of Tavares, Florida
Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
September 30, 2023

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability							
Service cost	\$ 20,409	\$ 26,231	\$ 25,527	\$ 23,881	\$ 15,751	\$ 17,550	\$ 17,684
Interest	27,730	17,886	16,497	16,354	20,653	17,590	12,707
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	9,239	(107,177)	95,706	81,962	93,152	112,950	(21,323)
Changes of assumptions	-	-	-	-	-	-	-
Benefit Payments, including refunds of employee contributions	(48,173)	(22,813)	(25,742)	(62,557)	(42,859)	(39,099)	(33,028)
Net change in total OPEB liability	9,205	(85,873)	111,988	59,640	86,697	108,991	(23,960)
Total OPEB liability, beginning	655,068	740,941	628,953	569,313	482,616	373,625	397,585
Total OPEB liability, ending (a)	<u>\$ 664,273</u>	<u>\$ 655,068</u>	<u>\$ 740,941</u>	<u>\$ 628,953</u>	<u>\$ 569,313</u>	<u>\$ 482,616</u>	<u>\$ 373,625</u>
Plan Fiduciary Net Position							
Contributions, employer	-	-	-	-	-	-	-
Contributions, employee	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-	-	-
Plan fiduciary net position, ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 664,273</u>	<u>\$ 655,068</u>	<u>\$ 740,941</u>	<u>\$ 628,953</u>	<u>\$ 569,313</u>	<u>\$ 482,616</u>	<u>\$ 373,625</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 13,779,886	\$ 12,152,598	\$ 11,017,583	\$ 10,694,152	\$ 10,222,449	\$ 9,501,221	\$ 9,428,806
Net OPEB liability as a percentage of covered payroll	4.82%	5.39%	6.73%	5.88%	5.57%	5.08%	3.96%

Note to Schedule: There are no assets accumulated in a trust to pay benefits for the plan.

*Data before 2017 is not available.

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios - Police Officers' Pension Plan

September 30, 2023

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability										
Service Cost	\$ 448,516	\$ 397,997	\$ 371,716	\$ 390,961	\$ 394,130	\$ 424,046	\$ 416,167	\$ 373,508	\$ 381,485	\$ 360,391
Interest	1,307,970	1,265,442	1,228,910	1,184,110	1,114,383	1,068,463	989,676	940,412	878,385	812,355
Change in Excess State Money	-	-	-	-	-	(8,386)	-	8,058	328	-
Share plan allocation	48,528	36,649	33,921	26,132	25,145	25,403	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	(407)	-	-	-
Differences Between Expected and Actual Experience	403,878	(53,511)	(143,518)	71,559	(55,028)	57,069	202,980	(203,397)	(72,066)	-
Contributions - Buy Back	-	-	-	-	-	-	38,906	15,079	-	32,858
Changes of Assumptions	-	-	1,096,986	127,389	-	36,863	-	67,314	-	-
Benefit Payments, including refunds of employee contributions	(1,101,366)	(1,077,729)	(766,323)	(582,221)	(569,302)	(547,845)	(793,713)	(445,008)	(363,987)	(438,639)
Net Change in Total Pension Liability	1,107,526	568,848	1,821,692	1,217,930	909,328	1,055,613	853,609	755,966	824,145	766,965
Total Pension Liability - beginning	18,787,458	18,218,610	16,396,918	15,178,988	14,269,660	13,214,047	12,360,438	11,604,472	10,780,327	10,013,362
Total Pension Liability - ending (a)	<u>\$ 19,894,984</u>	<u>\$ 18,787,458</u>	<u>\$ 18,218,610</u>	<u>\$ 16,396,918</u>	<u>\$ 15,178,988</u>	<u>\$ 14,269,660</u>	<u>\$ 13,214,047</u>	<u>\$ 12,360,438</u>	<u>\$ 11,604,472</u>	<u>\$ 10,780,327</u>
Plan Fiduciary Net Position										
Contributions - employer	537,993	476,113	395,741	396,502	355,182	288,020	356,463	280,634	309,496	316,247
Contributions - state	174,263	150,505	145,048	129,470	127,496	202,917	-	91,349	83,619	79,280
Contributions - employee	146,869	157,207	147,810	154,814	166,062	186,334	199,142	198,795	182,992	193,826
Contributions - buy back	-	-	-	-	-	-	38,906	15,079	-	32,858
Net Investment Income	1,046,272	(2,959,664)	3,012,921	1,561,847	549,419	844,670	1,186,825	982,121	(198,020)	924,676
Benefit Payments, Including Refunds of Employee Contributions	(1,101,366)	(1,077,729)	(766,323)	(582,221)	(569,302)	(547,845)	(793,713)	(445,008)	(363,987)	(438,639)
Administrative Expense	(51,972)	(42,177)	(42,837)	(41,534)	(50,581)	(51,081)	(42,879)	(33,495)	(29,378)	(16,039)
Net Change in Plan Fiduciary Net Position	752,059	(3,295,745)	2,892,360	1,618,878	578,276	923,015	944,744	1,089,475	(15,278)	1,092,209
Plan Fiduciary Net Position - beginning	14,585,628	17,881,373	14,989,013	13,370,135	12,791,859	11,868,844	10,924,100	9,834,625	9,849,903	8,757,694
Plan Fiduciary Net Position - ending (b)	<u>\$ 15,337,687</u>	<u>\$ 14,585,628</u>	<u>\$ 17,881,373</u>	<u>\$ 14,989,013</u>	<u>\$ 13,370,135</u>	<u>\$ 12,791,859</u>	<u>\$ 11,868,844</u>	<u>\$ 10,924,100</u>	<u>\$ 9,834,625</u>	<u>\$ 9,849,903</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 4,557,297</u>	<u>\$ 4,201,830</u>	<u>\$ 337,237</u>	<u>\$ 1,407,905</u>	<u>\$ 1,808,853</u>	<u>\$ 1,477,801</u>	<u>\$ 1,345,203</u>	<u>\$ 1,436,338</u>	<u>\$ 1,769,847</u>	<u>\$ 930,424</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.09%	77.63%	98.15%	91.41%	88.08%	89.64%	89.82%	88.38%	84.75%	91.37%
Covered Payroll	\$ 1,299,995	\$ 1,389,086	\$ 1,308,055	\$ 1,368,824	\$ 1,463,385	\$ 1,661,148	\$ 1,612,728	\$ 1,549,670	\$ 1,429,622	\$ 1,514,268
Net Pension Liability as a Percentage of Covered Payroll	350.56%	302.49%	25.78%	102.86%	123.61%	88.96%	83.41%	92.69%	123.80%	61.44%

Notes to Schedule

For measurement date 9/30/21, the investment rate of return was lowered from 7.50% to 7.00% per year, net of investment related expenses.

For measurement date 9/30/20, the assumed rates of mortality were changed to Milliman's July 1, 2019 valuation report for special risk employees, with adjustments for plan demographics.

For measurement date 9/30/18, amounts reported as changes of assumptions resulted from the results of the September 18, 2018 experience study.

For measurement date 09/30/2017, amounts reported as changes of benefit terms resulted from the following changes:

A reduction in the Member Contribution Rate from 12.8% to 11.3%, effective June 2, 2017. As of the completion date of the 10/01/2017 valuation, the associated ordinance has not yet been passed (but the Member Contribution reduction has taken effect). Plan Closure to new hires, effective on or around April 1, 2018, per Ordinance 2018-02, as adopted February 21, 2018.

For measurement date 9/30/16, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.70% matching the long-term inflation assumption used by the Plan's investment consultant.

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City of Tavares, Florida
Required Supplementary Information
Schedule of City Contributions - Police Officers' Pension Plan
September 30, 2023

Fiscal year ended	Contributions in Relation			Contributions as a	
	Actuarially Determined Contribution	to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Percentage of Covered Payroll
9/30/2023	\$ 638,975	\$ 663,728	\$ (24,753)	\$ 1,299,995	51.06%
9/30/2022	552,847	589,969	(37,122)	1,389,086	42.47%
9/30/2021	568,810	506,868	61,942	1,308,055	38.75%
9/30/2020	474,297	499,840	(25,543)	1,368,824	36.52%
9/30/2019	426,430	457,534	(31,104)	1,463,385	31.27%
9/30/2018	457,148	462,443	(5,295)	1,661,148	27.84%
9/30/2017	390,441	356,463	33,978	1,612,728	22.10%
9/30/2016	362,468	363,925	(1,457)	1,549,670	23.48%
9/30/2015	360,266	392,787	(32,521)	1,429,622	27.47%
9/30/2014	395,527	395,527	-	1,514,268	26.12%

Notes to Schedule

Valuation Date 10/1/2022

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

Methods and assumptions used to determine contribution rates:

Mortality	Female: PubS.H-2010, set forward one year. Male: PubS.H-2010 (below median), set forward one year										
Disability Mortality Table	80% PubG.H-2010 / 20% PubS.H-2010										
Interest Rate	7.0% per year, compounded annually net of investment related expenses.										
Disability Rates	See table below. It is assumed that 75% of Disability Retirements and Pre-Retirement Deaths are service-related.										
Retirement Age	Earlier of age 55 and 10 years of service, or age 52 and 25 years of service. Also any member who has reached normal retirement age is assumed to continue employment for one additional year.										
Early Retirement	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.										
Salary Increases	6.0% until the assumed retirement age.										
Liability Load	<table border="1"> <thead> <tr> <th>Hire Date</th> <th>Assumption</th> </tr> </thead> <tbody> <tr> <td>Before 10/01/01</td> <td>4%</td> </tr> <tr> <td>10/01/01-09/30/06</td> <td>3%</td> </tr> <tr> <td>10/01/06-09/30/11</td> <td>2%</td> </tr> <tr> <td>10/01/11 and later</td> <td>No Load</td> </tr> </tbody> </table>	Hire Date	Assumption	Before 10/01/01	4%	10/01/01-09/30/06	3%	10/01/06-09/30/11	2%	10/01/11 and later	No Load
Hire Date	Assumption										
Before 10/01/01	4%										
10/01/01-09/30/06	3%										
10/01/06-09/30/11	2%										
10/01/11 and later	No Load										
Payroll Growth	None for amortization of the Unfunded Actuarial Accrued Liability										
Funding Method	Entry Age Normal Actuarial Cost Method.										
Amortization Method	Level percentage of pay, closed.										
Remaining Amortization											
Period	30 Years (as of 10/01/2020).										
Actuarial Asset Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Fair Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Fair Value of Assets.										
Other Information	Termination and Disability Rate Table										

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
9/30/2023	7.24%
9/30/2022	-16.60%
9/30/2021	20.19%
9/30/2020	11.70%
9/30/2019	4.31%
9/30/2018	7.12%
9/30/2017	11.04%
9/30/2016	10.01%
9/30/2015	-2.00%
9/30/2014	10.49%

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Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios - Firefighters' Pension Plan

September 30, 2023

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability										
Service Cost	\$ 375,988	\$ 333,425	\$ 301,462	\$ 319,690	\$ 313,666	\$ 351,953	\$ 336,031	\$ 324,286	\$ 313,761	\$ 286,443
Interest	799,339	731,785	681,740	650,748	596,515	599,269	567,666	539,741	511,187	463,813
Change in Excess State Money	-	-	-	-	-	-	-	(32,559)	4,976	6,494
Share Plan Allocation	37,808	19,446	13,715	8,023	2,847	1,082	-	32,661	-	-
Changes of Benefit Terms	-	-	-	-	(2,117)	(368)	-	-	-	-
Differences Between Expected and Actual Experience	581,006	152,068	(71,922)	(164,617)	44,640	(93,474)	(314,456)	(387,399)	(289,327)	-
Changes of Assumptions	-	-	295,489	(166,472)	-	136,385	-	(11,965)	-	-
Benefit Payments, including refunds of employee contributions	(426,790)	(201,678)	(201,678)	(201,678)	(229,618)	(206,135)	(213,393)	(171,739)	(206,685)	(164,118)
Net Change in Total Pension Liability	1,367,351	1,035,046	1,018,806	445,694	725,933	788,712	375,848	293,026	333,912	592,632
Total Pension Liability - beginning	11,256,534	10,221,488	9,202,682	8,756,988	8,031,055	7,242,343	6,866,495	6,573,469	6,239,557	5,646,925
Total Pension Liability - ending (a)	<u>\$ 12,623,885</u>	<u>\$ 11,256,534</u>	<u>\$ 10,221,488</u>	<u>\$ 9,202,682</u>	<u>\$ 8,756,988</u>	<u>\$ 8,031,055</u>	<u>\$ 7,242,343</u>	<u>\$ 6,866,495</u>	<u>\$ 6,573,469</u>	<u>\$ 6,239,557</u>
Plan Fiduciary Net Position										
Contributions - employer	306,873	298,585	358,212	333,376	341,838	223,986	352,971	297,809	300,743	304,533
Contributions - state	157,944	120,916	109,758	98,070	88,023	165,082	-	82,530	82,591	84,109
Contributions - employee	34,793	37,836	36,164	33,795	44,126	56,084	54,347	52,740	47,264	46,734
Net Investment Income	755,743	(1,900,561)	1,838,846	956,570	335,781	512,617	685,557	529,431	(110,340)	480,285
Benefit Payments, Including Refunds of Employee Contributions	(426,790)	(201,678)	(201,678)	(201,678)	(229,618)	(206,135)	(213,393)	(171,739)	(206,685)	(164,118)
Administrative Expense	(47,137)	(43,544)	(43,155)	(45,173)	(53,414)	(39,643)	(32,587)	(46,207)	(15,428)	(19,264)
Net Change in Plan Fiduciary Net Position	781,426	(1,688,446)	2,098,147	1,174,960	526,736	711,991	846,895	744,564	98,145	732,279
Plan Fiduciary Net Position - beginning	9,888,785	11,577,231	9,479,084	8,304,124	7,777,388	7,065,397	6,218,502	5,473,938	5,375,793	4,643,514
Plan Fiduciary Net Position - ending (b)	<u>\$ 10,670,211</u>	<u>\$ 9,888,785</u>	<u>\$ 11,577,231</u>	<u>\$ 9,479,084</u>	<u>\$ 8,304,124</u>	<u>\$ 7,777,388</u>	<u>\$ 7,065,397</u>	<u>\$ 6,218,502</u>	<u>\$ 5,473,938</u>	<u>\$ 5,375,793</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ 1,953,674</u>	<u>\$ 1,367,749</u>	<u>\$ (1,355,743)</u>	<u>\$ (276,402)</u>	<u>\$ 452,864</u>	<u>\$ 253,667</u>	<u>\$ 176,946</u>	<u>\$ 647,993</u>	<u>\$ 1,099,531</u>	<u>\$ 863,764</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.52%	87.85%	113.26%	103.00%	94.83%	96.84%	97.56%	90.56%	83.27%	86.16%
Covered Payroll	\$ 1,700,776	\$ 1,920,559	\$ 1,779,757	\$ 1,689,746	\$ 1,704,693	\$ 1,625,409	\$ 1,522,581	\$ 1,505,477	\$ 1,350,400	\$ 1,335,248
Net Pension Liability (Asset) as a Percentage of Covered Payroll	114.87%	71.22%	-76.18%	-16.36%	26.57%	15.61%	11.62%	43.04%	81.42%	64.69%

For measurement date 9/30/21, the investment rate of return was lowered from 7.25% to 7.00% per year, net of investment related expenses.

For measurement date 9/30/20, the assumed rates of mortality were changed to Milliman's July 1, 2019 valuation report for special risk employees, with adjustments for plan demographics.

For measurement date 9/30/19, amounts reported as changes of benefits resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

For measurement date 9/30/18, amounts reported as changes of benefits resulted from Ordinance 2019-09, adopted and effective March 20, 2019, amended the plan for a reduction in the member contribution rate. Amounts reported as changes of assumptions reflected the results of the September 20, 2018 experience study.

For measurement date 9/30/16, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.70% matching the long-term inflation assumption used by the Plan's investment consultant.

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City of Tavares, Florida
Required Supplementary Information
Schedule of City Contributions - Firefighters' Pension Plan
September 30, 2023

Fiscal year ended	Contributions in Relation to the			Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution				
9/30/2023	\$ 393,259	\$ 427,009	\$ (33,750)	\$ 1,700,776	25.11%	
9/30/2022	352,544	400,055	(47,511)	1,920,559	20.83%	
9/30/2021	416,794	454,255	(37,461)	1,779,757	25.52%	
9/30/2020	427,337	423,423	3,914	1,689,746	25.06%	
9/30/2019	404,012	427,013	(23,001)	1,704,693	25.05%	
9/30/2018	387,985	387,985	-	1,625,409	23.87%	
9/30/2017	362,831	352,971	9,860	1,522,581	23.18%	
9/30/2016	380,886	380,238	648	1,505,477	25.26%	
9/30/2015	367,851	378,358	(10,507)	1,350,400	28.02%	
9/30/2014	382,148	382,148	-	1,335,248	28.62%	

Notes to Schedule

Valuation Date 10/1/2022

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

Methods and assumptions used to determine contribution rates:

Mortality - Healthy Lives	Female: PubS.H-2010, set forward one year. Male: PubS.H-2010 (below median), set forward one year
Mortality - Disabled Lives	80% PubG.H-2010 / 20% PubS.H-2010
Interest Rate	7.00% per year, compounded annually net of investment related expenses.
Termination Rates	See table below.
Disability Rates	See table below. It is assumed that 75% of Disability Retirements and Pre-Retirement Deaths are service-related.
Retirement Age	Earlier of 1) age 55 and 10 years of service, or 2) age 52 and 25 years of service. Also, any member who has reached normal retirement age is assumed to continue employment for one additional year.
Early Retirement	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Salary Increases	7.5% until the assumed retirement age.
Payroll Growth	3.0% per year for amortization of the Unfunded Actuarial Accrued Liability.
Funding Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level percentage of pay, closed.
Remaining Amortization Method	30 years (as of 10/1/20)
Actuarial Asset Method	The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Fair Value, net of investment-related expenses), is phased-in over a five-year period.
Other Information	Termination and Disability Rate Table

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

City of Tavares, Florida
Required Supplementary Information
Schedule of Investment Returns - Firefighters' Pension Plan
September 30, 2023

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
9/30/2023	7.65%
9/30/2022	-16.36%
9/30/2021	19.27%
9/30/2020	11.46%
9/30/2019	4.30%
9/30/2018	7.20%
9/30/2017	10.93%
9/30/2016	9.57%
9/30/2015	-2.03%
9/30/2014	10.20%

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City of Tavares, Florida
Required Supplementary Information
Schedule of the City's Proportionate Share of Net Pension Liability - Florida Retirement System
September 30, 2023

Florida Retirement System - Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.02100%	0.01961%	0.02050%	0.01849%	0.01718%	0.01652%	0.01780%	0.01669%	0.01650%	0.01544%
City's Proportionate Share of the Net Pension Liability	\$8,369,415	\$7,296,053	\$1,548,471	\$8,013,950	\$5,916,912	\$4,976,723	\$5,264,474	\$4,215,442	\$2,131,717	\$ 941,921
City's Covered Payroll	\$6,581,627	\$5,813,120	\$5,901,967	\$5,539,820	\$5,277,549	\$5,014,543	\$5,298,689	\$4,692,871	\$4,238,289	\$4,077,392
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	127.16%	125.51%	26.24%	144.66%	112.11%	99.25%	99.35%	89.83%	50.30%	23.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy - Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.02013%	0.01983%	0.02055%	0.01912%	0.01802%	0.01733%	0.01813%	0.01667%	0.01580%	0.01542%
City's Proportionate Share of the Net Pension Liability	\$3,196,535	\$2,100,807	\$2,520,756	\$2,333,925	\$2,015,841	\$1,834,652	\$1,938,238	\$1,943,183	\$1,611,045	\$1,441,348
City's Covered Payroll	\$6,581,627	\$5,813,120	\$5,901,967	\$5,539,820	\$5,277,549	\$5,014,543	\$5,298,689	\$4,692,871	\$4,238,289	\$4,077,392
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	48.57%	36.14%	42.71%	42.13%	38.20%	36.59%	36.58%	41.41%	38.01%	35.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* Data before 2014 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of the City's Contributions - Florida Retirement System
September 30, 2023

Florida Retirement System - Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$1,089,979	\$ 891,185	\$ 806,835	\$ 640,949	\$ 561,045	\$ 473,561	\$ 453,154	\$ 418,590	\$ 406,224
Contributions in Relation to the Contractually Required Contributions	<u>1,089,979</u>	<u>891,185</u>	<u>806,835</u>	<u>640,949</u>	<u>561,045</u>	<u>473,561</u>	<u>453,154</u>	<u>418,590</u>	<u>406,224</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$6,795,944	\$6,106,952	\$5,975,815	\$5,523,643	\$5,423,115	\$4,956,870	\$5,178,393	\$4,778,396	\$4,376,506
Contributions as a Percentage of Covered Payroll	16.04%	14.59%	13.50%	11.60%	10.35%	9.55%	8.75%	8.76%	9.28%

Health Insurance Subsidy - Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 144,520	\$ 125,684	\$ 122,386	\$ 110,971	\$ 103,695	\$ 93,362	\$ 94,130	\$ 86,570	\$ 67,437
Contributions in Relation to the Contractually Required Contributions	<u>144,520</u>	<u>125,684</u>	<u>122,386</u>	<u>110,971</u>	<u>103,695</u>	<u>93,362</u>	<u>94,130</u>	<u>86,570</u>	<u>67,437</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$6,795,944	\$6,106,952	\$5,975,815	\$5,523,643	\$5,423,115	\$4,956,870	\$5,178,393	\$4,778,396	\$4,376,506
Contributions as a Percentage of Covered-employee Payroll	2.13%	2.06%	2.05%	2.01%	1.91%	1.88%	1.82%	1.81%	1.54%

* Data before 2015 is not available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
General government	\$ -	\$ 181	\$ -	\$ 181
Capital outlay	-	5,335,657	1,823,859	3,511,798
Total expenditures	-	5,335,838	1,823,859	3,511,979
Excess (deficiency) of revenues over expenditures	-	(5,335,838)	(1,823,859)	3,511,979
Other financing sources (uses)				
Transfers in	-	4,949	-	4,949
Total other financing sources (uses)	-	4,949	-	4,949
Net change in fund balances	-	(5,330,889)	(1,823,859)	3,516,928
Fund balances, beginning	4,442,522	4,442,522	4,442,522	-
Fund balances, ending	\$ 4,442,522	\$ (888,367)	\$ 2,618,663	\$ 3,516,928

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- Police Training Fund** - Accounts for revenues received pursuant to Chapter 943.25, Florida Statutes. Funds must be used to educate and train law enforcement personnel.
- Police Services Impact Fund** - Accounts for Police Impact fees collected and for disbursements made for the purpose of acquisition of facilities and equipment determined to be needed to provide police protection for new development within the City
- Fire/Rescue Services Impact Fund** - Accounts for Fire Impact fees collected and disbursements made for the purpose of acquisition of facilities and equipment determined to be needed to provide fire protection for new development within the City
- Police Forfeiture Fund** - Accounts for revenues derived from confiscated property which are used for law enforcement purposes.
- Parks and Recreation Impacts Fund** - Accounts for Parks and Recreation Impact fees collected and disbursements made for the purpose of acquisition of facilities and equipment determined to be needed to provide parks and recreation services for new development within the City
- Greater Downtown TIF District Fund** - Established to account for incremental ad valorem tax revenues collected within the related redevelopment area. Trust Fund Revenues are used to fund projects designed to enhance and improve the district.
- Fire Assessment Fund** - Accounts for the proceeds of the Fire Assessment Property Tax. The proceeds and interest accrued thereto, by law, are only to be used for public safety expenditures.
- Flag Pole Fund** - Accounts for expenditures related to maintenance of the City's flag pole monument.

Debt Service Funds

- Debt Service Fund** - Accounts for accumulation of resources and payment of bond principal and interest from governmental resources.

Permanent Funds

- Playground Fund** - Accounts for funds restricted for the benefit of recreation. The principal is nonexpendable.
- Library Building Fund** - Accounts for funds restricted for the benefit of the library. Interest earned may be spent on the library.

City of Tavares, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Special Revenue					
	Police Training	Police Services Impacts	Fire/Rescue Services Impacts	Police Forfeitures	Parks & Recreation Impacts	Greater Downtown TIF District
Assets:						
Cash and cash equivalents	\$ 2,581	\$ 128,177	\$ 433,968	\$ 1,856	\$ 476,632	\$ 275,387
Investments	-	851	-	-	-	6,995
Receivables, net	-	-	-	-	-	1,877
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$ 2,581	\$ 129,028	\$ 433,968	\$ 1,856	\$ 476,632	\$ 284,259
Liabilities, Fund Balances, and Deferred Inflows:						
Accounts payable	\$ 161	\$ -	\$ -	\$ -	\$ -	\$ 3,897
Accrued liabilities	-	-	-	-	-	814
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	450,000
Unearned revenue	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-
Total liabilities	161	-	-	-	-	454,711
Fund Balances (Deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	2,420	129,028	433,968	1,856	476,632	-
Unassigned	-	-	-	-	-	(170,452)
Total fund balances	2,420	129,028	433,968	1,856	476,632	(170,452)
Total liabilities, deferred inflows, and fund balances (deficits)	\$ 2,581	\$ 129,028	\$ 433,968	\$ 1,856	\$ 476,632	\$ 284,259

Special Revenue				Permanent Funds				Total Other Governmental Funds
Fire Assessment Fund	Flag Pole Fund	Citizen Donation	Total Special Revenue Funds	Debt Service Fund	Playground Fund	Library Building Fund	Total Permanent Funds	
\$ 419,446	\$ 1,673	\$ 8	\$ 1,739,728	\$ 545,741	\$ 18,034	\$ 12,241	\$ 30,275	\$ 2,315,744
-	-	-	7,846	28,791	16,906	12,121	29,027	65,664
193,033	-	-	194,910	-	-	-	-	194,910
-	-	-	-	-	-	-	-	-
-	-	-	-	10	-	-	-	10
<u>\$ 612,479</u>	<u>\$ 1,673</u>	<u>\$ 8</u>	<u>\$ 1,942,484</u>	<u>\$ 574,542</u>	<u>\$ 34,940</u>	<u>\$ 24,362</u>	<u>\$ 59,302</u>	<u>\$ 2,576,328</u>
\$ -	\$ -	\$ -	\$ 4,058	\$ -	\$ -	\$ -	\$ -	\$ 4,058
-	-	-	814	-	-	-	-	814
-	-	-	-	-	-	-	-	-
-	-	-	450,000	-	-	-	-	450,000
-	-	-	-	-	-	20,926	20,926	20,926
-	-	-	-	94,000	-	-	-	94,000
-	-	-	-	10,174	-	-	-	10,174
-	-	-	454,872	104,174	-	20,926	20,926	579,972
-	-	-	-	-	29,295	-	29,295	29,295
612,479	1,673	8	1,658,064	470,368	5,645	3,436	9,081	2,137,513
-	-	-	(170,452)	-	-	-	-	(170,452)
<u>612,479</u>	<u>1,673</u>	<u>8</u>	<u>1,487,612</u>	<u>470,368</u>	<u>34,940</u>	<u>3,436</u>	<u>38,376</u>	<u>1,996,356</u>
<u>\$ 612,479</u>	<u>\$ 1,673</u>	<u>\$ 8</u>	<u>\$ 1,942,484</u>	<u>\$ 574,542</u>	<u>\$ 34,940</u>	<u>\$ 24,362</u>	<u>\$ 59,302</u>	<u>\$ 2,576,328</u>

City of Tavares, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	Special Revenue					
	Police Training	Police Services Impacts	Fire/Rescue Services Impacts	Police Forfeitures	Parks & Recreation Impacts	Greater Downtown TIF District
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 538,847
Intergovernmental revenues	-	-	-	-	-	295
Special assessments	-	65,128	121,801	-	121,850	-
Charges for services	-	-	-	-	-	16,174
Fines and forfeitures	2,105	-	-	-	-	-
Investment income	-	40	-	-	-	328
Miscellaneous	-	-	-	-	-	400
Total revenues	<u>2,105</u>	<u>65,168</u>	<u>121,801</u>	<u>-</u>	<u>121,850</u>	<u>556,044</u>
Expenditures:						
Current:						
Public safety	1,242	27,075	-	3,625	-	-
Physical environment	-	-	-	-	-	-
Economic environment	-	-	-	-	-	310,027
Culture and recreation	-	-	-	-	30,748	-
Debt Service:						
Principal	-	16,248	16,248	-	-	-
Interest and fiscal charges	-	2,728	2,728	-	-	-
Total expenditures	<u>1,242</u>	<u>46,051</u>	<u>18,976</u>	<u>3,625</u>	<u>30,748</u>	<u>310,027</u>
Excess (deficiency) of revenues over expenditures	<u>863</u>	<u>19,117</u>	<u>102,825</u>	<u>(3,625)</u>	<u>91,102</u>	<u>246,017</u>
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(274,933)
Total other financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(274,933)</u>
Net change in fund balances	<u>863</u>	<u>19,117</u>	<u>102,825</u>	<u>(3,625)</u>	<u>91,102</u>	<u>(28,916)</u>
Fund balances, beginning	1,557	109,911	331,143	5,481	385,530	(141,536)
Fund balances, ending	<u>\$ 2,420</u>	<u>\$ 129,028</u>	<u>\$ 433,968</u>	<u>\$ 1,856</u>	<u>\$ 476,632</u>	<u>\$ (170,452)</u>

Special Revenue				Permanent Funds				Total Other Governmental Funds
Fire Assessment Fund	Flag Pole Fund	Citizen Donation	Total Special Revenue Funds	Debt Service Fund	Playground Fund	Library Building Fund	Total Permanent Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 538,847	\$ 261,942	\$ -	\$ -	\$ -	\$ 800,789
-	-	-	295	-	-	-	-	295
1,930,860	-	-	2,239,639	-	-	-	-	2,239,639
-	-	-	16,174	-	-	-	-	16,174
-	-	-	2,105	-	-	-	-	2,105
-	-	-	368	1,350	792	568	1,360	3,078
-	-	250	650	-	-	-	-	650
1,930,860	-	250	2,798,078	263,292	792	568	1,360	3,062,730
-	-	-	31,942	-	-	-	-	31,942
-	-	-	-	-	-	-	-	-
-	-	-	310,027	-	-	-	-	310,027
-	-	242	30,990	-	-	-	-	30,990
-	-	-	32,496	1,033,000	-	-	-	1,065,496
-	-	-	5,456	154,305	-	-	-	159,761
-	-	242	410,911	1,187,305	-	-	-	1,598,216
1,930,860	-	8	2,387,167	(924,013)	792	568	1,360	1,464,514
-	-	-	-	914,934	-	-	-	914,934
(1,892,750)	-	-	(2,167,683)	-	-	-	-	(2,167,683)
(1,892,750)	-	-	(2,167,683)	914,934	-	-	-	(1,252,749)
38,110	-	8	219,484	(9,079)	792	568	1,360	211,765
574,369	1,673	-	1,268,128	479,447	34,148	2,868	37,016	1,784,591
\$ 612,479	\$ 1,673	\$ 8	\$ 1,487,612	\$ 470,368	\$ 34,940	\$ 3,436	\$ 38,376	\$ 1,996,356

Police Training Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ 2,105	\$ 2,105	\$ -
Total revenues	-	2,105	2,105	-
Expenditures:				
Current:				
Public safety	-	1,243	1,242	1
Total expenditures	-	1,243	1,242	1
Excess (deficiency) of revenues over expenditures	-	862	863	1
Net change in fund balances	-	862	863	1
Fund balances, beginning	1,557	1,557	1,557	-
Fund balances, ending	\$ 1,557	\$ 2,419	\$ 2,420	\$ 1

**Police Services Impact Special Revenue Fund - Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual**

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 69,026	\$ 65,129	\$ 65,128	\$ (1)
Investment income	-	-	40	40
Total revenues	<u>69,026</u>	<u>65,129</u>	<u>65,168</u>	<u>39</u>
Expenditures:				
Current:				
Public safety	34,500	39,575	27,075	12,500
Debt Service:				
Principal	16,248	16,248	16,248	-
Interest and other charges	2,729	2,729	2,728	1
Total expenditures	<u>53,477</u>	<u>58,552</u>	<u>46,051</u>	<u>12,501</u>
Excess (deficiency) of revenues over expenditures	<u>15,549</u>	<u>6,577</u>	<u>19,117</u>	<u>12,540</u>
Net change in fund balances	15,549	6,577	19,117	12,540
Fund balances, beginning	109,911	109,911	109,911	-
Fund balances, ending	<u>\$ 125,460</u>	<u>\$ 116,488</u>	<u>\$ 129,028</u>	<u>\$ 12,540</u>

**Fire/Rescue Services Impact Special Revenue Fund - Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual**

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 129,091	\$ 121,802	\$ 121,801	\$ (1)
Total revenues	<u>129,091</u>	<u>121,802</u>	<u>121,801</u>	<u>(1)</u>
Expenditures:				
Current:				
Public safety	12,500	12,500	-	12,500
Debt Service:				
Principal	16,248	16,248	16,248	-
Interest and other charges	2,729	2,729	2,728	1
Total expenditures	<u>31,477</u>	<u>31,477</u>	<u>18,976</u>	<u>12,501</u>
Excess (deficiency) of revenues over expenditures	<u>97,614</u>	<u>90,325</u>	<u>102,825</u>	<u>12,500</u>
Net change in fund balances	97,614	90,325	102,825	12,500
Fund balances, beginning	331,143	331,143	331,143	-
Fund balances, ending	<u>\$ 428,757</u>	<u>\$ 421,468</u>	<u>\$ 433,968</u>	<u>\$ 12,500</u>

Police Forfeitures Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety	\$ -	\$ 3,682	\$ 3,625	\$ 57
Total expenditures	<u>-</u>	<u>3,682</u>	<u>3,625</u>	<u>57</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(3,682)</u>	<u>(3,625)</u>	<u>57</u>
Net change in fund balances	<u>-</u>	<u>(3,682)</u>	<u>(3,625)</u>	<u>57</u>
Fund balances, beginning	<u>5,481</u>	<u>5,481</u>	<u>5,481</u>	<u>-</u>
Fund balances, ending	<u>\$ 5,481</u>	<u>\$ 1,799</u>	<u>\$ 1,856</u>	<u>\$ 57</u>

Parks and Recreation Impact Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 141,017	\$ 121,851	\$ 121,850	\$ (1)
Total revenues	<u>141,017</u>	<u>121,851</u>	<u>121,850</u>	<u>(1)</u>
Expenditures:				
Current:				
Culture and recreation	30,000	60,749	30,748	30,001
Total expenditures	<u>30,000</u>	<u>60,749</u>	<u>30,748</u>	<u>30,001</u>
Excess (deficiency) of revenues over expenditures	<u>111,017</u>	<u>61,102</u>	<u>91,102</u>	<u>30,000</u>
Net change in fund balances	111,017	61,102	91,102	30,000
Fund balances, beginning	385,530	385,530	385,530	-
Fund balances, ending	<u>\$ 496,547</u>	<u>\$ 446,632</u>	<u>\$ 476,632</u>	<u>\$ 30,000</u>

Greater Downtown TIF District Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes and special assessments	\$ 543,908	\$ 538,847	\$ 538,847	\$ -
Intergovernmental revenues	-	295	295	-
Charges for services	-	16,174	16,174	-
Investment income	-	263	328	65
Miscellaneous	-	400	400	-
Total revenues	543,908	555,979	556,044	65
Expenditures:				
Current:				
Economic environment	268,975	322,052	310,027	12,025
Total expenditures	268,975	322,052	310,027	12,025
Excess (deficiency) of revenues over expenditures	274,933	233,927	246,017	12,090
Other financing sources (uses)				
Transfers out	(274,933)	(274,933)	(274,933)	-
Total other financing sources and uses	(274,933)	(274,933)	(274,933)	-
Net change in fund balances	-	(41,006)	(28,916)	12,090
Fund balances, beginning	(141,536)	(141,536)	(141,536)	-
Fund balances, ending	\$ (141,536)	\$ (182,542)	\$ (170,452)	\$ 12,090

Fire Assessment Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 1,892,750	\$ 1,892,750	\$ 1,930,860	\$ 38,110
Total revenues	<u>1,892,750</u>	<u>1,892,750</u>	<u>1,930,860</u>	<u>38,110</u>
Excess (deficiency) of revenues over expenditures	<u>1,892,750</u>	<u>1,892,750</u>	<u>1,930,860</u>	<u>38,110</u>
Other financing sources (uses)				
Transfers out	(1,892,750)	(1,892,750)	(1,892,750)	-
Total other financing sources and uses	<u>(1,892,750)</u>	<u>(1,892,750)</u>	<u>(1,892,750)</u>	<u>-</u>
Net change in fund balances	-	-	38,110	-
Fund balances, beginning	574,369	574,369	574,369	-
Fund balances, ending	<u>\$ 574,369</u>	<u>\$ 574,369</u>	<u>\$ 612,479</u>	<u>\$ -</u>

Flag Pole Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Physical environment	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	1,673	1,673	1,673	-
Fund balances, ending	<u>\$ 1,673</u>	<u>\$ 1,673</u>	<u>\$ 1,673</u>	<u>\$ -</u>

Citizen Donation Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ 250	\$ 250	\$ -
Total revenues	<u>-</u>	<u>250</u>	<u>250</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	-	250	242	8
Total expenditures	<u>-</u>	<u>250</u>	<u>242</u>	<u>8</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Net change in fund balances	-	-	8	8
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 8</u>

Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 271,709	\$ 299,864	\$ 261,942	\$ (37,922)
Investment income	30	1,082	1,350	268
Total revenues	<u>271,739</u>	<u>300,946</u>	<u>263,292</u>	<u>(37,654)</u>
Expenditures:				
Debt Service:				
Principal	1,029,000	1,029,000	1,033,000	(4,000)
Interest and other charges	157,700	157,700	154,305	3,395
Total expenditures	<u>1,186,700</u>	<u>1,186,700</u>	<u>1,187,305</u>	<u>(605)</u>
Excess (deficiency) of revenues over expenditures	<u>(914,961)</u>	<u>(885,754)</u>	<u>(924,013)</u>	<u>(38,259)</u>
Other financing sources (uses)				
Transfers in	914,934	914,934	914,934	-
Total other financing sources and uses	<u>914,934</u>	<u>914,934</u>	<u>914,934</u>	<u>-</u>
Net change in fund balances	(27)	29,180	(9,079)	(38,259)
Fund balances, beginning	479,447	479,447	479,447	-
Fund balances, ending	<u>\$ 479,420</u>	<u>\$ 508,627</u>	<u>\$ 470,368</u>	<u>\$ (38,259)</u>

FIDUCIARY FUNDS

Pension Trust Funds

- Police Officers Pension Trust Fund** - Accounts for the accumulation of resources to be used for the retirement annuities of all police officers. The State contributes money based upon the number of police officers and the City contributes an amount determined by an actuarial study.

- Firefighters Pension Trust Fund** - Accounts for the accumulation of resources to be used for the retirement annuities of all firefighters. The State contributes money based upon the number of firefighters and the City contributes an amount determined by an actuarial study.

City of Tavares, Florida
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2023

	Pension Trust Funds		Total Pension Funds
	Police Officers	Firefighters	
Assets:			
Cash and cash equivalents	\$ 151,903	\$ 352,577	\$ 504,480
Investments, at fair value:			
Corporate bonds & other debt securities	4,489,933	2,897,928	7,387,861
Mutual funds - fixed income	1,559,807	950,895	2,510,702
Mutual funds - equity	8,267,684	5,820,731	14,088,415
Common and collective funds	1,058,592	683,513	1,742,105
Total investments	<u>15,376,016</u>	<u>10,353,067</u>	<u>25,729,083</u>
Total assets	<u>15,527,919</u>	<u>10,705,644</u>	<u>26,233,563</u>
Net Position - Restricted for Pensions	<u>\$ 15,527,919</u>	<u>\$ 10,705,644</u>	<u>\$ 26,233,563</u>

Combining Statement of Changes in Fiduciary Net Position**Fiduciary Funds**

For the Year Ended September 30, 2023

	Pension Trust Funds		Total Pension Funds
	Police Officers	Firefighters	
Additions:			
Contributions:			
Employer	\$ 537,993	\$ 306,873	\$ 844,866
Plan members	146,923	34,793	181,716
State	174,263	157,944	332,207
Total contributions	859,179	499,610	1,358,789
Investment earnings:			
Net increase (decrease) in fair value	714,152	535,283	1,249,435
Interest	375,353	279,910	655,263
Less: investment expense	(33,945)	(27,338)	(61,283)
Net investment earnings (loss)	1,055,560	787,855	1,843,415
Total additions	1,914,739	1,287,465	3,202,204
Deductions:			
Benefits/distributions	895,335	426,790	1,322,125
Administrative expenses	70,118	60,405	130,523
Total deductions	965,453	487,195	1,452,648
Change in net position	949,286	800,270	1,749,556
Net position, beginning	14,578,633	9,905,374	24,484,007
Net position, ending	\$ 15,527,919	\$ 10,705,644	\$ 26,233,563

STATISTICAL SECTION



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STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health.

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF TAVARES, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 16,498,925	\$ 19,011,685	\$ 21,019,429	\$ 23,166,805
Restricted	1,223,655	1,276,753	1,406,022	1,853,166
Unrestricted	(219,472)	(6,355,282)	(7,939,103)	(3,771,617)
Total Government Activities Net Position	<u>\$ 17,503,108</u>	<u>\$ 13,933,156</u>	<u>\$ 14,486,348</u>	<u>\$ 21,248,354</u>
Business-type Activities				
Net investment in capital assets	\$ 18,478,622	\$ 19,175,272	\$ 20,238,689	\$ 22,642,480
Restricted	5,910,482	6,253,305	6,665,410	5,050,404
Unrestricted	9,705,339	10,066,710	11,041,872	14,622,565
Total Business-type Activities Net Position	<u>\$ 34,094,443</u>	<u>\$ 35,495,287</u>	<u>\$ 37,945,971</u>	<u>\$ 42,315,449</u>
Primary Government				
Net investment in capital assets	\$ 34,977,547	\$ 38,186,957	\$ 41,258,118	\$ 45,809,285
Restricted	7,134,137	7,530,058	8,071,432	6,903,570
Unrestricted	9,485,867	3,711,428	3,102,769	10,850,948
Total Primary Government Net Position	<u>\$ 51,597,551</u>	<u>\$ 49,428,443</u>	<u>\$ 52,432,319</u>	<u>\$ 63,563,803</u>

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 26,424,663	\$ 28,161,534	\$ 32,064,811	\$ 40,682,650	\$ 41,946,144	\$ 55,832,560	
1,780,710	1,458,161	7,301,862	2,012,797	2,229,941	3,300,063	
(4,470,840)	(381,044)	(6,144,922)	(4,961,840)	(1,621,105)	241,997	
<u>\$ 23,734,533</u>	<u>\$ 29,238,651</u>	<u>\$ 33,221,751</u>	<u>\$ 37,733,607</u>	<u>\$ 42,554,980</u>	<u>\$ 59,374,620</u>	
\$ 22,259,502	\$ 23,204,524	\$ 23,493,373	\$ 24,641,521	\$ 24,992,080	\$ 26,451,299	
4,618,956	4,884,035	4,900,393	4,943,397	4,793,728	5,087,540	
16,879,433	18,188,520	20,185,502	21,319,977	24,112,158	24,924,025	
<u>\$ 43,757,891</u>	<u>\$ 46,277,079</u>	<u>\$ 48,579,268</u>	<u>\$ 50,904,895</u>	<u>\$ 53,897,966</u>	<u>\$ 56,462,864</u>	
\$ 48,684,165	\$ 51,366,058	\$ 55,558,184	\$ 65,324,171	\$ 66,938,224	\$ 82,283,859	
6,399,666	6,342,196	12,202,255	6,956,194	7,023,669	8,387,603	
12,408,593	17,807,476	14,040,580	16,358,137	22,491,053	25,166,022	
<u>\$ 67,492,424</u>	<u>\$ 75,515,730</u>	<u>\$ 81,801,019</u>	<u>\$ 88,638,502</u>	<u>\$ 96,452,946</u>	<u>\$ 115,837,484</u>	

CITY OF TAVARES, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General government	\$ 2,791,383	\$ 4,037,720	\$ 3,207,946	\$ 3,313,656	\$ 3,553,653	\$ 3,939,032	\$ 4,337,817	\$ 3,823,113	\$ 4,129,777	\$ 5,372,068
Public safety	5,731,360	5,812,508	6,133,272	6,353,989	6,478,044	7,267,071	7,722,446	7,181,650	9,716,539	10,764,540
Physical environment	2,266,877	2,228,153	2,536,316	2,529,855	3,001,665	2,924,254	2,848,128	2,945,305	3,671,328	3,995,405
Economic environment	1,711,442	510,033	404,606	363,765	465,482	555,947	522,862	516,772	585,356	760,320
Culture & recreation	2,394,261	1,816,003	3,253,170	3,544,566	3,429,245	3,797,121	3,972,217	3,351,437	3,710,289	4,245,250
Interest & other fiscal charges on long-term debt	416,484	381,845	490,199	677,979	777,174	742,038	721,920	642,875	658,515	743,604
Total Governmental Activities Expenses	15,311,807	14,786,262	16,025,509	16,783,810	17,705,263	19,225,463	20,125,390	18,461,152	22,471,804	25,881,187
Business-type Activities:										
Water & sewer	6,356,680	6,190,916	6,856,155	7,489,129	8,161,242	8,242,600	8,390,496	8,286,951	9,286,668	10,349,972
Sanitation	1,742,068	1,687,934	1,858,449	2,001,336	2,072,946	2,140,411	2,247,012	2,386,957	2,470,330	2,740,600
Stormwater	397,368	461,110	478,996	539,609	619,827	522,396	825,328	1,256,655	1,383,924	1,509,937
Seaplane Base	713,219	642,806	672,184	898,921	790,392	886,445	789,538	660,035	1,024,762	1,071,458
Total Business-type Activities Expenses	9,209,335	8,982,766	9,865,784	10,928,995	11,644,407	11,791,852	12,252,374	12,590,598	14,165,684	15,671,967
Total Primary Government Expenses	\$ 24,521,142	\$ 23,769,028	\$ 25,891,293	\$ 27,712,805	\$ 29,349,670	\$ 31,017,315	\$ 32,377,764	\$ 31,051,750	\$ 36,637,488	\$ 41,553,154
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 59,912	\$ 22,969	\$ 48,191	\$ 46,507	\$ 50,995	\$ 44,388	\$ 44,383	\$ 44,795	\$ 43,397	\$ 47,353
Public safety	1,628,198	1,726,953	1,782,726	1,601,757	1,745,267	1,829,337	1,819,036	1,856,555	1,901,917	1,966,166
Physical environment	775,432	885,851	844,086	1,582,386	1,383,492	489,698	1,214,554	1,176,153	2,207,395	2,298,117
Economic environment	6,525	46,056	26,463	29,550	20,375	23,845	19,110	5,900	8,190	16,174
Culture & recreation	188,132	416,539	456,654	594,404	534,660	449,542	298,393	399,508	526,086	550,237
Operating grants and contributions	639,973	539,779	577,234	621,338	621,132	666,801	2,462,441	915,825	2,220,416	735,897
Capital grants and contributions	1,710,293	532,984	395,043	5,356,009	1,212,353	5,214,037	1,523,195	909,973	1,107,586	14,961,360
Total Governmental Activities Program Revenues	5,008,465	4,171,131	4,130,397	9,831,951	5,568,274	8,717,648	7,381,112	5,308,709	8,014,987	20,575,304

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type Activities:										
Charges for services:										
Water & Sewer	8,822,402	8,209,457	9,041,225	10,690,718	9,625,362	10,163,373	10,586,767	10,895,658	11,726,844	12,880,643
Solid Waste	2,672,040	2,746,477	2,863,205	2,948,456	3,035,617	3,208,736	3,329,348	3,540,508	3,697,203	3,942,341
Stormwater	797,195	964,612	1,128,802	1,206,254	1,369,766	1,564,091	1,585,634	1,631,563	1,678,263	1,723,442
Seaplane Base	341,514	310,651	294,207	314,345	165,974	187,439	126,767	212,106	637,669	651,298
Operating grants and contributions	191,588	6,412	-	-	17,199	446,927	18,139	-	-	-
Capital grants and contributions	473,635	851,788	748,619	1,987,157	575,074	968,716	1,409,287	977,945	2,019,378	1,662,213
Total Business-type Activities Program Revenues	13,298,374	13,089,397	14,076,058	17,146,930	14,788,992	16,539,282	17,055,942	17,257,780	19,759,357	20,859,937
Total Government Program Revenues	\$ 18,306,839	\$ 17,260,528	\$ 18,206,455	\$ 26,978,881	\$ 20,357,266	\$ 25,256,930	\$ 24,437,054	\$ 22,566,489	\$ 27,774,344	\$ 41,435,241
Net (Expense)/Revenue										
Governmental activities	\$ (10,303,342)	\$ (10,615,131)	\$ (11,895,112)	\$ (9,765,688)	\$ (12,136,989)	\$ (10,507,815)	\$ (12,744,278)	\$ (13,152,443)	\$ (14,456,817)	\$ (5,305,883)
Business-type activities	4,089,039	4,106,631	4,210,274	6,217,935	3,144,585	4,747,430	4,803,568	4,667,182	5,593,673	5,187,970
Total Government Net Expense	\$ (6,214,303)	\$ (6,508,500)	\$ (7,684,838)	\$ (3,547,753)	\$ (8,992,404)	\$ (5,760,385)	\$ (7,940,710)	\$ (8,485,261)	\$ (8,863,144)	\$ (117,913)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 4,096,418	\$ 4,485,134	\$ 4,648,607	\$ 5,415,318	\$ 5,831,830	\$ 6,532,692	\$ 6,995,761	\$ 7,454,007	\$ 7,887,689	\$ 9,116,495
Franchise and utility taxes	3,005,572	2,944,299	3,057,287	3,094,953	3,241,864	3,421,522	3,511,536	3,624,500	4,005,351	4,399,851
Intergovernmental	2,388,459	2,586,042	2,743,544	2,911,302	3,256,119	3,413,252	3,363,341	3,893,281	4,462,569	4,979,682
Investment earnings and miscellaneous	221,333	148,756	215,247	272,627	367,133	256,341	255,806	251,980	222,647	158,576
Transfers	1,631,246	1,701,403	1,783,619	2,019,665	2,118,193	2,388,126	2,600,734	2,440,531	2,699,934	2,916,627
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	554,292
Total Governmental Activities	11,343,028	11,865,634	12,448,304	13,713,865	14,815,139	16,011,933	16,727,178	17,664,299	19,278,190	22,125,523
Business-type Activities:										
Investment earnings and miscellaneous	178,373	31,644	24,029	171,208	502,374	159,884	99,355	98,976	99,332	275,555
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	18,000
Transfers	(1,631,246)	(1,701,403)	(1,783,619)	(2,019,665)	(2,118,193)	(2,388,126)	(2,600,734)	(2,440,531)	(2,699,934)	(2,916,627)
Total Business-type Activities	(1,452,873)	(1,669,759)	(1,759,590)	(1,848,457)	(1,615,819)	(2,228,242)	(2,501,379)	(2,341,555)	(2,600,602)	(2,623,072)
Total Government	\$ 9,890,155	\$ 10,195,875	\$ 10,688,714	\$ 11,865,408	\$ 13,199,320	\$ 13,783,691	\$ 14,225,799	\$ 15,322,744	\$ 16,677,588	\$ 19,502,451
Change in Net Position										
Governmental Activities	\$ 1,039,686	\$ 1,250,603	\$ 553,192	\$ 6,762,006	\$ 2,678,150	\$ 5,504,118	\$ 3,982,900	\$ 4,511,856	\$ 4,821,373	\$ 16,819,640
Business-type Activities	2,636,166	2,436,772	2,450,684	4,369,478	1,528,766	2,519,188	2,302,189	2,325,627	2,993,071	2,564,898
Total Government	\$ 3,675,852	\$ 3,687,375	\$ 3,003,876	\$ 11,131,484	\$ 4,206,916	\$ 8,023,306	\$ 6,285,089	\$ 6,837,483	\$ 7,814,444	\$ 19,384,538

CITY OF TAVARES, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE ¹
LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year	Property Taxes	Franchise Fees	Utility Taxes	Total Taxes
2014	4,096,418	1,033,254	1,972,318	7,101,990
2015	4,485,134	1,059,183	1,885,116	7,429,433
2016	4,648,607	1,070,096	1,987,191	7,705,894
2017	4,938,955	1,075,406	2,019,548	8,033,909
2018	5,831,831	1,147,806	2,094,056	9,073,693
2019	6,532,692	1,232,621	2,188,901	9,954,214
2020	6,995,760	1,222,741	2,288,796	10,507,297
2021	7,454,006	1,253,044	2,371,456	11,078,506
2022	7,887,689	1,456,855	2,548,496	11,893,039
2023	9,116,495	1,675,460	2,724,391	13,516,346

Note:

1. Table does not include shared tax revenues collected through intergovernmental revenues.



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CITY OF TAVARES, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Nonspendable	\$ 540,551	\$ 646,823	\$ 60,791	\$ 62,598
Restricted	-	-	910,596	-
Assigned	-	-	-	-
Unassigned	645,630	396,676	562,346	1,292,300
Total general fund	<u>\$ 1,186,181</u>	<u>\$ 1,043,499</u>	<u>\$ 1,533,733</u>	<u>\$ 1,354,898</u>
All Other Governmental Funds				
Nonspendable	\$ 569,846	\$ 676,118	\$ 90,086	\$ 29,295
Restricted	1,194,360	1,247,458	13,378,976	13,363,104
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(957,583)	(2,367,330)	(2,435,536)	(3,486,308)
Total all other governmental funds	<u>\$ 806,623</u>	<u>\$ (443,754)</u>	<u>\$ 11,033,526</u>	<u>\$ 9,906,091</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 314,142	\$ 62,186	\$ 62,926	\$ 224,411	\$ 197,424	\$ 232,925
-	-	-	-	-	-
-	-	1,762,947	-	167,008	139,435
1,775,046	2,306,142	2,424,721	3,793,466	7,809,028	12,058,712
<u>\$ 2,089,188</u>	<u>\$ 2,368,328</u>	<u>\$ 4,250,594</u>	<u>\$ 4,017,877</u>	<u>\$ 8,173,460</u>	<u>\$ 12,431,072</u>
\$ 29,295	\$ 29,295	\$ 29,295	\$ 29,295	\$ 29,295	\$ 29,295
12,233,205	2,486,468	10,062,764	4,059,027	8,114,913	7,271,724
-	-	-	-	-	-
-	-	-	-	-	-
(3,034,609)	(3,495,088)	(2,562,536)	(2,498,110)	(2,449,141)	(2,452,850)
<u>\$ 9,227,891</u>	<u>\$ (979,325)</u>	<u>\$ 7,529,523</u>	<u>\$ 1,590,212</u>	<u>\$ 5,695,067</u>	<u>\$ 4,848,169</u>

CITY OF TAVARES, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2014	2015	2016	2017
<u>Revenues</u>				
Taxes	\$ 7,101,990	\$ 7,429,433	\$ 7,705,894	\$ 8,510,271
Licenses and Permits	810,072	914,903	883,388	1,602,768
Intergovernmental	4,738,725	3,658,805	3,715,821	5,629,971
Special assessments	-	1,558,276	1,600,939	1,578,475
Charges for Services	1,807,454	576,344	637,118	1,090,309
Fines and Forfeitures	40,673	48,845	36,675	27,901
Investment Earnings	7,290	10,638	9,153	53,242
Miscellaneous	214,043	138,118	206,094	219,385
Total Revenues	<u>14,720,247</u>	<u>14,335,362</u>	<u>14,795,082</u>	<u>18,712,322</u>
<u>Expenditures</u>				
General Government	2,686,306	2,926,983	3,165,242	3,010,357
Public Safety	6,272,625	5,736,338	6,589,567	6,529,349
Physical Environment	1,743,596	2,351,901	2,505,055	5,313,210
Economic Environment	1,706,500	536,766	409,491	321,964
Culture & Recreation	2,287,092	2,698,589	3,241,913	3,637,088
Capital Outlay ¹	4,438,507	1,207,915	-	-
Debt Service				
Principal	1,244,506	1,443,533	1,485,227	1,010,009
Interest and fiscal charges	418,679	385,217	479,926	682,547
Total expenditures	<u>20,797,811</u>	<u>17,287,242</u>	<u>17,876,421</u>	<u>20,504,524</u>
Excess of Revenues Over (Under) Expenditures	(6,077,564)	(2,951,880)	(3,081,339)	(1,792,202)
<u>Other Financing Sources (Uses)</u>				
Issuance of Bonds and Notes	-	-	12,775,000	-
Issuance of Refunding Debt	-	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-
Lease Proceeds	464,960	-	-	-
Insurance recoveries	-	-	-	-
Sale of general capital assets	-	-	-	-
Transfers In	3,835,724	6,446,403	4,407,833	4,702,584
Transfers Out	(2,204,478)	(4,744,900)	(2,624,214)	(2,682,919)
Total Other Financing Sources (Uses)	<u>2,096,206</u>	<u>1,701,503</u>	<u>14,558,619</u>	<u>2,019,665</u>
Net Change in Fund Balances	<u>\$ (3,981,358)</u>	<u>\$ (1,250,377)</u>	<u>\$ 11,477,280</u>	<u>\$ 227,463</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>10.82%</u>	<u>12.18%</u>	<u>12.43%</u>	<u>10.60%</u>

Note:

1. Capital outlay is reported within expenditure activity line items for years after 2000.
2. Debt service reported in fiscal year 2012 includes debt service payoff for refinancing the Wootton Park Capital Note 2008

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 9,073,694	\$ 9,954,214	\$ 10,507,297	\$ 11,078,507	\$ 11,893,040	\$ 13,516,346
1,426,190	532,831	1,248,896	1,205,996	2,209,392	2,318,891
4,938,192	4,550,699	6,403,672	5,522,632	7,358,508	20,368,160
1,708,453	1,778,784	1,789,075	1,834,316	1,875,174	2,239,639
710,156	514,933	441,051	782,279	1,004,641	589,719
41,402	54,185	32,333	24,726	29,841	38,577
53,875	30,911	3,999	441	2,199	12,766
974,862	225,430	251,807	251,539	220,448	145,810
<u>18,926,824</u>	<u>17,641,987</u>	<u>20,678,130</u>	<u>20,700,436</u>	<u>24,593,243</u>	<u>39,229,908</u>
3,195,973	3,597,392	3,972,107	4,217,196	4,005,907	5,017,850
11,062,518	17,878,021	7,836,962	8,094,765	8,492,997	9,333,362
2,652,765	2,956,630	3,126,467	3,558,147	3,733,696	11,117,580
421,221	457,250	415,701	508,591	531,386	667,980
3,019,183	3,262,635	3,373,346	3,440,127	3,507,464	9,041,867
1,626,876	510,137	2,042,492	6,649,055	379,924	1,823,859
1,298,124	1,932,140	725,981	2,190,976	2,289,666	2,535,496
759,463	737,917	1,773,678	654,138	641,699	729,700
<u>24,036,123</u>	<u>31,332,122</u>	<u>23,266,734</u>	<u>29,312,995</u>	<u>23,582,739</u>	<u>40,267,694</u>
(5,109,299)	(13,690,135)	(2,588,604)	(8,612,559)	1,010,504	(1,037,786)
-	837,000	837,000	1,915,000	4,550,000	976,000
5,484,000	-	-	-	-	-
(2,436,804)	-	-	-	-	-
-	339,398	339,398	-	-	-
-	197,535	197,535	-	-	-
-	-	-	-	-	555,873
5,125,471	5,750,324	5,750,324	8,079,843	12,002,369	6,977,239
(3,007,278)	(3,362,198)	(3,362,198)	(5,479,109)	(9,302,435)	(4,060,612)
<u>5,165,389</u>	<u>3,762,059</u>	<u>3,762,059</u>	<u>4,515,734</u>	<u>7,249,934</u>	<u>4,448,500</u>
\$ 56,090	\$ (9,928,076)	\$ 1,173,455	\$ (4,096,825)	\$ 8,260,438	\$ 3,410,714
<u>12.04%</u>	<u>14.37%</u>	<u>12.63%</u>	<u>14.10%</u>	<u>13.86%</u>	<u>14.20%</u>

CITY OF TAVARES, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Real Property				
	Total Residential and Commercial Real Property	Residential Property	% Residential	Commercial Property	% Commercial
2014	549,971,614	342,082,344	62.20%	163,341,569	29.70%
2015	635,249,590	395,760,495	62.30%	195,656,874	30.80%
2016	675,210,640	446,989,444	66.20%	180,281,241	26.70%
2017	732,019,797	495,577,403	67.70%	185,933,028	25.40%
2018	808,059,254	551,096,411	68.20%	202,014,814	25.00%
2019	826,783,639	563,866,442	68.20%	206,695,910	25.00%
2020	977,427,706	669,537,978	68.50%	244,356,926	25.00%
2021	1,048,740,790	769,606,460	73.38%	289,881,311	27.64%
2022	1,136,789,454	769,606,460	67.70%	289,881,311	25.50%
2023	1,421,188,546	1,018,992,187	71.70%	332,558,120	23.40%

Note: ** Data not available

Note: *Excludes Centrally Assessed Properties*

<u>Personal Property</u>	<u>Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
52,128,871	367,031,678	557,552,784	6.4531	557,552,784	100%
43,832,222	404,380,311	635,249,590	6.7283	635,249,590	100%
47,939,955	576,550,310	675,210,640	6.6166	675,210,640	100%
50,509,366	346,311,142	732,019,797	7.1000	732,019,797	100%
58,988,326	528,449,845	812,099,551	7.0000	812,099,551	100%
60,717,621	555,815,514	831,279,973	7.1119	831,279,973	100%
63,532,801	581,842,145	977,427,705	6.9500	977,427,705	100%
67,280,675	567,988,941	1,126,768,446	6.9000	1,126,768,446	100%
72,754,525	577,461,545	1,132,242,296	6.7579	1,132,242,296	100%
69,638,239	637,566,294	1,421,188,546	6.5950	1,421,188,546	100%

CITY OF TAVARES, FLORIDA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING ¹ GOVERNMENTS
LAST TEN FISCAL YEARS ²

Fiscal Year	Direct City of Tavares Operating Millage	City of Tavares Debt Service Millage	Overlapping Rates										Total Direct & Overlapping Rates
			Lake County			Lake County School District			Independent Hospital District	Lake County Water Authority	St. John's Water Management District		
			Operating Millage	Debt Service Millage	MSTU ³	Operating Millage	Capital Outlay	Total School Millage					
2014	6.4531	0.4533	4.7309	0.1900	1.2059	6.1268	4.9220	2.2480	7.1700	1.0000	0.2554	0.3283	21.7869
2015	6.7283	0.4286	5.3856	0.1600	1.4290	6.9746	5.7460	1.5000	7.2460	1.0000	0.2554	0.3164	22.9493
2016	6.6166	0.4068	5.3051	0.1600	1.4290	6.8941	5.6970	1.5000	7.1970	1.0000	0.2554	0.3023	22.6722
2017	7.1000	0.4068	5.1180	0.1524	1.4290	6.6994	4.6270	2.2480	6.8750	1.0000	0.2554	0.2885	22.6251
2018	7.0000	0.3397	5.1180	0.1524	0.9661	6.2365	5.1030	1.5000	6.6030	1.0000	0.2554	0.2724	21.7070
2019	7.1119	0.3052	5.1180	0.1324	0.4629	5.7133	4.8550	1.5000	6.3550	0.9800	0.4900	0.2562	21.2116
2020	6.9500	0.2932	5.0734	0.1100	0.4629	5.7133	3.8850	2.9980	6.8830	0.9500	0.3557	0.2414	21.3866
2021	6.9000	0.2623	5.0327	0.1100	0.4629	5.6060	6.6990	0.0000	6.6990	0.8950	0.3368	0.2287	20.9278
2022	6.7579	0.2391	5.0529	0.0918	0.4629	5.6076	6.5920	0.0000	6.5920	0.0000	0.3229	0.2189	19.7384
2023	6.6950	0.2074	5.0364	0.0918	0.4629	5.5911	6.2480	0.0000	6.2480	0.5000	0.3083	0.1974	19.7472

Source: Lake County Tax Collectors Office

Notes:

1. Overlapping rates are those of local and county governments that apply to property owners within the City of Tavares
2. Taxes levied for the fiscal year are based on the prior year taxable value.
3. Ambulance MSTU

CITY OF TAVARES, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

September 30, 2023

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atwater Apartments	\$ 87,626,080	1	21.67%			
Chestnut of Tavares LLC	72,595,360	2	17.95%			
Lakeview Crest LLC	49,049,700	3	12.13%			
Sumter Electric Co-op Inc	37,535,532	4	9.28%			
Amsdell Storage Ventures XXXIV LLC	30,666,080	5	7.58%			
COB MHC Lake Point One LLC	27,605,448	6	6.83%			
D R Horton Inc	26,838,940	7	6.64%			
Tiki Village MHC LLC	24,543,520	8	6.07%			
V 3 Tavares Retail LLC	24,522,580	9	6.06%			
WCA of Florida LLC	23,356,804	10	5.78%			
Lakeview Crest LLC				\$ 10,819,070	1	22.81%
Sumter Electric Co-op Inc				6,291,051	2	13.26%
Embarq-Florida Inc				5,028,906	3	10.60%
Cole Ko Tavares LLC				4,619,768	4	9.74%
GW Schultz Tool Company Inc				3,911,878	5	8.25%
Stag III Tavares LLC				3,839,975	6	8.10%
Duke Energy				3,722,141	7	7.85%
Tamnac America LLC				3,125,560	8	6.59%
BLC Tavares-GC LLC				3,087,942	9	6.51%
84SLB1 LLC				2,981,629	10	6.29%
Totals	<u>\$ 404,340,044</u>		<u>100.00%</u>	<u>\$ 47,427,920</u>		<u>100.00%</u>

Source: Lake County Property Appraiser

CITY OF TAVARES, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	4,277,136	3,723,940	87.07%	108,291	3,832,231	89.60%
2015	4,277,136	3,599,357	84.15%	123,521	3,722,878	87.04%
2016	4,463,583	4,198,281	94.06%	105,651	4,303,932	96.42%
2017	5,187,341	5,008,126	96.55%	6,377	5,014,503	96.67%
2018	5,656,415	5,241,329	92.66%	98,496	5,339,825	94.40%
2019	6,316,619	6,129,045	97.03%	140,171	6,269,216	99.25%
2020	6,793,123	6,601,651	97.18%	117,045	6,718,696	98.90%
2021	7,682,309	7,213,432	93.90%	90,678	7,304,110	95.08%
2022	7,797,941	7,516,386	96.39%	108,995	7,625,381	97.79%
2023	8,770,929	8,036,838	91.63%	278,868	8,315,706	94.81%

Note: Excludes Voted Debt Service Levy; includes TIF Collections

CITY OF TAVARES, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita
	Bonds Payable	Notes Payable	Leases	Water Revenue Bonds	Notes Payable	Leases			
2014	-	14,439,750	67,909	6,665,000	26,107,432	457,319	47,737,410	8.75%	3,274
2015	-	13,023,005	41,121	6,325,000	29,657,665	362,356	49,409,147	8.66%	3,271
2016	-	24,339,565	14,334	5,975,000	30,044,975	265,587	60,639,461	10.06%	3,791
2017	-	23,343,890	-	5,620,000	30,124,770	166,980	59,255,640	8.56%	3,704
2018	-	25,092,962	-	5,255,000	34,812,740	66,499	65,227,201	9.42%	3,997
2019	-	24,037,000	300,220	4,875,000	33,629,082	-	62,841,302	13.48%	3,615
2020	-	23,938,889	270,728	4,490,000	33,555,854	-	62,255,471	13.39%	3,508
2021	-	21,777,000	241,752	7,695,000	34,757,720	-	64,471,472	11.68%	3,289
2022	-	24,069,000	210,086	7,285,000	35,711,381	-	67,275,467	12.19%	3,432
2023	-	22,542,000	177,590	6,720,000	35,111,249	-	64,550,839	8.69%	3,065

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

** Data is not available

1. See the Schedule of Demographic and Economic Statistics on page 110 for personal income and population data. Personal income for Tavares is calculated using population and per capita income.

CITY OF TAVARES, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Governmental Activities					
Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2014	2,938,000	45,326	2,892,674	0.52%	203
2015	2,747,000	36,918	2,710,082	0.43%	179
2016	2,551,000	36,490	2,514,510	0.37%	157
2017	2,350,000	36,490	2,313,510	0.32%	142
2018	2,143,000	36,491	2,106,509	0.26%	139
2019	1,930,000	469,316	1,460,684	0.18%	97
2020	1,711,000	571,198	1,139,802	0.12%	64
2021	1,486,000	44,558	1,441,442	0.14%	74
2022	1,255,000	43,651	1,211,349	0.11%	58
2023	1,018,000	50,636	967,364	0.07%	46

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements

1. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 120-121 for property value data.
2. Population data can be found in the Schedule of Demographic and Economic Statistics on page 110.

CITY OF TAVARES, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2023

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Lake County General Obligation Debt	\$ 7,260,000	4.31%	\$ 312,906
Subtotal, overlapping debt			
Direct Debt:			
Governmental activities debt	1,018,000	100%	1,018,000
Total direct and overlapping debt	<u>\$ 8,278,000</u>		<u>\$ 1,330,906</u>

Sources:

Lake County Property Appraiser's Office
 Lake County Finance Department
 Lake County School Board

Notes:

1. Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Tavares
2. The City issued General Obligation Bonds in fiscal year 2012.

CITY OF TAVARES, FLORIDA

LEGAL DEBT MARGIN

September 30, 2023

Neither the City of Tavares Charter or Code nor the Florida State Statutes limit the amount of debt the City of Tavares can issue.

CITY OF TAVARES, FLORIDA

REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
WATER AND SEWER FUND

Fiscal Year	Water/Sewer Gross ¹ Revenues	Less: Operating ² Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2014	8,942,915	3,907,264	5,035,651	691,744	502,119	1,193,863	4.22
2015	8,212,984	3,920,052	4,292,932	1,046,323	294,507	1,340,830	3.20
2016	9,789,844	4,134,075	5,655,769	1,555,284	363,936	1,919,220	2.95
2017	11,502,519	4,896,380	6,606,139	1,861,610	474,259	2,335,869	2.83
2018	10,506,041	5,141,480	5,364,561	1,377,168	490,262	1,867,430	2.87
2019	11,288,021	6,522,080	4,765,941	1,604,420	760,820	2,365,240	2.01
2020	11,951,349	6,521,604	5,429,745	1,958,666	724,589	2,683,255	2.02
2021	11,933,768	6,591,847	5,341,921	1,813,812	699,961	2,513,773	2.13
2022	13,831,046	7,389,255	6,441,791	1,992,658	753,168	2,745,826	2.35
2023	14,782,434	8,395,663	6,386,771	2,231,655	733,590	2,965,245	2.15

Notes:

1. Total Operating Revenue (including impact fees).
2. Excludes depreciation expense
3. Debt service principal Includes notes payable
4. Debt service interest excludes interest on capital leases & capitalized interest (excludes other debt service cost)
5. Stormwater has been excluded

CITY OF TAVARES, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Formal Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2014	14,582	542,815	37,225	52.5	13.13	43,925	5.5%
2015	15,106	570,674	37,778	52.6	13.13	41,343	5.2%
2016	15,996	603,017	37,698	46.1	10.30	42,414	4.6%
2017	16,317	692,086	42,415	54.9	13.40	42,414	3.4%
2018	15,106	**	**	**	**	43,174	2.9%
2019	17,385	466,092	26,810	55.4	**	42,000	2.9%
2020	17,749	465,077	26,203	51.4	**	44,798	7.4%
2021	17,397	552,076	31,734	54.3	**	46,094	4.3%
2022	19,600	966,535	49,313	54.1	**	42,000	2.7%
2023	21,061	743,116	35,284	54.6	23.10	42,000	3.4%

Sources:

1. Per Capita Income: Census.gov City Data, Quick Facts
2. Median age - City-Data.com or Census.gov/profile/Tavares_city_Florida.. (2022, most recent information available)
3. School enrollment Lake County Schools, Florida Department of Education
4. Population: Metro Orlando Economic Development Commission & Florida EDR. Census.gov City Data
5. Economic and Business Research, University of Florida
6. Office of Economic & Demographic Research - County Profiles
7. Florida Department of Commerce, Bureau of Workforce Statistics and Economic Research (April 2023)
8. Unemployment: fred.stlouisfed.org/series/FLLAKE4URN

Note: ** Data not available

CITY OF TAVARES, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	27.5	29.0	28.0	29.5	29.5	26.0	28.5	29.0	29.0	29.0
Public Safety										
Police										
Sworn officers	36.0	26.0	26.0	26	26.0	27.0	30.0	30.0	33.0	33.0
Non-sworn officers	1.0	1.0	1.0	1	2.0	1.0	1.0	1.0	1.0	1.0
Civilians ^{1 & 2}	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Fire										
Firefighters & officers	23.0	24.0	24.0	24	24.0	25.0	25.0	26.0	26.0	26.0
Civilians	0.8	1.0	1.0	1	1.0	1.0	1.0	1.0	1.0	1.0
Physical Environment	7.0	8.0	9.0	9	9.0	15.0	17.0	17.0	17.0	17.0
Economic Development	2.0	2.0	2.0	2	2.0	2.0	2.0	2.0	2.0	2.0
Marina/Prop Shop	5.0	6.5	6.0	5.5	5.5	5.5	6.0	6.0	6.0	7.0
Water/Wastewater/SW	30.0	31.0	32.0	32	32.0	33.0	34.0	39.0	39.0	39.0
Solid Waste	7.0	8.0	8.0	8	8.0	8.0	8.0	9.0	9.0	9.0
Culture & Recreation	24.5	22.5	23.0	23	28.0	28.5	29.0	27.0	27.0	27.0
Total	166.8	162.0	163.0	163.5	169.5	174.5	184.0	189.5	192.5	193.5

Notes:

Data extracted from annual FTE Reconciliations in Adopted Budget for each year

Seasonal Employees not included.

1. Police civilians include emergency communications center operations personnel.
2. Emergency Center Operations opened in 2007, then moved to Lake County Sheriff's Office in April 2013 .
3. Includes Pavilion employees.
4. Excludes City Council

CITY OF TAVARES, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Auto accidents	578	21	21	746	682	718	551	401	702	474
Physical arrests	354	268	266	298	309	377	378	471	398	219
Criminal investigations conducted	227	176	246	796	770	422	519	414	408	496
Total calls for service	21,317	15,100	16,503	16,884	16,828	16,408	15,965	17,289	13,057	16,434
911 calls received ¹	915	**	4,204	**	1,477	5,275	5,505	2,556	5,166	5,867
Evidence processed (pieces)	**	**	**	**	**	1,534	**	**	**	**
Public education programs	**	**	**	**	158	**	**	**	**	**
Medical responses	3,549	809	1,955	3,984	3,425	3,469	3,700	3,153	3,267	3,518
Community Development										
Total permits issued	1,318	1,230	1,169	1,730	1,995	1,591	2,618	1,954	2,112	2,126
Construction inspections	3,666	4,941	1,080	4,980	6,727	3,590	4,216	5,600	7,526	9,993
Physical Environment										
Streets paved (miles)	118	123	125	125	-	130	66	69	72	72
Streets resurfaced (miles)	-	-	4	11	3	4	4	3	5	7
Sidewalks/bike paths built or repaired (feet)	19,398	65,229	3,100	58,080	755	10,805	5,332	6,167	16,420	15,349
Culture and Recreation										
Sports complex ball games & field rentals	685	639	699	699	592	619	235	307	525	554
Library cards issued	1,309	2,282	1,209	1,170	1,303	1,324	92	831	1,089	1,296
Water/Wastewater										
New connections	336	563	353	241	458	563	237	350	429	412
Number of customers	7,504	7,604	8,078	8,075	9,982	7,604	8,817	9,192	9,588	10,234
Water main breaks	9	5	3	4	-	5	2	11	8	**
Average daily consumption (millions of gallons)	3	3	3	3	2	3	3	3	3	3
Meter reads	9,432	9,475	10,214	10,477	11,132	9,475	11,494	11,972	13,454	13,701
General Government										
Employment applications received	482	613	669	590	482	410	273	271	452	347
Personnel actions processed	207	268	205	205	225	215	395	255	265	265
Legal notices published	56	88	50	154	49	73	43	31	48	18
Occupational licenses issued	969	1,172	1,066	1,081	313	1,041	975	993	94	943
Accidents and injuries reviewed	11	12	17	24	18	16	20	40	20	23
Land use amendments and rezonings	14	37	33	7	21	13	6	15	13	8
License/Permit reviews	107	1,230	1,501	1,824	1,968	1,672	658	656	2,116	952
Employees paid	204	220	211	203	186	213	209	207	212	233
Checks deposited	46,518	41,830	39,256	37,230	36,874	31,249	30,238	28,755	41,114	25,895
A/P Checks issued	5,651	6,110	7,277	5,550	5,623	5,896	6,152	6,120	5,753	6,231
Purchase orders/processed	4,966	5,266	5,909	5,967	5,235	5,040	4,864	4,971	4,959	5,095

Note:

** Data not available



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OTHER REPORTS

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

Honorable Mayor and City Council
City of Tavares, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tavares, 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 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 those limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of 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.

McDermitt Davis

Orlando, Florida
June 28, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Tavares, Florida

Report on Compliance for Each Major Federal Program Opinion on Each Major Federal Program

We have audited the *City of Tavares's* (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2023. The City's major Federal programs 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

McDiarmid Davis

Orlando, Florida
June 28, 2024

City of Tavares, Florida
Schedule of Expenditures of Federal Awards
 Year Ended September 30, 2023

Award type				
Grantor	Pass-through grantor	Grantor project title	Assistance Listing Number	Agency of Pass-through Entity Grant Number
				Expenditures
Federal Grants				
U.S Department of Treasury				
		Coronavirus State and Local Fiscal Recovery Funds *	21.027	\$ 7,601,208
U.S Department of Housing and Urban Development				
	Passed through Lake County	CDBG Grant Wooton Wonderland	14.218	2020-2021 CDBG 371,279
U.S Department of Justice				
	Passed through Florida Department of Law Enforcement	Body Cameras	16.738	15PBJA-21-GG-00241-MUMU <u>4,062</u>
Total federal awards				<u>\$ 7,976,549</u>

* Denotes a major program

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Tavares (the City) under programs of the federal 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 (CFR) Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2023, even if a grant or loan was received subsequent to that date. Federal expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

Indirect cost rate is dictated by its federal contract terms. The 10-percent de minimis indirect rate as allowed under the Uniform Guidance is not in effect nor is available under its contracts.

City of Tavares, Florida
Schedule of Findings and Questioned Costs
Federal Programs
Year Ended September 30, 2023

Section I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditors' report issued:	Unmodified Opinion	
Internal control over financial reporting:		
• Material weakness identified?	___ Yes	<u> X </u> No
• Significant deficiency identified	___ Yes	<u> X </u> None reported
Noncompliance material to financial Statements noted?	___ Yes	<u> X </u> No

Federal Awards

Type of auditors' report issued on compliance for major programs:	Unmodified Opinion	
Internal control over major federal programs:		
• Material weakness identified?	___ Yes	<u> X </u> No
• Significant deficiency identified	___ Yes	<u> X </u> None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	___ Yes	<u> X </u> No

Identification of Major Federal Programs:

Assistance Listing Coronavirus State and Local Fiscal
21.027 Recovery Funds

Dollar threshold used to distinguish between
type A and type B projects Federal
\$750,000

Auditee qualified as a low-risk auditee? ___ Yes X No

Section II - Financial Statement Findings: None

**Section III – Federal Award Findings
and Questioned Costs:** None

**Section IV – Federal Award Summary Schedule
of Prior Year Findings:** No Prior Year Findings

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Tavares, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Tavares, Florida, 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 Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated 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, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings or recommendations in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Tavares, 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 Tavares did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Tavares. It is management's responsibility to monitor the City of Tavares'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 did not have any such recommendations.

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, State, and other granting agencies, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDiarmid Davis

Orlando, Florida
June 28, 2024



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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Council
City of Tavares, Florida

We have examined City of Tavares's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, City of Tavares complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDirmit Davis

Orlando, Florida
June 28, 2024

CITY OF TAVARES
Annual Comprehensive Financial Report
For Fiscal Year Ended September 30, 2023

