

# **CITY OF DAVENPORT, FLORIDA**



**FINANCIAL STATEMENTS AND AUDITOR'S REPORTS**

**SEPTEMBER 30, 2024**

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## **FINANCIAL SECTION**



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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor  
And Members of the City Commission  
City of Davenport, Florida

### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Florida, (The City) as of and for the year ended September 30, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

### **Other Matter**

The financial statements of the City as of the for the ended September 30, 2023, were audited by other auditors, whose report dated June 25, 2024, expressed an unmodified opinion on those financial statements.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during

our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by section 215.97, Florida Statutes, *Florida Single Audit Act*; Chapter 10.550, *Rules of the State of Florida, Office of the Auditor General*, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

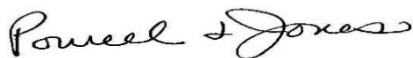
The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2025, 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.

### **Other Reporting Required by Chapter 10.550, Rules of the Auditor General**

In accordance with Chapter 10.550, *Rules of the Auditor General*, we have issued our report dated August 25, 2025 on our examination of compliance with requirements of section 218.415, Florida Statutes. The purpose of this report is to describe the scope of our examination and the issuance of an opinion on the City's compliance with requirements of section 218.415, *Florida Statutes*.



**POWELL & JONES CPA**  
Lake City, Florida  
August 25, 2025

As management of the City of Davenport, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 13.

### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows on September 30, 2024 by \$103,416,197 (net position). Of this amount, \$16,896,836 (unrestricted net position) may be used to meet the City's ongoing obligations compared to \$18,530,809 at the end of the prior year.
- The change in the City's net position was \$14,367,358 (16% increase) for the year ended September 30, 2024 compared to an increase of \$11,431,278 (15% increase) in the prior year. Governmental activities increased net position by \$7,627,107 (21%) and the business-type activities increased net position by \$6,740,251(13%) in the current year.
- Total revenue for all City activities for the year ended September 30, 2024 was \$32,663,643 an increase of 23% or \$6,145,820.
- Total expenses for all City activities for the year ended September 30, 2024 were \$18,296,285 an increase of 21% or \$3,209,740.
- As of September 30, 2024, the City's general fund reported ending combined unassigned and assigned fund balance of \$14,904,524 or 73% of total general fund expenditures compared to the prior year of \$13,518,629 or 114% of total general fund expenditures in the prior year

### **UNDERSTANDING THE BASIC FINANCIAL STATEMENTS**

#### **Government-wide Financial Statements:**

The government-wide financial statements consist of a statement of net position and a statement of activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government, police, fire, code enforcement, sanitation, streets, parks and recreation, cemetery management and interest on long-term debt. The business-type activities of the City consist of water, sewer, and storm water utilities. All information is presented utilizing the economic resource measurement focus and accrual basis of accounting.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources with the residual measure 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 City's net position changed during the most recent fiscal year, focusing on both the gross and net cost of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues.

**CITY OF DAVENPORT, FLORIDA**

Management’s Discussion and Analysis

September 30, 2024

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**Fund financial statements:** Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the City, rather than reporting on the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains two governmental funds, the general fund and the impact fee special revenue fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

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

Proprietary Funds: The City maintains only one of the two proprietary fund types, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses an enterprise fund to account for its water and sewer utilities and a separate enterprise fund to report the activity of its stormwater utility. The basic proprietary fund financial statements can be found by referencing the table of contents of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting for fiduciary funds is much like that used for proprietary funds. The City maintains two pension trust funds that are used to report resources held in trust for retirees and beneficiaries covered by the general employees’ pension trust fund and the police officers’ and firefighters’ pension trust fund. Additionally, the City reports a custodial fund to account for certain fees collected on behalf of other governments.

All of the city’s funds are considered major funds with the exception of the stormwater enterprise fund.

**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. They can be found by referencing the table of contents of this report.

**Other Information:**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City’s general fund budgetary comparison schedule as well as a schedule of the net pension liability and related ratios, schedule of contributions and a schedule of investment returns for the City’s pension trust funds and information about the City’s other post-employment benefit liability.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of Net Position**

The following table reflects a summary of net position compared to prior year. See the statement of net position by referencing the table of contents of this report for further information.

**Statement of Net Position (Summary)**  
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 24,511,209	\$ 24,530,176	\$ 18,186,650	\$ 19,791,554	\$ 42,697,859	\$ 44,321,730
Capital assets	25,552,663	19,081,643	70,568,975	54,932,209	96,121,638	74,013,852
Total assets	50,063,872	43,611,819	88,755,625	74,723,763	138,819,497	118,335,582
Deferred Outflows	445,988	553,876	97,384	116,000	543,372	669,876
Long-term liabilities	5,421,722	6,349,220	27,512,211	19,752,379	32,933,933	26,101,599
Other liabilities	441,793	873,500	1,912,912	2,427,952	2,354,705	3,301,452
Total liabilities	5,863,515	7,222,720	29,425,123	22,180,331	35,288,638	29,403,051
Deferred Inflows	628,119	551,856	29,915	1,712	658,034	553,568
Net position:						
Net investment in capital assets	21,030,775	13,428,476	42,544,772	34,066,303	63,575,547	47,494,779
Restricted	8,801,813	9,669,575	14,142,001	13,353,676	22,943,814	23,023,251
Unrestricted	14,185,638	13,293,068	2,711,198	5,237,741	16,896,836	18,530,809
Total net position	\$ 44,018,226	\$ 36,391,119	\$ 59,397,971	\$ 52,657,720	\$ 103,416,197	\$ 89,048,839

Approximately 62% percent of the City’s net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding, compared to 53% for the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 22% of the City’s net position represents resources that are subject to external restrictions on how they may be used, compared to 26% for the prior year. The remaining balance of unrestricted net position, \$16,896,836 or 16% of net position may be used to meet the City’s ongoing obligations to citizens and creditors.

On September 30, 2024 and 2023, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**CITY OF DAVENPORT, FLORIDA**  
Management's Discussion and Analysis  
September 30, 2024

**Statement of Activities**

The following table reflects the condensed statement of activities for the current and previous year. See the statement of activities by referencing the table of contents of this report for further information.

	<b>Statement of Activities (Summary)</b>					
	<b>For the year ended September 30,</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 4,884,552	\$ 4,465,341	\$ 5,728,504	\$ 5,151,862	\$ 10,613,056	\$ 9,617,203
Operating grants and contributions	582,290	535,060	-	-	582,290	535,060
Capital grants and contributions	1,709,110	2,065,905	5,792,389	3,035,242	7,501,499	5,101,147
<i>General revenues:</i>						
Property taxes	7,336,460	5,533,132	-	-	7,336,460	5,533,132
Franchise/Public Ser. Tax	2,205,476	2,084,611	-	-	2,205,476	2,084,611
Fuel taxes	454,737	450,907	-	-	454,737	450,907
State shared revenues	1,461,048	1,486,436	-	-	1,461,048	1,486,436
Other	2,334,804	1,709,327	174,273	-	2,509,077	1,709,327
<b>Total revenues</b>	<b><u>20,968,477</u></b>	<b><u>18,330,719</u></b>	<b><u>11,695,166</u></b>	<b><u>8,187,104</u></b>	<b><u>32,663,643</u></b>	<b><u>26,517,823</u></b>
<b>Expenses:</b>						
General government	3,588,314	2,615,380	-	-	3,588,314	2,615,380
Police	2,835,367	2,155,010	-	-	2,835,367	2,155,010
Fire	2,292,286	1,919,529	-	-	2,292,286	1,919,529
Code enforcement	68,673	59,390	-	-	68,673	59,390
Streets	1,262,699	1,003,260	-	-	1,262,699	1,003,260
Sanitation	1,507,502	1,434,454	-	-	1,507,502	1,434,454
Parks and recreation	1,643,075	1,415,280	-	-	1,643,075	1,415,280
Cemetery	9,449	9,623	-	-	9,449	9,623
Interest on long-term debt	134,005	158,162	-	-	134,005	158,162
Water	-	-	2,560,685	1,892,733	2,560,685	1,892,733
Sewer	-	-	2,214,743	2,234,560	2,214,743	2,234,560
Stormwater	-	-	179,487	189,164	179,487	189,164
<b>Total expenses</b>	<b><u>13,341,370</u></b>	<b><u>10,770,088</u></b>	<b><u>4,954,915</u></b>	<b><u>4,316,457</u></b>	<b><u>18,296,285</u></b>	<b><u>15,086,545</u></b>
Change in Net Position	<u>7,627,107</u>	<u>7,560,631</u>	<u>6,740,251</u>	<u>3,870,647</u>	<u>14,367,358</u>	<u>11,431,278</u>
Net position - October 1	36,391,119	29,584,592	52,657,720	48,787,073	89,048,839	78,371,665
Restatement	-	(754,104)	-	-	-	(754,104)
Net position - September 30	<b><u>\$ 44,018,226</u></b>	<b><u>\$ 36,391,119</u></b>	<b><u>\$ 59,397,971</u></b>	<b><u>\$ 52,657,720</u></b>	<b><u>\$ 103,416,197</u></b>	<b><u>\$ 89,048,839</u></b>

### **Governmental activities**

Governmental activities increased the City's net position by \$7,627,107 during the current year. There were no transfers to or from the business-type activities in the current or prior year. In the prior year, net position increased by \$7,560,631. The cause of the improvement from the prior year is due mainly to an increase in revenue of \$2,637,758 (14%) which was partially offset by a \$2,571,282 (24%) increase in expenses.

The main drivers of the increased revenue were as follows:

- Increased property tax revenue of \$1,803,328 (33%) due to increased property development and increasing property values.
- Charges for services increased by approximately \$419,000, or 9%, primarily due to a \$263,000 rise in building-related fees driven by increased construction activity within the City, as well as a \$271,000 increase in solid waste charges resulting from a growth in the number of customers.
- Earnings on surplus cash deposits increased by \$491,456 due to more surplus cash deposits being placed in interest bearing certificates of deposit.

Expenses increased due to broad increases in costs or increased purchases including the following:

- General government expenses increased by approximately \$973,000 mainly due to the following:
  - Personnel-related expenses increased by \$455,185 or 33% due to general cost increases and increases in staffing.
  - General liability, property and workers compensation insurance expenses of the general government function increased by approximately \$208,250 or 46% due to rising premiums.
- Police expenses increased by approximately \$680,000 mainly due to increased personnel related expenses of approximately \$534,000 or 32% mainly due to increased staffing.
- Fire expenses increased by approximately \$373,000 mainly due to increased personnel-related expenses of approximately \$312,550 or 21% mainly due to increased staffing.
- Street expenses increased by approximately \$259,000 mainly due to the following:
  - Personnel-related expenses increased by approximately \$180,000 or 36% due to general cost increases and increases in staffing.
  - Repair and maintenance expenses increased by approximately \$45,000 due to timing of necessary repairs or replacement of City transportation assets.
- Parks and recreation expenses increased by approximately \$228,000 mainly due to the following:
  - Personnel-related expenses increased by approximately \$133,900 or 23% due to general cost increases and increases in staffing.
  - Repair and maintenance expenses increased by approximately \$83,000 due to timing of necessary repairs or replacement of City parks and recreation assets.

### **Business-type activities**

Business-type activities increased the City's net position by \$6,740,251 during the current year. There were no transfers to or from the business-type activities in the current or prior year. In the prior year, net position increased by \$3,870,647.

The main reason for the increase in the change in net position in the current year as compared to the prior year is mainly due to a \$3,508,062 (43%) increase in revenue and a \$638,458 (15%) increase in expenses.

The main drivers of the increased revenue were as follows:

- Increased charges for services of \$576,642 (11%) as additional construction within the City has added customers to the City utilities.
- Increased capital grants and contributions of \$2,757,147 (91%) due to increased impact fees of approximately \$67,000 (16%) and increased donations of water and sewer infrastructure of approximately \$2,670,000 (740%). These decreases are largely due to decreased construction related activity within the City.

The only business-type activities functional expense category that experienced a significant change was the water function, which saw an increase in expenses of approximately \$668,000, or 35%. This was primarily due to a \$200,000 (26%) increase in personnel-related expenses, and the introduction of a new Polk Regional Water Cooperative (PRWC) charge, which totaled \$418,935 in 2024. This was the first year the PRWC water charge was incurred.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

### **Governmental Funds**

As of September 30, 2024, the City's governmental funds reported a combined ending fund balance of \$23,616,202. This is an increase of \$384,274 or 2% from last year.

Approximately \$14,905,000 (63%) of the total fund balance constitutes unassigned and assigned fund balance (i.e. available for spending at the City's discretion) which is an increase in unassigned and assigned fund balance of approximately \$1,386,000 (10%) from last year. The remainder of fund balance totaling \$8,711,678 is nonspendable, restricted or committed for the specific purpose for which the monies were collected.

*General Fund:* In the general fund, the City's expenditures exceeded its revenue by \$761,188 as compared to revenues exceeding expenditures by \$5,177,388 in the prior year. Total revenues were up \$2,571,315 (15%) over the prior year and expenditures increased \$8,509,891 (72%) from 2023. The main cause of the increase in revenue is related to a \$1,992,309 (24%) increase in tax revenue, increased solid waste charges of approximately \$271,000 and increased earnings on surplus cash deposits of \$491,456 due to more surplus cash deposits being placed in interest bearing certificates of deposit. The increase in taxes was caused by increased property values, new construction within the City and increased economic activity overall.

Expenditures increased mainly due to the following:

- A \$5,507,705 or 223% increase in capital outlay expenditures due to increased building improvement projects and equipment purchases.
- Personnel-related expenditures increased by approximately \$1,600,000 or 29% due to general cost increases and additional staffing.

*Impact Fee Special Revenue Fund* – This fund was established effective October 1, 2021 to account for impact fees other than water and sewer impact fees. Total revenue consisted of impact fees (\$1,264,230) and interest income (\$74,234). Expenditures totaled \$332,590 for a positive net change in fund balance of \$1,005,874. Expenditures were for capital related expenditures and debt service on projects that were necessitated by new residential and commercial growth within the City.

**Proprietary Funds**

The City has two proprietary funds, an enterprise fund which provides water and sewer collection and treatment services and a non-major enterprise fund to report the activity of the City’s stormwater utility. The water and wastewater enterprise fund generated an operating profit of \$786,941 in the current year as compared to an operating profit of \$876,391 for the prior year. The main reason for the decrease in operational results of the water and wastewater enterprise fund is due to increased charges for services revenue of \$526,222 (11%) which was more than offset by an increase in operating expenses of \$615,672 (15%). This increase in operating expenses was due to an approximate increase in personnel related costs of \$206,000 (19%), an increase in other operating expenses of \$79,500 (4%) and increased depreciation expense of \$329,800 (30%). Increased depreciation expense is due to recent additions to the water and sewer system as well as developer donations of infrastructure systems that are capitalized and that add to depreciation expense.

**ANALYSIS OF SIGNIFICANT BUDGET VARIANCES – GENERAL FUND**

The City adopts an annual budget each year in September. The budgetary comparison statement is presented for the general fund to demonstrate compliance with the budget which can be found by referencing the table of contents of this report.

The 2024 budget was amended to increase budgeted resources (revenues and other financing sources) by \$4,986,480 (32%) and to increase budgeted outflows (expenditures) by \$3,449,480 (20%). Budgetary resources received were \$1,009,812 less than the final budgeted amount and budgetary charges to appropriation were \$359,412 less than the budgeted amount. This resulted in an overall unfavorable budgetary variance for 2024 of \$650,400.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The investment in capital assets includes land, buildings, improvements, infrastructure, and equipment. The City elected to record and depreciate its infrastructure, rather than use the optional “modified approach”. Additional information on the City’s capital assets can be found in Note 5 of the notes to the financial statements which can be found by referencing the table of contents of this report.

**CITY OF DAVENPORT, FLORIDA**  
Management's Discussion and Analysis  
September 30, 2024

The following table presents a comparison of the capital assets for the current and previous year.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 5,285,008	\$ 1,062,757	\$ 1,020,361	\$ 1,020,361	\$ 6,305,369	\$ 2,083,118
Buildings and improvements	14,640,216	12,480,247	40,114,361	27,876,779	54,754,577	40,357,026
Equipment	2,255,136	2,028,623	1,260,128	1,332,055	3,515,264	3,360,678
Infrastructure	3,372,303	2,308,858	-	-	3,372,303	2,308,858
Construction in progress	-	1,201,158	28,174,125	24,703,014	28,174,125	25,904,172
<b>Total</b>	<u>\$ 25,552,663</u>	<u>\$ 19,081,643</u>	<u>\$ 70,568,975</u>	<u>\$ 54,932,209</u>	<u>\$ 96,121,638</u>	<u>\$ 74,013,852</u>

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$96,121,638 (net of accumulated depreciation). That is an increase of \$22,107,786 or 30% from the prior year.

**Long-term debt** – The following table presents a comparison of revenue bonds and notes payable for the current and previous year. Further information on long-term obligations is contained in Note 6 of the notes to the financial statements which can be found by referencing the table of contents of this report.

**Revenue Notes and Notes Payable**  
as of September 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue notes	\$ 4,521,888	\$ 5,325,346	\$ 27,369,203	\$ 19,570,805	\$ 31,891,091	\$ 24,896,151
Other liabilities	899,834	1,023,874	143,008	181,574	1,042,842	1,205,448
Less amount due in one year	<u>(201,128)</u>	<u>(280,130)</u>	<u>(679,396)</u>	<u>(540,623)</u>	<u>(880,524)</u>	<u>(820,753)</u>
<b>Total</b>	<u>\$ 5,220,594</u>	<u>\$ 6,069,090</u>	<u>\$ 26,832,815</u>	<u>\$ 19,211,756</u>	<u>\$ 32,053,409</u>	<u>\$ 25,280,846</u>

At the end of the current fiscal year, the governmental activities had total long-term obligations outstanding of \$5,220,594, a decrease of \$848,496 or 14%. The long-term obligations consist of compensated absences totaling \$536,400, net pension liabilities totaling \$16,026, OPEB liability totaling \$347,408 and notes payable of \$4,521,888.

The business-type activities had total long-term obligations outstanding of \$26,832,815 which is a net increase of \$7,621,059 (40%) over the prior year. The increase was due to current year borrowings for water and wastewater system improvements of \$8,449,776 which was partially offset by principal reductions of \$651,378 due to normal principal payments for a long-term *debt* balance at September 30, 2024 of \$27,369,203. The business-type activities also report \$89,821 of compensated absences, \$6,346 of net pension liabilities and a total OPEB liability of \$46,841.

**CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS**

The City of Davenport is still one of the fastest growing spots in the State of Florida, as the housing boom continues with no end in sight. Over the past few years more than 1,500 new homes have been built with a current population nearing 15,000 residents. The City remains an ideal landing spot because of its location along Interstate 4 between Orlando and Tampa and proximity to Disney and the other area attractions. The City's property values continue to climb at a very rapid rate. The City realized a 17% increase in property values from \$1,052,595,883 in 2024 to \$1,234,447,374 in 2025. Future annexation plans are expected which will see the city expand geographically as well.

**REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Davenport's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City of Davenport, Finance Department, P. O. Box 125, Davenport, FL 33896 or call 863-419-3300.

**CITY OF DAVENPORT, FLORIDA**  
Government-Wide Statement of Net Position  
September 30, 2024

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,796,422	\$ 2,570,438	\$ 17,366,860
Receivables, current:			
Intergovernmental	192,462	-	192,462
Franchise and public service taxes	158,824	-	158,824
Customer accounts, net	100,949	408,138	509,087
Leases	434,258	-	434,258
Prepaid expenses	5,217	-	5,217
Restricted assets:			
Cash and cash equivalents	8,727,725	15,208,074	23,935,799
Net pension asset	95,352	-	95,352
Capital Assets:			
Non-depreciable	5,285,008	29,194,486	34,479,494
Depreciable, net	20,267,655	41,374,489	61,642,144
<b>TOTAL ASSETS</b>	<b>50,063,872</b>	<b>88,755,625</b>	<b>138,819,497</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	445,988	97,384	543,372
<b>LIABILITIES</b>			
Accounts payable	175,857	151,752	327,609
Accrued payroll	125,347	40,045	165,392
Construction payable	-	655,000	655,000
Due to other governments	47,381	42	47,423
Accrued interest payable	44,461	27,129	71,590
Customer deposits	48,747	1,038,944	1,087,691
Long-term obligations:			
Due within one year	201,128	679,396	880,524
Due in more than one year	5,220,594	26,832,815	32,053,409
<b>TOTAL LIABILITIES</b>	<b>5,863,515</b>	<b>29,425,123</b>	<b>35,288,638</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	225,796	29,915	255,711
Lease related	402,323	-	402,323
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>628,119</b>	<b>29,915</b>	<b>658,034</b>
<b>NET POSITION</b>			
Net investment in capital assets	21,030,775	42,544,772	63,575,547
Restricted for:			
Debt service	-	225,344	225,344
Parks and recreation improvements (impact fees)	2,409,507	-	2,409,507
Fire protection improvements (impact fees)	532,009	-	532,009
Law enforcement improvements (impact fees)	206,637	-	206,637
Public building improvements (impact fees)	1,235,761	-	1,235,761
Transportation infrastructure (impact fees)	2,102,980	-	2,102,980
Transportation infrastructure (gas taxes)	8,610	-	8,610
Building code enforcement	2,191,827	-	2,191,827
Crime prevention	19,130	-	19,130
Pension benefits	95,352	-	95,352
Water system improvements (impact fees)	-	7,117,045	7,117,045
Wastewater system improvements (impact fees)	-	6,799,612	6,799,612
Unrestricted	14,185,638	2,711,198	16,896,836
<b>TOTAL NET POSITION</b>	<b>\$ 44,018,226</b>	<b>\$ 59,397,971</b>	<b>\$ 103,416,197</b>

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**  
Government-Wide Statement of Activities  
for the year ended September 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental activities:</b>							
General government	\$ 3,588,314	\$ 2,658,563	\$ 200,988	\$ 193,996	\$ (534,767)	\$ -	\$ (534,767)
Police	2,835,367	95,701	251,342	150,436	(2,337,888)	-	(2,337,888)
Fire	2,292,286	-	129,960	213,515	(1,948,811)	-	(1,948,811)
Code enforcement	68,673	49	-	-	(68,624)	-	(68,624)
Streets	1,262,699	9,326	-	250,316	(1,003,057)	-	(1,003,057)
Sanitation	1,507,502	1,887,618	-	-	380,116	-	380,116
Parks and recreation	1,643,075	218,195	-	900,847	(524,033)	-	(524,033)
Cemetery	9,449	15,100	-	-	5,651	-	5,651
Interest on long-term debt	134,005	-	-	-	(134,005)	-	(134,005)
<b>Total governmental activities</b>	<b>13,341,370</b>	<b>4,884,552</b>	<b>582,290</b>	<b>1,709,110</b>	<b>(6,165,418)</b>	<b>-</b>	<b>(6,165,418)</b>
<b>Business-type activities</b>							
Water utility	2,560,685	3,092,365	-	2,313,605	-	2,845,285	2,845,285
Sewer utility	2,214,743	2,328,403	-	3,478,784	-	3,592,444	3,592,444
Stormwater utility	179,487	307,736	-	-	-	128,249	128,249
<b>Total business-type activities</b>	<b>4,954,915</b>	<b>5,728,504</b>	<b>-</b>	<b>5,792,389</b>	<b>-</b>	<b>6,565,978</b>	<b>6,565,978</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 18,296,285</b>	<b>\$ 10,613,056</b>	<b>\$ 582,290</b>	<b>\$ 7,501,499</b>	<b>(6,165,418)</b>	<b>6,565,978</b>	<b>400,560</b>
<b>GENERAL REVENUES</b>							
Taxes:							
Property taxes, levied for general purposes					7,336,460	-	7,336,460
Franchise taxes					802,351	-	802,351
Public service taxes					1,403,125	-	1,403,125
Fuel taxes for transportation purposes					454,737	-	454,737
State shared revenue					1,461,048	-	1,461,048
Investment earnings					2,134,260	174,273	2,308,533
Gain (loss) on disposal of property					1,666	-	1,666
Other revenues					198,878	-	198,878
<b>Total general revenues</b>					<b>13,792,525</b>	<b>174,273</b>	<b>13,966,798</b>
Change in net position					7,627,107	6,740,251	14,367,358
<b>NET POSITION, beginning of year</b>					<b>36,391,119</b>	<b>52,657,720</b>	<b>89,048,839</b>
<b>NET POSITION, end of year</b>					<b>\$ 44,018,226</b>	<b>\$ 59,397,971</b>	<b>\$ 103,416,197</b>

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**  
Balance Sheet – Governmental Funds  
September 30, 2024

	<b>General Fund</b>	<b>Impact Fee Special Revenue Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,796,422	\$ 6,486,894	\$ 21,283,316
Receivables:			
Intergovernmental	192,462	-	192,462
Franchise and public service taxes	158,824	-	158,824
Customer accounts, net	100,949	-	100,949
Leases	434,258	-	434,258
Prepaid expenditures	5,217	-	5,217
Restricted assets:			
Cash and cash equivalents	<u>2,240,831</u>	-	<u>2,240,831</u>
<b>TOTAL ASSETS</b>	<u>\$ 17,928,963</u>	<u>\$ 6,486,894</u>	<u>\$ 24,415,857</u>
<b>LIABILITIES</b>			
Accounts payable	175,857	-	175,857
Accrued payroll	125,347	-	125,347
Due to other governments	47,381	-	47,381
Customer deposits	<u>48,747</u>	-	<u>48,747</u>
<b>TOTAL LIABILITIES</b>	<u>397,332</u>	-	<u>397,332</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease related	<u>402,323</u>	-	<u>402,323</u>
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid expenditures	5,217	-	5,217
Restricted:			
Parks and recreation improvements (impact fees)	-	2,409,507	2,409,507
Fire protection improvements (impact fees)	-	532,009	532,009
Law enforcement improvements (impact fees)	-	206,637	206,637
Public building improvements (impact fees)	-	1,235,761	1,235,761
Transportation infrastructure (impact fees)	-	2,102,980	2,102,980
Transportation infrastructure (gas taxes)	8,610	-	8,610
Building code enforcement	2,191,827	-	2,191,827
Crime prevention	19,130	-	19,130
Assigned for:			
Fire department	3,059	-	3,059
Police department	6,412	-	6,412
Unassigned	<u>14,895,053</u>	-	<u>14,895,053</u>
<b>TOTAL FUND BALANCE</b>	<u>17,129,308</u>	<u>6,486,894</u>	<u>23,616,202</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 17,928,963</u>	<u>\$ 6,486,894</u>	<u>\$ 24,415,857</u>

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

September 30, 2024

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

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 23,616,202
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	25,552,663
The net pension asset is not a current financial resource and therefore are not reported as assets in the governmental funds.	95,352
Deferred outflows of resources represent a decrease in net assets that applies to a future period(s) and, therefore, are not reported in the governmental funds.	445,988
Deferred inflows of resources represent an increase in net assets that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(225,796)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.	(44,461)
Long-term liabilities, including bonds and notes payable, compensated absences, othe postemployment benefit liability and the City's net pension liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds.	(5,421,722)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 44,018,226</u>

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds  
for the year ended September 30, 2024

	<u>General Fund</u>	<u>Impact Fee Special Revenue Fund</u>	<u>Total</u>
<b>REVENUES:</b>			
Taxes	\$ 10,375,220	\$ -	\$ 10,375,220
Licenses and permits	2,825,629	-	2,825,629
Intergovernmental revenue	1,497,023	-	1,497,023
Charges for services	2,342,501	-	2,342,501
Fines and forfeitures	50,774	-	50,774
Impact fees	-	1,264,230	1,264,230
Other	2,504,813	74,234	2,579,047
Total revenues	<u>19,595,960</u>	<u>1,338,464</u>	<u>20,934,424</u>
<b>EXPENDITURES:</b>			
Current:			
General government	3,372,074	-	3,372,074
Public safety	4,791,666	407	4,792,073
Physical environment	1,510,449	-	1,510,449
Transportation	942,803	-	942,803
Culture/recreation	1,150,687	-	1,150,687
Capital outlay	7,982,267	-	7,982,267
Debt service	607,202	332,183	939,385
Total expenditures	<u>20,357,148</u>	<u>332,590</u>	<u>20,689,738</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(761,188)</u>	<u>1,005,874</u>	<u>244,686</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance proceeds	139,588	-	139,588
Total other financing sources (uses)	<u>139,588</u>	<u>-</u>	<u>139,588</u>
<b>NET CHANGE IN FUND BALANCE</b>	(621,600)	1,005,874	384,274
<b>FUND BALANCE, beginning of year</b>	<u>17,750,908</u>	<u>5,481,020</u>	<u>23,231,928</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 17,129,308</u>	<u>\$ 6,486,894</u>	<u>\$ 23,616,202</u>

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities  
for the year ended September 30, 2024

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

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 384,274</b>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.

This is the amount of capital assets recorded in the current period.	7,846,071
This is the amount of depreciation expense recorded in the current period.	(1,269,517)
This is the book value of the capital assets disposed in the current period.	(105,534)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while 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 is the repayment of long-term debt principal during the year.	803,458
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Other long-term obligations are reported in the government-wide statement of net position as liabilities, but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources and therefore are reported as revenues when received and expenditures when paid.

This is the change in accrued compensated absences during the year.	(124,840)
This is the change in the total OPEB liability during the year.	(29,848)
This is the change in accrued interest payable during the year.	1,920

Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:

This amount represents the change in deferred outflows related to pensions.	(107,888)
This amount represents the change in deferred inflows related to pensions.	(145,069)
This amount represents the change in the net pension asset.	95,352
This amount represents the change in the net pension liability.	278,728

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 7,627,107</b>
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**CITY OF DAVENPORT, FLORIDA**

Statement of Net Position – Proprietary Funds

September 30, 2024

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water and Wastewater Fund</b>	<b>Non-major Stormwater Fund</b>	<b>Total Enterprise Funds</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,322,598	\$ 247,840	\$ 2,570,438
Customer accounts receivable, net	408,138	-	408,138
Total current assets	<u>2,730,736</u>	<u>247,840</u>	<u>2,978,576</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	15,208,074	-	15,208,074
Capital assets:			
Non-depreciable	28,981,951	212,535	29,194,486
Depreciable, net	<u>40,981,947</u>	<u>392,542</u>	<u>41,374,489</u>
Total noncurrent assets	<u>85,171,972</u>	<u>605,077</u>	<u>85,777,049</u>
<b>TOTAL ASSETS</b>	<u>87,902,708</u>	<u>852,917</u>	<u>88,755,625</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	<u>97,384</u>	<u>-</u>	<u>97,384</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	147,960	3,792	151,752
Construction payable	655,000	-	655,000
Accrued payroll	38,842	1,203	40,045
Due to other governments	42	-	42
Bonds and notes payable, current	<u>679,396</u>	<u>-</u>	<u>679,396</u>
Total current liabilities	<u>1,521,240</u>	<u>4,995</u>	<u>1,526,235</u>
Noncurrent liabilities:			
Compensated absences	82,717	7,104	89,821
Liabilities payable from restricted assets:			
Accrued interest payable	27,129	-	27,129
Customer deposits	1,038,944	-	1,038,944
Net pension liabilities	6,346	-	6,346
OPEB liability payable	42,232	4,609	46,841
Bonds and notes payable, noncurrent portion	<u>26,689,807</u>	<u>-</u>	<u>26,689,807</u>
Total noncurrent liabilities	<u>27,887,175</u>	<u>11,713</u>	<u>27,898,888</u>
<b>TOTAL LIABILITIES</b>	<u>29,408,415</u>	<u>16,708</u>	<u>29,425,123</u>
<b>DEFERRED INFLOWS</b>			
Pension related	<u>29,915</u>	<u>-</u>	<u>29,915</u>
<b>NET POSITION</b>			
Net investment in capital assets	41,939,695	605,077	42,544,772
Restricted (expendable) for:			
Revenue bond retirement	225,344	-	225,344
Water system improvements (impact fees)	7,117,045	-	7,117,045
Sewer system improvements (impact fees)	6,799,612	-	6,799,612
Unrestricted	<u>2,480,066</u>	<u>231,132</u>	<u>2,711,198</u>
<b>TOTAL NET POSITION</b>	<u>\$ 58,561,762</u>	<u>\$ 836,209</u>	<u>\$ 59,397,971</u>

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds  
for the year ended September 30, 2024

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water and Wastewater Fund</b>	<b>Non-major Stormwater Fund</b>	<b>Total Enterprise Funds</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 5,420,768	\$ 307,736	\$ 5,728,504
Total operating revenues	5,420,768	307,736	5,728,504
<b>OPERATING EXPENSES:</b>			
Personnel services	1,266,185	72,870	1,339,055
Operating expenses	1,952,444	83,769	2,036,213
Depreciation expense	1,415,198	22,410	1,437,608
Total operating expenses	4,633,827	179,049	4,812,876
<b>OPERATING INCOME</b>	786,941	128,687	915,628
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Interest expense	(123,103)	(438)	(123,541)
Interest income	174,273	-	174,273
Other income	(18,498)	-	(18,498)
Total nonoperating revenues (expense)	32,672	(438)	32,234
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	819,613	128,249	947,862
<b>CAPITAL CONTRIBUTIONS</b>			
Grants	20,738	-	20,738
Impact fees	2,741,432	-	2,741,432
Donated infrastructure	3,030,219	-	3,030,219
Total capital contributions	5,792,389	-	5,792,389
<b>CHANGE IN NET POSITION</b>	6,612,002	128,249	6,740,251
<b>NET POSITION, beginning of year</b>	51,949,760	707,960	52,657,720
<b>NET POSITION, end of year</b>	\$ 58,561,762	\$ 836,209	\$ 59,397,971

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**

Statement of Cash Flows – Proprietary Funds  
for the year ended September 30, 2024

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water and Wastewater Fund</b>	<b>Non-major Stormwater Fund</b>	<b>Total Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 5,552,528	\$ 307,736	\$ 5,860,264
Other cash payments	(18,498)	-	(18,498)
Payments to suppliers	(1,970,388)	(85,020)	(2,055,408)
Payments for salaries and benefits	(1,252,340)	(71,385)	(1,323,725)
Net cash flows from operating activities	<u>2,311,302</u>	<u>151,331</u>	<u>2,462,633</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets, net of related payables	(14,684,257)	-	(14,684,257)
Sale of capital assets	-	1	1
Loan proceeds	8,449,776	-	8,449,776
Principal paid on long-term debt	(619,223)	(32,155)	(651,378)
Interest paid on borrowings	(125,671)	(498)	(126,169)
Impact fees received	2,741,432	-	2,741,432
Capital grants received, net of change in related receivable	20,738	-	20,738
Net cash flows from capital and related financing activities	<u>(4,217,205)</u>	<u>(32,652)</u>	<u>(4,249,857)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on invested funds	174,273	-	174,273
Net cash flows from investing activities	<u>174,273</u>	<u>-</u>	<u>174,273</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,731,630)	118,679	(1,612,951)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	19,262,302	129,161	19,391,463
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 17,530,672</u>	<u>\$ 247,840</u>	<u>\$ 17,778,512</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 786,941	128,687	\$ 915,628
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	1,415,198	22,410	1,437,608
Nonoperating payments reported as operating cash flows	(18,498)	-	(18,498)
(Increase) decrease in accounts receivable	(8,047)	-	(8,047)
Increase (decrease) in customer deposits	139,807	-	139,807
Increase (decrease) in accounts payable	(17,944)	(1,251)	(19,195)
Increase (decrease) in accrued wages and comp absences	19,560	1,745	21,305
Increase (decrease) in the total OPEB liability	(2,853)	(260)	(3,113)
(Increase) decrease in deferred outflows related to pensions	18,616	-	18,616
Increase (decrease) in deferred inflows related to pensions	28,203	-	28,203
Increase (decrease) in the net pension liability	(49,681)	-	(49,681)
Net cash flows from operating activities	<u>\$ 2,311,302</u>	<u>\$ 151,331</u>	<u>\$ 2,462,633</u>
<b>As shown in the Accompanying Financial Statements</b>			
Cash and cash equivalents	\$ 2,322,598	\$ 247,840	\$ 2,570,438
Restricted cash and cash equivalents	15,208,074	-	15,208,074
<b>Total cash and cash equivalents</b>	<u>\$ 17,530,672</u>	<u>\$ 247,840</u>	<u>\$ 17,778,512</u>
<b>Noncash financing and investing activities:</b>			
Donated infrastructure capital assets	<u>\$ 3,030,219</u>	<u>\$ -</u>	<u>\$ 3,030,219</u>

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**

## Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2024

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	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 3,467,610
Receivables:		
State	41,281	-
Members	11,185	-
Total receivables	<u>52,466</u>	<u>-</u>
Investments:		
Short-term money market fund	141,153	-
Fixed income mutual fund	1,540,560	-
Equity mutual funds	3,321,737	-
Total investments	<u>5,003,450</u>	<u>-</u>
Total assets	<u>5,055,916</u>	<u>3,467,610</u>
<b>LIABILITIES</b>		
Accounts payable	17,405	-
Benefits and refunds payable	-	-
Due to other governments	-	3,467,610
Total liabilities	<u>17,405</u>	<u>3,467,610</u>
<b>NET POSITION</b>		
Restricted for pension benefits	<u>\$ 5,038,511</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

**CITY OF DAVENPORT, FLORIDA**Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
for the year ended September 30, 2024

	<b>Pension Trust Funds</b>	<b>Custodial Fund</b>
<b>ADDITIONS</b>		
Contributions:		
City	\$ 479,430	\$ -
Plan members	288,069	-
State of Florida	379,940	-
Fee collected on behalf of other governments	-	5,171,430
Total contributions	<u>1,147,439</u>	<u>5,171,430</u>
Investment income	<u>810,441</u>	-
Less: investment expenses		
Custodial fees	8,126	-
Performance evaluation	16,855	-
Total investment expenses	<u>24,981</u>	-
Net investment income	<u>785,460</u>	-
Total additions	<u>1,932,899</u>	<u>5,171,430</u>
<b>DEDUCTIONS</b>		
Administrative expenses:		
Legal	10,520	-
Administrator fee	27,600	-
Actuarial	37,899	-
Total administrative expenses	<u>76,019</u>	-
Benefit payments and refunds of member contributions	54,578	-
Remittance of fees to other governments	-	5,171,430
Total deductions	<u>130,597</u>	<u>5,171,430</u>
<b>CHANGE IN NET POSITION</b>	1,802,302	-
<b>NET POSITION, beginning of year</b>	<u>3,236,209</u>	-
<b>NET POSITION, end of year</b>	<u>\$ 5,038,511</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established in GAAP and used by the City are discussed below.

**A. REPORTING ENTITY**

The City of Davenport, Florida (the "City") is a Municipal Corporation incorporated in 1925 by Chapter 10463, Laws of Florida. The Corporation operates under a charter form of government created by an unnumbered City Ordinance dated November 11, 1975, and most recently recodified and readopted by Ordinance No. 596 in 1978, Ordinance No. 93-7 in 1993 and again in 2008 by Ordinance No. 638. The City is governed by a board of five elected commission members. These financial statements include all of the funds, organizations, agencies and departments of the City (the "primary government") and any legally separate entities ("component units") required by generally accepted accounting principles to be included in the reporting entity.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Criteria for determining if other entities are potential component units of the City which should be reported with the City's basic financial statements are identified and described in the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

Blended Component Units: The City reports two fiduciary component units, which are legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. These are the General Employees' Pension Trust Fund and the Police Officers and Fire Fighters Pension Trust Fund. They are reported as part of the City and blended in the City's fiduciary funds section.

**B. BASIC FINANCIAL STATEMENTS**

The basic financial statements consist of the government-wide financial statements and fund financial statements.

**Government-wide Financial Statements** - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. The City's fiduciary funds are excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

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, including depreciation. The City does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *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*.

**Fund Financial Statements** - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. The City maintains one non-major fund, the stormwater enterprise fund. The various funds are reported by type within the financial statements.

The following fund types and funds are used and reported by the City:

**a) Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- **General Fund:** The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Impact Fee Special Revenue Fund:** In response to the requirements of Section 163.31801, Florida Statutes, this fund was created to account for the financial transactions of the City impact fees other than water and sewer impact fees, which are accounted for in the enterprise fund.

**b) Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the major proprietary (enterprise) funds of the City:

- **Water and Wastewater Enterprise Fund:** accounts for the activities of the City's water production and distribution operations and the wastewater collection and treatment systems.
- **Stormwater Enterprise fund:** accounts for the activities of the City's stormwater management utility. This is a non-major fund.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**c) Fiduciary Funds:**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City reports the following fiduciary funds:

- Pension Trust Funds: The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the General Employees' Pension Trust Fund and the Police Officers' and Firefighters' Pension Trust Fund.
- Custodial Fund: The custodial fund is to account for impact fees collected on behalf of Polk County, Florida (the "County"). These funds are collected on behalf of the County as new construction takes place within the City and then periodically remitted to the County.

**C. MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING**

The government-wide financial statements, and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses 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 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 claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as water, sewer and sanitation utility services. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY**

**CASH AND CASH EQUIVALENTS** – The City maintains a central pooled cash account that is used by all operating funds of the City. Interest income earned in the pooled cash account is allocated to the funds. Each fund’s equity in pooled cash is recorded on its respective balance sheet or statement of net position in the financial statement caption “cash and cash equivalents” and includes all short-term highly liquid investments with a maturity of three months or less when purchased, including all bank demand deposits, certificates of deposit, money-market and savings accounts. On September 30, 2024, all of the City’s cash and investments met this definition.

**RESTRICTED ASSETS** - Include cash and investments that are legally restricted to specific uses by external parties or enabling legislation. The City generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

**CUSTOMER ACCOUNTS RECEIVABLE** - The City accrues the unbilled service of its enterprise fund, which represents the estimated value of service from the last billing date to year end and totaled approximately \$227,750 on September 30, 2024. A reserve for doubtful accounts is maintained in the enterprise fund and the general fund equal to the amount of the utility customer receivables that are not expected to be collected. As of September 30, 2024, the allowance for doubtful accounts associated with the receivables of the enterprise fund and the general fund totaled \$116,265 and \$51,634 respectively.

**INTERFUND BALANCES** - To the extent any interfund balances exist, management anticipates that they will be settled in cash as opposed to a permanent transfer.

**INVENTORY** - Inventories are not reported as they are insignificant.

**CAPITAL ASSETS** - In the government-wide financial statements, capital assets include land, buildings, improvements, utility plant, infrastructure and furniture and equipment. Capital assets are defined by City policy as tangible property with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at acquisition value at date of gift, if donated. Maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting systems), acquired prior to October 1, 2003, have not been reported.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives of the related assets as follows:

	<u>Years</u>
Buildings and improvements	5-40
Utility plant in service	15-40
Machinery and equipment	3-15
Infrastructure:	
Streets	20-60
Drainage	50

**INTEREST COSTS** - Interest costs incurred before the end of a construction period is a financing activity separate from the related capital asset and interest costs incurred before the end of the construction period are recognized as an expense in the period in which the cost is incurred. These interest costs are not capitalized as part of the historical cost of the capital asset.

**LONG-TERM OBLIGATIONS** - In the government-wide financial statements and proprietary 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 bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

**COMPENSATED ABSENCES** - The City’s policies permit employees to accumulate vacation and sick time up to certain limits and to be compensated for their vacation and sick pay accumulation upon termination of employment. The liability for compensated absences is recorded as long-term in the government-wide statements and in the proprietary fund financial statements because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability because it is generally not payable from expendable available financial resources.

**CONNECTION FEES AND IMPACT FEES** - Connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid impact fees received which reserve capacity in the City’s future water or sewer facilities are deferred and reported as capital contributions when the requirements of the developer agreements are met by the City.

**INTERFUND TRANSFERS** - Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the Government-wide Statement of Activities, all interfund transfers between individual funds within a fund type are eliminated.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

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

The City has one item that qualifies for reporting as deferred outflows of resources. That item is the deferred outflows related to pensions. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized in pension expense in future reporting years.

In addition to liabilities, the statement of net position will sometimes report a 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 two items that qualify for reporting as deferred inflows of resources. The first item is the deferred inflows related to pensions. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as a reduction in pension expense in future reporting years. The second item is deferred inflows related to leases which is the total unrecognized revenue to be received from the City's antenna placement leases.

**ON-BEHALF PAYMENTS FOR FRINGE BENEFITS** - The City receives on-behalf payments from the State of Florida to be used for Police Officers' and Firefighters' Pension Trust Fund contributions which totaled \$379,940 for the fiscal year ended September 30, 2024. Such payments are recorded as a component of tax revenue and public safety expenses/expenditures in the government-wide and general fund financial statements.

**PENSION COSTS** - The actuarially determined provision for pension costs is recorded on an accrual basis in the period for which the costs pertain, and the City's policy is to fund pension costs as they accrue.

**LEASES -**

*Lessee:* The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements and the enterprise fund financial statements when the initial, individual values of the lease liability is considered material and this decision is assessed on a case by case basis as new leases are executed.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

*Lessor:* The City is a lessor for two noncancellable antenna placement leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset, receivable, liability and/or deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability.

**EQUITY CLASSIFICATIONS -**

**Government-wide Statements** - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

*Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

*Unrestricted net position* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (concluded)

**Fund Statements** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City's circumstances. The following classifications describe the relative strength of the spending constraints:

*Nonspendable* — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* — amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* — amounts constrained to specific purposes by formal action (ordinance) of the City using its highest level of decision making authority (the City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes the same highest-level action (ordinance) to remove or change the constraint.

*Assigned* — amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. The City Commission has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.

*Unassigned* — this classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not nonspendable, restricted, committed, or assigned.

The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**NOTE 2 - PROPERTY TAX CALENDAR**

Under Florida Law, the assessment of all properties and the collection of all county, municipal, special districts, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2024 was 7.25.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

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**NOTE 3 - BUDGETARY LAW AND PRACTICE**

The budget is adopted by Ordinance on a City-wide basis for all City funds on or before October 1 of each year as required by State Statute. The City's Charter specifies that the City Manager has the authority to transfer unencumbered appropriation balances within a department; however, any transfers beyond this level must be done by City Ordinance. Budgets for all funds are adopted on the basis of cash receipts and disbursements which differs from the basis used for financial reporting purposes.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**DEPOSITS IN FINANCIAL INSTITUTIONS** -The City's deposits are insured by the FDIC up to \$250,000 per financial institution. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08. Florida Statutes.

**INVESTMENTS - CITY** - The types of investments in which the City may invest are governed by City ordinance, which defers to Florida Statutes Chapter 218.415(17), which permits investments in the Local Government Surplus Trust Fund, direct obligations of the U.S. Treasury, interest-bearing time deposits or savings accounts in qualified public depositories, S.E.C. registered money market funds with the highest credit rating.

The captions on the government-wide statement of net position for "cash and cash equivalents", both restricted and unrestricted, were insured or fully collateralized bank deposits. There were no investment securities maintained during the year other than in the City's pension trust funds.

**INVESTMENTS – PENSION TRUST FUND** – Investment authority for the City's pension trust funds is delegated to the individual pension's board of trustees via City ordinance and permits for any investments allowable under the provisions of Florida Statutes Chapters 112, 175 and 185, as applicable. The individual board of trustees has adopted an investment policy that limits investments in foreign securities to a maximum of 25% of plan assets (at market value), limits the investments in equity securities to a maximum of 70% of plan assets (at market value) and a maximum investment in real estate of 15% of the plan assets (at cost).

*Investment valuation* - Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. All other investments are stated at fair value and are categorized using the fair value hierarchy established by GASB Cod. Sec. 3100 and are recorded as of the trade date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 4 - DEPOSITS AND INVESTMENTS (cont...)**

The investment securities held by the City's pension trust funds have the following carrying values as of September 30, 2024, based upon the measurement criteria as specified.

**General Employees' Pension Trust Fund:**

	September 30, 2024	Level 1
<b>Investments at fair value:</b>		
Fixed income mutual fund	\$ 716,350	\$ 716,350
Equity mutual funds	1,560,449	1,560,449
Total investments at fair value	2,276,799	<u>\$ 2,276,799</u>
<b>Investments measured at amortized cost</b>		
Short-term money market fund	23,553	
<b>Total investments</b>	<u>\$ 2,300,352</u>	

**Police Officers' and Firefighters' Pension Trust Fund:**

	September 30, 2024	Level 1
<b>Investments at fair value:</b>		
Fixed income mutual fund	\$ 824,210	\$ 824,210
Equity mutual funds	1,761,288	1,761,288
Total investments at fair value	2,585,498	<u>\$ 2,585,498</u>
<b>Investments measured at amortized cost</b>		
Short-term money market fund	117,600	
<b>Total investments</b>	<u>\$ 2,703,098</u>	

*Interest rate and credit risk* – While the City's pension trust funds' have an investment policy, they do not have a specific policy to address interest rate or credit risk. Information related to interest rate and credit risk for the pension trust funds' fixed income investments is summarized below.

**General Employees' Pension Trust Fund:**

Investment Type	S&P Rating	Fair Value/ Amortized Cost	Weighted Average Maturity (Years)
Short-term money market fund	Not Rated	\$ 23,553	0.09
Fixed income mutual funds	Not Rated	716,350	7.37
Total		<u>\$ 739,903</u>	

**NOTE 4 - DEPOSITS AND INVESTMENTS** (cont...)

**Police Officers' and Firefighters' Pension Trust Fund:**

Investment Type	S&P Rating	Fair Value/ Amortized Cost	Weighted Average Maturity (Years)
Short-term money market fund	Not Rated	\$ 117,600	0.09
Fixed income mutual funds	Not Rated	824,210	7.37
Total		\$ 941,810	

*Concentration of credit risk* - The City's pension trust funds' investment policies states that the plans' assets shall be diversified to reduce the risk of large losses. The plans did not hold investments in any one organization that represented 5% or more of the plan's fiduciary net position as of September 30, 2024 (excluding investments issued or explicitly guaranteed by the U.S. government or those in pooled investments).

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**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2024, was as follows:

	Balance October 1, 2023	Transfers	Increases	Decreases	Balance September 30, 2024
<b>Governmental Activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,062,757	\$ -	\$ 4,327,785	\$ (105,534)	\$ 5,285,008
Construction-in-progress	1,201,158	(3,714,289)	2,513,131	-	-
Total capital assets, not being depreciated	<u>2,263,915</u>	<u>(3,714,289)</u>	<u>6,840,916</u>	<u>(105,534)</u>	<u>5,285,008</u>
<b>Capital assets, being depreciated:</b>					
Buildings & improvements	15,223,883	2,580,196	150,703	-	17,954,782
Equipment	4,779,241	180,492	529,537	-	5,489,270
Infrastructure:					
Road network	2,563,039	953,601	291,946	-	3,808,586
Sidewalk network	871,183	-	32,969	-	904,152
Total capital assets, being depreciated	<u>23,437,346</u>	<u>3,714,289</u>	<u>1,005,155</u>	<u>-</u>	<u>28,156,790</u>
Less accumulated depreciation for:					
Buildings & improvements	(2,743,636)	-	(570,930)	-	(3,314,566)
Equipment	(2,750,618)	-	(483,516)	-	(3,234,134)
Infrastructure:					
Road network	(748,648)	-	(171,093)	-	(919,741)
Sidewalk network	(376,716)	-	(43,978)	-	(420,694)
Total accumulated depreciation	<u>(6,619,618)</u>	<u>-</u>	<u>(1,269,517)</u>	<u>-</u>	<u>(7,889,135)</u>
Total capital assets being depreciated, net	<u>16,817,728</u>	<u>3,714,289</u>	<u>(264,362)</u>	<u>-</u>	<u>20,267,655</u>
Governmental activities capital assets, net	<u>\$ 19,081,643</u>	<u>\$ -</u>	<u>\$ 6,576,554</u>	<u>\$ (105,534)</u>	<u>\$ 25,552,663</u>
<b>Business-type activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,020,361	\$ -	\$ -	\$ -	\$ 1,020,361
Construction-in-progress	24,703,014	(10,145,540)	13,616,651	-	28,174,125
Total capital assets, not being depreciated	<u>25,723,375</u>	<u>(10,145,540)</u>	<u>13,616,651</u>	<u>-</u>	<u>29,194,486</u>
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	36,449,042	10,145,540	3,328,323	-	49,922,905
Equipment	1,985,684	-	129,400	-	2,115,084
Total capital assets, being depreciated	<u>38,434,726</u>	<u>10,145,540</u>	<u>3,457,723</u>	<u>-</u>	<u>52,037,989</u>
Less accumulated depreciation for:					
Buildings and improvements	(8,572,263)	-	(1,236,281)	-	(9,808,544)
Equipment	(653,629)	-	(201,327)	-	(854,956)
Total accumulated depreciation	<u>(9,225,892)</u>	<u>-</u>	<u>(1,437,608)</u>	<u>-</u>	<u>(10,663,500)</u>
Total capital assets being depreciated, net	<u>29,208,834</u>	<u>10,145,540</u>	<u>2,020,115</u>	<u>-</u>	<u>41,374,489</u>
Business-type activities capital assets, net	<u>\$ 54,932,209</u>	<u>\$ -</u>	<u>\$ 15,636,766</u>	<u>\$ -</u>	<u>\$ 70,568,975</u>

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

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**NOTE 5 - CAPITAL ASSETS** (concluded)

Depreciation expense was charged to the following programs and functions:

**Governmental Activities:**

General government	\$	111,401
Building code enforcement		48,755
Law enforcement		246,539
Fire protection		174,034
Roads and streets		300,947
Parks and recreation		381,072
Cemetery		6,769
Total depreciation expense - governmental activities	\$	<u>1,269,517</u>

**Business-type Activities:**

Water	\$	687,825
Sewer		727,373
Stormwater		22,410
Total depreciation expense - business-type activities	\$	<u>1,437,608</u>

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**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 6 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2024:

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Amounts Due within One Year
<b>Governmental Activities:</b>					
<b>Long-term debt:</b>					
Notes payable:					
Capital improvement revenue note, series 2011	\$ 217,574	\$ -	\$ (217,574)	\$ -	\$ -
Capital improvement revenue note, series 2020	390,883	-	(390,883)	-	-
Capital improvement revenue note, series 2020A	4,716,889	-	(195,001)	4,521,888	201,128
Total long-term debt	<u>5,325,346</u>	<u>-</u>	<u>(803,458)</u>	<u>4,521,888</u>	<u>201,128</u>
<b>Other liabilities:</b>					
Compensated absences	411,560	124,840	-	536,400	-
Total OPEB liability	317,560	29,848	-	347,408	-
Net pension liabilities	294,754	-	(278,728)	16,026	-
Total long-term liabilities	<u>\$ 6,349,220</u>	<u>\$ 154,688</u>	<u>\$ (1,082,186)</u>	<u>5,421,722</u>	<u>\$ 201,128</u>
Less amounts due in one year				(201,128)	
Net long-term liabilities due after one year				<u>\$ 5,220,594</u>	
<b>Business-type Activities:</b>					
<b>Long-term debt:</b>					
Revenue certificates (State Revolving Fund Loans):					
Loan - DW5312010	\$ 41,634	\$ -	\$ (4,361)	\$ 37,273	\$ 4,494
Loan - DW5312020	830,762	-	(118,277)	712,485	121,600
Loan - DW530700	292,574	-	(46,616)	245,958	47,454
Loan - SW120 86503P	32,155	-	(32,155)	-	-
Loan - WW530710	129,060	-	(6,830)	122,230	6,893
Loan - DW530701	5,030,380	-	(254,697)	4,775,683	256,585
Loan - WW530720	603,270	-	(30,964)	572,306	31,250
Loan - WW530721	8,653,335	8,449,776	-	17,103,111	-
Loan - WW530712	3,957,635	-	(157,478)	3,800,157	211,120
Total long-term debt	<u>19,570,805</u>	<u>8,449,776</u>	<u>(651,378)</u>	<u>27,369,203</u>	<u>679,396</u>
<b>Other liabilities:</b>					
Compensated absences	75,593	14,228	-	89,821	-
Net pension liabilities	56,027	-	(49,681)	6,346	-
Total OPEB liability	49,954	-	(3,113)	46,841	-
Total long-term liabilities	<u>\$ 19,752,379</u>	<u>\$ 8,464,004</u>	<u>\$ (704,172)</u>	<u>27,512,211</u>	<u>\$ 679,396</u>
Less amounts due in one year				(679,396)	
Net long-term liabilities in excess of one year				<u>\$ 26,832,815</u>	

**Notes to the Long-Term Obligations Table**

Long term liabilities, including accumulated compensated absences and the City's net pension liabilities, are typically liquidated by the individual fund to which the liability is directly associated.

All of the City's long-term debt arose through direct borrowings or direct placements.

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**NOTE 6 - LONG-TERM OBLIGATIONS** (cont...)

**Governmental Activities:**

- Series 2011 Capital Improvement Revenue Note – The Capital Improvement Revenue Note, Series 2011 was payable from and secured by the electric public service tax revenue with a scheduled final maturity on March 1, 2031. The Series 2011 note bore interest at 3.5% through March 8, 2016. For each five-year period thereafter, interest was accrued based upon the five-year interest rate swap rate, as determined on the first day of the applicable five-year period from the published FRB H.15 - Selected Interest Rate Statistical Release, plus 115 basis points. This note was fully repaid during the fiscal year ended September 30, 2024.
- Series 2020 Capital Improvement Revenue Note - The Capital Improvement Revenue Note, Series 2020 was payable from and secured by the electric franchise fee revenue with a scheduled final maturity on March 1, 2030. Principal and interest was due semi-annually and the Series 2020 note bore interest at a fixed rate of 2.89%. The Series 2020 note proceeds were used for construction of a fire station and the note was fully repaid during the fiscal year ended September 30, 2024.
- Series 2020A Capital Improvement Revenue Note – The Capital Improvement Revenue Note, Series 2020A was issued on November 18, 2020 totaling \$5,000,000 which was used to finance the cost of the City's new community center. The note bears interest at 2.89% per annum and requires semi-annual principal and interest payments with a final maturity on November 1, 2041.

**Business-Type Activities:**

- The State of Florida Department of Environmental Protection (FDEP) Drinking Water State Revolving Loan (DW5312010), dated August 14, 2000, is secured by the water system net revenues and bears interest at the rate of 3.05% payable in 60 semi-annual payments of principal and interest totaling \$2,799 on the 15th day of December and June of each year, commencing June 15, 2002 with a final payment due June 15, 2032. The ordinance authorizing the loan includes various covenants and restrictions including the requirements to maintain, as of September 30, 2024 (1) a sinking account balance of \$1,400, and (2) a reserve account balance of \$3,126.
- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (DW5312020), dated September 11, 2008, is secured by the water system net revenues and bears interest at the rate of 2.79% payable in 40 semi-annual payments of principal and interest totaling \$70,318 on the 15th day of October and April of each year, commencing April 15, 2010. The loan proceeds were used to fund expansions to the City's water system. As of September 30, 2024, the loan has a requirement for a sinking fund totaling \$70,318.
- The State of Florida Department of Environmental Protection Clean Water State Revolving Fund Loan (SW12086503P), dated August 20, 2001, is secured by stormwater net revenues and local option gas taxes. The loan bore interest at 2.02% and was repayable in forty semi-annual payments (August 15 and February 15) of principal and interest commencing August 15, 2004 with a final maturity on August 15, 2024. The loan was used to construct a stormwater system, and the note was fully repaid during the fiscal year ended September 30, 2024.

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**NOTE 6 - LONG-TERM OBLIGATIONS** (concluded)

**Business-Type Activities:** (cont...)

- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (DW530700), dated August 22, 2018, is secured by the water system net revenues and bears interest at the rate of 1.79% payable in 20 semi-annual payments of principal and interest totaling \$25,823 on the 15th day of February and August of each year. The loan proceeds were used to fund expansions to the City's water system. On September 30, 2024, the loan has a requirement for a sinking fund totaling \$8,608.
- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (CW530710), dated July 22, 2019, is secured by the water, sewer and stormwater system net revenues and bears interest at the rate of .46% payable in 40 semi-annual payments of principal and interest totaling \$4,000 on the 15th day of November and May of each year, commencing May 15, 2021. The loan proceeds were used to fund expansions to the City's water system. On September 30, 2024, the loan has a requirement for a sinking fund totaling \$2,667.
- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (DW530701), dated October 17, 2019, is secured by the water, sewer and stormwater system net revenues and bears interest at the rate of .74% payable in 40 semi-annual payments of principal and interest totaling \$145,726 on the 15th day of October and April of each year. The loan proceeds were used to fund expansions to the City's water system. On September 30, 2024, the loan has a requirement for a sinking fund totaling \$145,726.
- The State of Florida Department of Environmental Protection Clean Water State Revolving Loan (WW530720), dated July 22, 2019, is secured by the water, sewer and stormwater system net revenues and bears interest at the rate of .92% payable in 40 semi-annual payments of principal and interest \$18,230 on the 15th day of February and August of each year. The loan proceeds were used to fund expansions to the City's wastewater system. On September 30, 2024, the loan has a requirement for a sinking fund totaling \$3,037.
- The State of Florida Department of Environmental Protection Clean Water State Revolving Loan (WW530712), dated March 24, 2020, is secured by the water, sewer and stormwater system net revenues with a zero percent interest rate payable in 40 semi-annual payments of principal and interest of \$105,560 on the 15th day of February and August of each year. The loan proceeds were used to fund expansions to the City's wastewater system. On September 30, 2024, the loan has a requirement for a sinking fund totaling \$17,593.
- The State of Florida Department of Environmental Protection Clean Water State Revolving Loan (WW530721), dated February 18, 2022, is secured by the water and sewer system net revenues with a zero percent interest rate payable in 40 semi-annual payments of principal and interest on the 15th day of April and October of each year, commencing April 15, 2025. The loan proceeds are being used to fund expansions to the City's wastewater system. The loan agreement was amended on August 23, 2022 and again on April 14, 2023 increasing the maximum disbursable amount to \$21,750,000 of which \$17,103,111 had been drawn as of September 30, 2024 and as of August 24, 2025 the City has drawn \$20,471,886 on this loan.

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 6 - LONG-TERM OBLIGATIONS** (cont...)

**Undrawn Loan** – As of September 30, 2024 the City has been approved for the following loan through the State of Florida Department of Environmental Protection State Revolving Loan Program but no funds have been drawn as of September 30, 2024:

- State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (DW530730) dated November 15, 2023. This loan has a 1.78% interest rate per annum with a maximum approved loan amount of \$80,000 to assist with planning for an alternative water supply. This loan includes a 50% principal forgiveness grant. As of August 24, 2025, the entire loan amount has been drawn of \$80,000 and \$40,000 of this amount has been forgiven through the principal forgiveness grant.

**Remedies in the Event of Default** – The City’s debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of default as follows:

- Series 2011 and 2020 Capital Improvement Revenue Note – The lender may, upon providing written notice, declare the principal of the note to be immediately due and payable.
- State Revolving Funds (SRF) Loans – The lender, subject to the rights of superior liens on the pledged revenues, may request a court to appoint a receiver to manage the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors and may accelerate the repayment schedule or increase the interest rate on the unpaid principal of the loan to 3.33 the loan interest rate for SW120 86503P and 1.667 times the loan interest rate for all other SRF loans.

**Maturities:**

Annual requirements to repay all debt and lease obligations as of September 30, 2024, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 201,128	\$ 131,055	\$ 679,396	\$ 119,140
2026	207,064	125,118	1,451,342	407,757
2027	213,176	119,007	1,800,576	58,522
2028	219,164	113,019	1,807,954	51,144
2029	225,937	106,245	1,815,472	43,627
2030-2034	972,198	356,534	8,242,593	147,818
2035-2039	1,385,789	275,126	8,231,455	74,645
2040-2044	1,097,432	65,385	3,340,415	9,801
Total	<u>\$ 4,521,888</u>	<u>\$ 1,291,489</u>	<u>\$ 27,369,203</u>	<u>\$ 912,454</u>

**NOTE 7 - FUTURE REVENUES THAT ARE PLEDGED**

The City has pledged various future revenue sources for various debt issues. For the water and stormwater systems, the City has pledged future revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City’s outstanding debt issues. Additional information regarding the City’s pledged revenue can be found in note 6.

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Water system net revenue	2032	\$ 1,073,706	\$ 197,879	\$ 1,382,365	698.59%
Electric public service taxes	2030	-	390,882	844,655	216.09%
Electric franchise fees	2041	-	217,575	642,535	295.32%
Stormwater system net revenue and local option gas taxes	2025	-	32,694	560,911	1715.64%
Water, sewer and stormwater system net revenue	2042	27,207,951	547,015	2,527,509	462.05%

**NOTE 8 – LEASES**

**Lease Receivable** – The City reports two reportable lease receivables related to antenna lease agreements originally executed in prior years. The lease terms, as amended, were for an initial 5-year period with the option of 5 separate 5-year renewal periods thereafter ending in 2029 and 2031. The City receives monthly payments for one lease and quarterly payments for the other, each of which are increased each year, or at each renewal period, by a 3% annual increase and the City recognized \$68,806 in lease revenue and \$11,412 in interest revenue during the fiscal year related to these two leases. On September 30, 2024, the City’s receivable for lease payments was \$434,258. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. On September 30, 2024, the balance of the deferred inflow of resources was \$402,323.

The future lease receipts were discounted using the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices which was 2.43% as of the restatement date of October 1, 2022.

**NOTE 9 - INTERFUND TRANSACTIONS**

There were no interfund receivables or payables as of September 30, 2024 and there were no interfund transfers for the year ended September 30, 2024.

**NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUND**

The City has outstanding debt secured solely by its water system revenues. The water system’s operations are accounted for in an enterprise fund along with the City’s wastewater systems. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for some components of net position, revenues and cash flows. Segment financial information that can be separately identified for the water and wastewater system operations as of and for the year ended September 30, 2024, is presented below:

	Water System	Wastewater System	Total
<b>Condensed statement of revenue, expenses and changes in net position:</b>			
Operating revenues	\$ 3,092,365	\$ 2,328,403	\$ 5,420,768
Personnel services	(675,874)	(590,312)	(1,266,185)
Operating expenses	(1,152,432)	(800,013)	(1,952,444)
Depreciation expense	(687,825)	(727,373)	(1,415,198)
Operating Income (Loss)	576,235	210,706	786,941
Nonoperating expenses:			
Interest expense	(26,057)	(97,046)	(123,103)
Other expense	(18,498)	-	(18,498)
Interest income	118,305	55,968	174,273
Capital contributions:			
Impact fees	1,141,005	1,600,427	2,741,432
Grants and other capital contributions	1,172,600	1,878,357	3,050,957
Change in net position	<u>\$ 2,963,590</u>	<u>\$ 3,648,412</u>	<u>\$ 6,612,002</u>
<b>Summary information from statement of net position:</b>			
Capital assets, net	<u>\$ 25,203,136</u>	<u>\$ 44,760,760</u>	<u>\$ 69,963,896</u>
Long-term debt, including current portion	<u>\$ 5,771,399</u>	<u>\$ 21,597,804</u>	<u>\$ 27,369,203</u>

**NOTE 11 – PENSION TRUST FUNDS**

*Plan Descriptions* - The City of Davenport contributes to two single-employer defined benefit pension plans: The General Employees’ Pension Trust Fund and the Police Officers’ and Firefighters’ Pension Trust Fund (hereinafter referred to collectively as the “Plans”). Each plan provides retirement and disability benefits to plan members and beneficiaries. The Plans are established by City Ordinance and the benefits and contribution requirements can be amended by the City Commission through ordinance. Both plans are administered by separate boards of trustees who are either appointed by the City Commission, elected by plan members or appointed by the existing board of trustees. It is the City’s policy to annually fund the annual required contribution amount for each plan. The Plans do not issue separate reports containing financial statements; therefore, financial statements are included below.

*Financial Statements*

As of September 30, 2024, the Plans’ statement of fiduciary net position was as follows:

	<b>General Employees' Pension Trust Fund</b>	<b>Police Officers' and Firefighters' Pension Trust Fund</b>	<b>Total</b>
<b>ASSETS</b>			
State	\$ -	\$ 41,281	\$ 41,281
Members	6,019	5,166	11,185
Total receivables	6,019	46,447	52,466
Investments:			
Short-term money market fund	23,553	117,600	141,153
Fixed income mutual fund	716,350	824,210	1,540,560
Equity mutual funds	1,560,449	1,761,288	3,321,737
Total investments	2,300,352	2,703,098	5,003,450
Total assets	2,306,371	2,749,545	5,055,916
<b>LIABILITIES</b>			
Accounts payable	13,975	3,430	17,405
Total liabilities	13,975	3,430	17,405
<b>NET POSITION</b>			
Restricted for pension benefits	\$ 2,292,396	\$ 2,746,115	\$ 5,038,511

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 11 – PENSION TRUST FUNDS** (cont...)

For the fiscal year ended September 30, 2024, the Plans’ statement of changes in fiduciary net position was as follows:

	<b>General Employees' Pension Trust Fund</b>	<b>Police Officers' and Firefighters' Pension Trust Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
City	\$ 378,955	\$ 100,475	\$ 479,430
Plan members	154,159	133,910	288,069
State of Florida	-	379,940	379,940
Total contributions	<u>533,114</u>	<u>614,325</u>	<u>1,147,439</u>
Investment income	<u>382,773</u>	<u>427,668</u>	<u>810,441</u>
Less: investment expenses			
Custodial fees	4,063	4,063	8,126
Performance evaluation	<u>7,138</u>	<u>9,717</u>	<u>16,855</u>
Total investment expenses	<u>11,201</u>	<u>13,780</u>	<u>24,981</u>
Net investment income	<u>371,572</u>	<u>413,888</u>	<u>785,460</u>
Total additions	<u>904,686</u>	<u>1,028,213</u>	<u>1,932,899</u>
<b>DEDUCTIONS</b>			
Administrative expenses:			
Legal	5,585	4,935	10,520
Administrator fee	13,800	13,800	27,600
Actuarial	<u>18,692</u>	<u>19,207</u>	<u>37,899</u>
Total administrative expenses	<u>38,077</u>	<u>37,942</u>	<u>76,019</u>
Benefit payments and refund of member contributions	<u>24,395</u>	<u>30,183</u>	<u>54,578</u>
Total deductions	<u>62,472</u>	<u>68,125</u>	<u>130,597</u>
<b>CHANGE IN NET POSITION</b>	<u>842,214</u>	<u>960,088</u>	<u>1,802,302</u>
<b>NET POSITION, beginning of year</b>	<u>1,450,182</u>	<u>1,786,027</u>	<u>3,236,209</u>
<b>NET POSITION, end of year</b>	<u>\$ 2,292,396</u>	<u>\$ 2,746,115</u>	<u>\$ 5,038,511</u>

*Basis of accounting:* The General Employees’ Pension Trust Fund and the Police Officers' and Firefighters' Pension Trust Fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required to be made and benefits and refunds are recognized as an expense and liability when due and payable. Administrative costs are financed through contributions and investment income.

*Benefits* - The Plans provide retirement and disability benefits. Benefits for all members vest after 7 years of service. Retirement benefits for general employee members are calculated at 2.75% and police officers’ and firefighters are calculated at 3% of average compensation of the best 5 years of the preceding 10 years multiplied by years of creditable service.



**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 11 – PENSION TRUST FUNDS** (cont...)

As of and for the year ended September 30, 2024, the Plans had the following balances reported in the government-wide financial statements:

Pension Trust Fund	Total Pension Liability	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
General Employees	\$ 2,314,768	\$ 22,372	\$ 343,313	\$ 105,460
Police Officers' and Firefighters'	2,650,763	(95,352)	200,059	150,251
Total	<u>\$ 4,965,531</u>	<u>\$ (72,980)</u>	<u>\$ 543,372</u>	<u>\$ 255,711</u>

*Net Pension Liability (Asset)* – The components of the changes in the net pension liability (asset) for both pension plans for the year ended September 30, 2024 is shown below. The net pension liability (asset) as of September 30, 2024, for City financial reporting purposes, was determined by actuarial valuations as of October 1, 2023 updated to September 30, 2024 (the measurement date).

**General Employees’ Pension Trust Fund:**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Reporting period ending September 30, 2023	\$ 1,638,339	\$ 1,450,182	\$ 188,157
Changes for year:			
Service cost	359,556	-	359,556
Interest	148,927	-	148,927
Difference between actual and expected experience	192,341	-	192,341
Contributions - City	-	378,955	(378,955)
Contributions - employee	-	154,159	(154,159)
Net investment income	-	371,572	(371,572)
Benefit payments, including refunds of employee contributions	(24,395)	(24,395)	-
Administrative expense	-	(38,077)	38,077
Net changes	<u>676,429</u>	<u>842,214</u>	<u>(165,785)</u>
Reporting period ending September 30, 2024	<u>\$ 2,314,768</u>	<u>\$ 2,292,396</u>	<u>\$ 22,372</u>

Plan fiduciary net position as a percentage of the total pension liability 99%

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 11 – PENSION TRUST FUNDS** (cont...)

**Police Officers’ and Firefighters’ Pension Trust Fund:**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Reporting period ending September 30, 2023	\$ 1,948,651	\$ 1,786,027	\$ 162,624
Changes for year:			
Service cost	417,539	-	417,539
Interest	176,332	-	176,332
Difference between actual and expected experience	138,424	-	138,424
Change of benefit terms	-	-	-
Contributions - City	-	100,475	(100,475)
Contributions - State	-	379,940	(379,940)
Contributions - employee	-	133,910	(133,910)
Net investment income	-	413,888	(413,888)
Benefit payments, including refunds of employee contributions	(30,183)	(30,183)	-
Administrative expense	-	(37,942)	37,942
Net changes	<u>702,112</u>	<u>960,088</u>	<u>(257,976)</u>
Reporting period ending September 30, 2024	<u>\$ 2,650,763</u>	<u>\$ 2,746,115</u>	<u>\$ (95,352)</u>

Plan fiduciary net position as a percentage of the total pension liability 104%

*Actuarial Assumptions* – The actuarial valuation date and significant actuarial assumptions used to measure the total pension liability on September 30, 2024 were as follows:

	General Employees’ Pension Trust Fund	Police Officers’ and Firefighters’ Pension Trust Fund
Actuarial valuation date	October 1, 2023	October 1, 2023
Measurement date	September 30, 2024	September 30, 2024
Inflation	2.50%	2.50%
Projected salary increases	Age based	Age based
Investment rate of return	7.50%	7.50%
Discount rate	7.50%	7.50%

Mortality rates for the September 30, 2024 measurement date were based on The Society of Actuaries’ Retirement Plans Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Reports.

There is insufficient plan experience to be used to form actuarial assumptions rather the actuary used assumptions from similar plans and will monitor the plans’ experience and will perform a study when sufficient plan experience exists.

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

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**NOTE 11 – PENSION TRUST FUNDS** (cont...)

*Long-term Expected Rate of Return on Pension Plan Investments* - Best estimates of arithmetic real rates of return for each major asset class and the target asset allocations as of September 30, 2024 for each of the City's pension trust funds, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rates of Return</u>	<u>Target Asset Allocations</u>
Domestic equity	8.20%	50%
International equity	3.30%	10%
Bonds	2.20%	40%
Total		<u>100%</u>

*Actual Rate of Return* – For the year ended September 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for each plan are as follows:

<u>Pension Trust Fund</u>	<u>Rate of Return</u>
General Employees'	21.36%
Police Officers' and Firefighters'	22.52%

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 11 – PENSION TRUST FUNDS (cont...)**

*Deferred Outflows and Inflows of Resources Related to Pensions* - On September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, combined and individually for both plans, was as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 543,372	\$ 55,963
Change in assumptions	-	5,528
Net difference between expected and actual earnings on Plan investments	-	194,220
Total combined all pension trust funds	\$ 543,372	\$ 255,711

**General Employees' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 343,313	\$ 2,374
Change in assumptions	-	1,458
Net difference between expected and actual earnings on Plan investments	-	101,628
Total general employees' pension trust fund	\$ 343,313	\$ 105,460

**Police Officers' and Firefighters' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,059	\$ 53,589
Change in assumptions	-	4,070
Net difference between expected and actual earnings on Plan investments	-	92,592
Total police officers' and firefighters' pension trust fund	\$ 200,059	\$ 150,251

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 11 – PENSION TRUST FUNDS** (cont...)

Amounts reported as deferred inflows and outflows of resources will be recognized in pension expense in the years and amounts shown below:

Year ending September 30,	General Employees' Pension Trust Fund	Police Officers; and Firefighters' Pension Trust Fund	Total
2025	\$ 94,868	\$ 29,446	\$ 124,314
2026	105,912	39,556	145,468
2027	47,637	(27,136)	20,501
2028	(10,564)	(15,129)	(25,693)
2029	-	23,071	23,071
Total	<u>\$ 237,853</u>	<u>\$ 49,808</u>	<u>\$ 287,661</u>

*Discount Rate* - A rate of 7.5% was used to measure the total pension liability of each plan as of September 30, 2024, which is the measurement date for financial reporting purposes. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plans' 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 the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the City as of the measurement date (September 30, 2024), calculated using the discount rates discussed above for each plan, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

Pension Trust Fund	Current Discount Rate	Net Pension Liability (Asset) at Measurement Date		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.50%	\$ 368,397	\$ 22,372	\$ (261,397)
Police Officers' and Firefighters'	7.50%	348,383	(95,352)	(452,566)
City's Net Pension Liability (Asset)		<u>\$ 716,780</u>	<u>\$ (72,980)</u>	<u>\$ (713,963)</u>

*Pension Expense* – For the year ended September 30, 2024, the City recognized total pension expense of \$733,849 consisting of pension expense for the General Employees' Pension Trust Fund of \$358,552 and \$375,297 for the Police Officers' and Firefighters' Pension Trust Fund.

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS**

The City follows GASB Cod. Sec. P52 for certain postemployment healthcare benefits provided by the City.

*Plan Description* – The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the City. The OPEB Plan allows employees who retire and meet retirement eligibility requirements under the applicable City retirement plan to continue medical insurance coverage as a participant in the City’s health insurance plan.

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the City are eligible to participate in the City’s healthcare and life insurance benefits. The City subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The City does not offer any explicit subsidies for retiree coverage. The OPEB Plan doesn’t issue a stand-alone financial report and is not included in the annual report of a public employee retirement system or another entity.

There are currently 91 active plan members and no inactive plan members.

*Funding Policy* – Currently, the City’s OPEB benefits are unfunded. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB liability, and the OPEB Plan is financed on a pay-as-you-go basis.

*Benefits Provided* – The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City who meet the eligibility requirements of the applicable City retirement plan are eligible to receive postemployment health care benefits. *All retiree, spouse and dependent coverage is at the expense of the retiree.*

*Total OPEB Liability* – The City’s total OPEB liability as of September 30, 2024 (the measurement date) was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024. The actuarial assumptions used were as follows:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.06%
Initial health care trend rate	7.00%
Ultimate health care trend rate	4.00%
Year to ultimate rate	51

For all lives, mortality rates were PubG-2010 Mortality Tables. As published by the Society of Actuaries and projected to the valuation date using projection scale MP-2019.

*Discount Rate* – The discount rate was based on a high-quality municipal bond rate of 4.06%. The high-quality bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Rating Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**CITY OF DAVENPORT, FLORIDA**

Notes to Financial Statements

September 30, 2024

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (cont...)**

The OPEB Plan qualifies for the alternative measurement method in determining their total OPEB liability. Under the alternative measurement method, changes in the total OPEB liability are not permitted to be included in deferred outflows or inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense.

*OPEB Expense* – For the year ended September 30, 2024, the City recognized OPEB expense of \$39,268.

*Changes in Total OPEB Liability:*

	<b>Total OPEB Liability</b>
Reporting period ending September 30, 2023	\$ 367,514
Changes for the year:	
Service cost	75,317
Interest	21,710
Differences between expected and actual experience	6,990
Changes of assumptions	(69,149)
Benefit payments	(8,133)
Net changes	<u>26,735</u>
Reporting period ending September 30, 2024	<u>\$ 394,249</u>

*Sensitivity of the Total OPEB Liability to changes in the discount rate* - The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.06%)	Discount Rate (4.06%)	1% Increase (5.06%)
Total OPEB liability	\$ 454,937	\$ 394,249	\$ 344,399

*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:

	1% Decrease (6.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.00%)	1% Increase (8.00% decreasing to 5.00%)
Total OPEB liability	\$ 333,808	\$ 394,249	\$ 469,482

**NOTE 13 - RISK MANAGEMENT AND LITIGATION**

During the ordinary course of its operations, the City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. There have been no significant reductions in coverage nor have settlement amounts exceeded the City's coverage during the year ended September 30, 2024 or the two previous years. The City's workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool. Settled claims resulting from these risks have not exceeded insurance coverage.

The City has elected to reimburse the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provision for potential claims has been made in the financial statements.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

The City participates in several programs that are fully or partially funded by grants received from Federal, state, or county agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government/agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor government/agency. As of September 30, 2024, 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.

*Construction commitments* – As of September 30, 2024, the City had outstanding commitments totaling approximately \$12,090,000 for capital projects currently underway within its business-type activities.

**NOTE 15 – JOINT VENTURE**

**Background** - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the City of Davenport, City of Auburndale, City of Bartow, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, City of Mulberry, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

**Membership fees** - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2024, the total annual working capital needs of the PRWC was \$260,078 of which the City's proportionate share was \$7,020.

**Contact** - Complete financial statements of the PRWC may be obtained from the PRWC's Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.

**NOTE 15 – JOINT VENTURE** (cont...)

**Project Implementation Agreements** - Effective April 19, 2021, the City entered into a project implementation agreement with other PRWC participating governments for the Southeast Wellfield Project. The purpose of the agreement is to govern the design, permitting, construction, operation, maintenance, and funding of the project. The City's commitment as a party to this agreement is to pay the PRWC for alternative water services consisting of a base rate charge and a water use rate charge. The City will be notified as to the amount of these water charges on or before May 31<sup>st</sup> prior to the fiscal year in which finished water service is scheduled to commence and on or before May 31<sup>st</sup> thereafter. The City water charges to the PRWC for the fiscal year ending September 30, 2024 were \$418,030 and recorded as an operating expense of the water function.

**NOTE 16 – SUBSEQUENT EVENT:**

Effective May 1, 2025 the City entered into a loan agreement with the State of Florida Department of Environmental Protection Clean Water State Revolving Loan Program (CW530740). This loan has a zero interest rate with a maximum approved loan amount of \$3,285,000 to fund a pilot study to identify pre-treatment and treatment alternatives. This loan includes a 100% principal forgiveness grant.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DAVENPORT, FLORIDA**

Budgetary Comparison Schedule – General Fund  
for the year ended September 30, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>RESOURCES (inflows):</b>				
Taxes	\$ 9,539,380	\$ 10,417,380	\$ 10,375,220	\$ (42,160)
Licenses and permits	1,681,200	2,851,700	2,825,629	(26,071)
Intergovernmental revenue	1,667,500	2,863,280	1,497,023	(1,366,257)
Charges for services	2,145,300	2,399,300	2,342,501	(56,799)
Fines and forfeitures	30,500	44,500	50,774	6,274
Other	675,000	2,030,200	2,504,813	474,613
Insurance proceeds	20,000	139,000	139,588	588
Total resources	15,758,880	20,745,360	19,735,548	(1,009,812)
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>General government:</b>				
Commission	109,920	117,920	117,787	133
City manager	506,670	494,670	492,051	2,619
Finance	419,410	447,310	439,998	7,312
Legal	100,000	120,000	132,657	(12,657)
City clerk	221,235	218,230	216,512	1,718
Human resources	164,655	159,650	158,299	1,351
Development services	4,394,665	3,680,660	3,360,025	320,635
Other general government	957,500	954,500	954,535	(35)
Total general government	6,874,055	6,192,940	5,871,864	321,076
<b>Public safety:</b>				
Police department	2,780,540	2,979,330	2,987,964	(8,634)
Fire department	2,654,730	2,742,030	2,708,076	33,954
Code enforcement	91,080	75,080	72,445	2,635
Total public safety	5,526,350	5,796,440	5,768,485	27,955
<b>Physical environment:</b>				
Garbage	1,568,600	1,513,600	1,507,502	6,098
City cemetery	91,600	65,600	63,901	1,699
Total physical environment	1,660,200	1,579,200	1,571,403	7,797
<b>Transportation</b>	1,448,845	1,406,840	1,406,375	465
<b>Culture/recreation:</b>				
Parks and recreation	1,757,630	5,741,140	5,739,021	2,119
Total culture/recreation	1,757,630	5,741,140	5,739,021	2,119
Total charges to appropriations	17,267,080	20,716,560	20,357,148	359,412
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	(1,508,200)	28,800	\$ (621,600)	\$ (650,400)
Surplus carried to subsequent year	1,508,200	(28,800)		
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -		

**CITY OF DAVENPORT, FLORIDA**

Budgetary Comparison Schedule – Impact Fee Special Revenue Fund  
for the year ended September 30, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>RESOURCES (inflows):</b>				
Impact fees	\$ 781,395	\$ 781,395	\$ 1,264,230	\$ 482,835
Other	127,275	127,275	74,234	(53,041)
Total resources	908,670	908,670	1,338,464	429,794
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public safety:</b>				
Fire department	30,900	30,900	407	30,493
Total public safety	30,900	30,900	407	30,493
<b>Transportation</b>	125,000	125,000	-	125,000
<b>Culture/recreation:</b>				
Parks and recreation	332,185	332,185	332,183	2
Total culture/recreation	332,185	332,185	332,183	2
Total charges to appropriations	488,085	488,085	332,590	155,495
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	420,585	420,585	\$ 1,005,874	\$ 585,289
Surplus carried to subsequent year	(420,585)	(420,585)		
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -		

**CITY OF DAVENPORT, FLORIDA**

Notes To Budgetary Comparison Schedule – General Fund and Impact Fee Special Revenue Fund

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**BASIS OF ACCOUNTING**

The general fund and impact fee special revenue fund budgets are adopted on the basis of cash receipts and disbursements which differs from the basis used for financial reporting purposes. For the year ended September 30, 2024, there were no significant differences between the budgetary basis and the basis used for financial reporting purposes.

Total budgetary resources consist of total revenue and other financing sources from the accompanying statement of revenues, expenditures and changes in fund balance for the general fund.

**CITY OF DAVENPORT, FLORIDA**

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Trust Fund

City reporting period date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
<b>Total pension liability</b>						
Service cost	\$ 359,556	\$ 307,066	\$ 240,778	\$ 213,549	\$ 195,436	\$ 152,019
Interest	148,927	99,901	67,666	43,211	26,700	8,551
Change in assumptions	-	-	-	-	(5,101)	-
Difference between expected and actual experience	192,341	224,511	75,424	51,063	(8,311)	-
Benefit payments, including refunds of employee contributions	(24,395)	(36,169)	(4,551)	(13,404)	-	-
Net change in total pension liability	676,429	595,309	379,317	294,419	208,724	160,570
Total pension liability, beginning	1,638,339	1,043,030	663,713	369,294	160,570	-
Total pension liability, ending (a)	<u>\$ 2,314,768</u>	<u>\$ 1,638,339</u>	<u>\$ 1,043,030</u>	<u>\$ 663,713</u>	<u>\$ 369,294</u>	<u>\$ 160,570</u>
<b>Plan fiduciary net position</b>						
Contributions - City	\$ 378,955	\$ 320,250	\$ 308,065	\$ 216,805	\$ 215,089	\$ 130,985
Contributions - Employee	154,159	122,906	111,921	78,077	67,217	42,920
Net investment income (loss)	371,572	84,685	(184,890)	97,299	28,287	1,827
Benefit payments, including refunds of employee contributions	(24,395)	(36,169)	(4,551)	(13,404)	-	-
Administrative expenses	(38,077)	(31,379)	(26,087)	(27,260)	(31,418)	(20,993)
Net change in plan fiduciary net position	842,214	460,293	204,458	351,517	279,175	154,739
Plan fiduciary net position, beginning	1,450,182	989,889	785,431	433,914	154,739	-
Plan fiduciary net position, ending (b)	<u>\$ 2,292,396</u>	<u>\$ 1,450,182</u>	<u>\$ 989,889</u>	<u>\$ 785,431</u>	<u>\$ 433,914</u>	<u>\$ 154,739</u>
Net pension liability (assets) (a)-(b)	<u>\$ 22,372</u>	<u>\$ 188,157</u>	<u>\$ 53,141</u>	<u>\$ (121,718)</u>	<u>\$ (64,620)</u>	<u>\$ 5,831</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	99.03%	88.52%	94.91%	118.34%	117.50%	96.37%
<b>Covered payroll</b>	\$ 3,089,659	\$ 2,458,115	\$ 2,238,424	\$ 1,562,617	\$ 1,341,141	\$ 858,399
<b>Net pension liability as a percentage of covered payroll</b>	0.72%	7.65%	2.37%	-7.79%	-4.82%	0.68%

**Notes to the Schedule:**

The Plan became effective as of January 1, 2019.

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

*Changes of Assumptions:*

- For measurement date September 30, 2020, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for non-special risk employees

**CITY OF DAVENPORT, FLORIDA**

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' and Firefighters' Pension Trust Fund

City reporting period date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
<b>Total pension liability</b>						
Service cost	\$ 417,539	\$ 275,047	\$ 233,487	\$ 196,394	\$ 180,092	\$ 97,718
Interest	176,332	123,471	99,325	84,524	57,633	33,241
Change in assumptions	-	-	-	-	(14,246)	-
Change of benefit terms	-	97,385	-	68,958	-	-
Difference between expected and actual experience	138,424	101,774	(18,187)	(100,793)	58,996	-
Benefit payments, including refunds of employee contributions	(30,183)	(40,520)	(27,938)	(11,826)	(6,538)	-
Net change in total pension liability	702,112	557,157	286,687	237,257	275,937	130,959
Total pension liability, beginning	1,948,651	1,391,494	1,104,807	867,550	591,613	460,654
Total pension liability, ending (a)	<u>\$ 2,650,763</u>	<u>\$ 1,948,651</u>	<u>\$ 1,391,494</u>	<u>\$ 1,104,807</u>	<u>\$ 867,550</u>	<u>\$ 591,613</u>
<b>Plan fiduciary net position</b>						
Contributions - City	\$ 100,475	\$ 83,213	\$ 139,805	\$ 280,435	\$ 234,712	\$ 134,608
Contributions - Employee	133,910	94,507	84,883	62,125	54,469	28,772
Contributions - State	379,940	314,262	212,744	165,058	116,366	-
Net investment income (loss)	413,888	99,706	(205,053)	107,361	23,098	1,590
Benefit payments, including refunds of employee contributions	(30,183)	(40,520)	(27,938)	(11,826)	(6,538)	-
Administrative expenses	(37,942)	(36,390)	(28,717)	(34,456)	(34,863)	(25,386)
Net change in plan fiduciary net position	960,088	514,778	175,724	568,697	387,244	139,584
Plan fiduciary net position, beginning	1,786,027	1,271,249	1,095,525	526,828	139,584	-
Plan fiduciary net position, ending (b)	<u>\$ 2,746,115</u>	<u>\$ 1,786,027</u>	<u>\$ 1,271,249</u>	<u>\$ 1,095,525</u>	<u>\$ 526,828</u>	<u>\$ 139,584</u>
Net pension liability (assets) (a)-(b)	<u>\$ (95,352)</u>	<u>\$ 162,624</u>	<u>\$ 120,245</u>	<u>\$ 9,282</u>	<u>\$ 340,722</u>	<u>\$ 452,029</u>
Plan fiduciary net position as a percentage of total pension liability	103.60%	91.65%	91.36%	99.16%	60.73%	23.59%
Covered payroll	\$ 2,678,205	\$ 1,890,127	\$ 1,697,668	\$ 1,245,214	\$ 1,082,200	\$ 575,446
Net pension liability as a percentage of covered payroll	-3.56%	8.60%	7.08%	0.75%	31.48%	78.55%

**Notes to the Schedule:**

The Plan became effective as of January 1, 2019.

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

*Changes of Benefits:*

- 2021: Ordinance No. 1038 amended the plan to increase the benefit accrual rate from 2.75% to 3.00% of average final compensation for each year of credited service and this increase applies to all years of service and would apply to those who have already terminated.
- 2023: Ordinance No. 1204 amended the plan to allow up to 300 hours of overtime per year to be included in the members' pensionable compensation.

*Changes of Assumptions* - For measurement date September 30, 2020, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for non-special risk employees.

**CITY OF DAVENPORT, FLORIDA**

Required Supplementary Information

Schedule of Contributions - General Employees' Pension Trust Fund

Fiscal Year End	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2024	\$ 364,580	\$ 378,372	\$ (13,792)	\$ 3,089,659	12.25%
9/30/2023	307,264	320,250	(12,986)	2,458,115	13.03%
9/30/2022	299,949	308,065	(8,116)	2,238,424	13.76%
9/30/2021	214,079	216,805	(2,726)	1,562,617	13.87%
9/30/2020	183,736	215,089	(31,353)	1,341,141	16.04%
9/30/2019	128,760	130,985	(2,225)	858,399	15.26%

**Notes to the Schedule:**

The Plan became effective as of January 1, 2019.

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

**Significant methods and assumptions used in calculating the actuary determined contribution requirement:**

- Valuation date: October 1, 2022 for fiscal year 2024 contributions.
- Actuarial Cost Method: Entry Age Normal Actuarial Cost Method.
- Asset Valuation Method: Actuarial value of assets is developed by recognizing the total actuarial investment gain or loss for each Plan year over a four-year period. The gain or loss is equal to the actual return on investments minus the actuarial assumed investment return.
- Funding Method: Entry Age Normal Actuarial Cost Method.
- Salary Increases: 6.00% per year until age 30 and 5.25% per year thereafter.
- Investment Rate of Return: 7.50% per year, compounded annually, gross of investment related expenses.
- Payroll Growth: None
- Retirement Age: Earlier of age 62 and 7 years of service or age 55 and 30 years of service. Any member who has reached normal retirement is assumed to continue employment for one additional year.
- Early Retirement: Commencing with the earliest eligibility age (55), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
- Mortality rates were based on the PubG.H-2010 tables for active, inactive, and disabled males or females, as appropriate, with all rates being projected generationally with mortality improvement scale MP-2018.
- Termination and Disability Rate Tables:

% Terminating During the Year			% Becoming Disabled During the Year	
Service Years	Age	Rate	Age	Rate
0-1	All	18.00%	25	0.05%
2-5	All	14.00%	30	0.06%
6+	30	19.40%	35	0.07%
6+	35	12.30%	40	0.12%
6+	40	7.30%	45	0.22%
6+	45	4.20%	50	0.43%
6+	50	2.70%	55	0.89%
6+	55	1.80%		

**CITY OF DAVENPORT, FLORIDA**

Required Supplementary Information

Schedule of Contributions - Police Officers' and Firefighters' Pension Trust Fund

Fiscal Year End	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2024	\$ 449,938	\$ 479,462	\$ (29,524)	\$ 2,678,205	17.90%
9/30/2023	313,761	397,475	(83,714)	1,890,127	21.03%
9/30/2022	320,859	352,549	(31,690)	1,697,668	20.77%
9/30/2021	277,683	445,493	(167,810)	1,245,214	35.78%
9/30/2020	241,330	346,428	(105,098)	1,082,200	32.01%
9/30/2019	139,258	139,258	-	575,446	24.20%

**Notes to the Schedule:**

The Plan became effective as of January 1, 2019.

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

**Significant methods and assumptions used in calculating the actuary determined contribution requirement:**

- Valuation date: October 1, 2022 for fiscal year 2024 contributions.
- Actuarial Cost Method: Entry Age Normal Actuarial Cost Method.
- Asset Valuation Method: Actuarial value of assets is developed by recognizing the total actuarial investment gain or loss for each Plan year over a four-year period. The gain or loss is equal to the actual return on investments minus the actuarial assumed investment return.
- Funding Method: Entry Age Normal Actuarial Cost Method.
- Salary Increases: 6.00% per year until age 30 and 5.25% per year thereafter.
- Investment Rate of Return: 7.50% per year, compounded annually, gross of investment related expenses.
- Payroll Growth: None
- Retirement Age: Earlier of age 55 and 7 years of service or age 52 and 25 years of service. Any member who has reached normal retirement is assumed to continue employment for one additional year.
- Early Retirement: Commencing with the earliest eligibility age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
- Mortality rates were based on the PubS.H-2010 tables for active and inactive lives, PubG.H-2010 for beneficiary lives, and 80% PubG.H-2010 for disabled lives, as appropriate, with all rates being projected generationally with mortality improvement scale MP-2018.
- Termination and Disability Rate Tables: % terminating or becoming disables during the year based on age.

Age	Rate	
	Termination	Disability
25	13.10%	0.03%
30	11.50%	0.04%
35	8.70%	0.05%
40	6.00%	0.07%
45	3.70%	0.10%
50	1.80%	0.18%
55	0.70%	0.36%

**CITY OF DAVENPORT, FLORIDA**

Required Supplementary Information

Schedule of Investment Returns - All Pension Trust Funds

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**GENERAL EMPLOYEES' PENSION TRUST FUND**

Fiscal year ended	Annual Money-Weighted Rate of Return Net of Investment Expenses
9/30/2024	21.36%
9/30/2023	6.89%
9/30/2022	-17.47%
9/30/2021	15.75%
9/30/2020	9.39%
9/30/2019	0.71%

**POLICE OFFICERS' AND FIREFIGHTERS' PENSION TRUST FUND**

Fiscal year ended	Annual Money-Weighted Rate of Return Net of Investment Expenses
9/30/2024	22.52%
9/30/2023	7.48%
9/30/2022	-17.03%
9/30/2021	13.65%
9/30/2020	8.65%
9/30/2019	0.45%

**Notes to the Schedule:**

The Plan became effective as of January 1, 2019.

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

**CITY OF DAVENPORT, FLORIDA**

Required Supplementary Information

Schedule of Changes in the Total OPEB Liability and Related Ratios

Reporting date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
<b>Total OPEB Liability</b>					
Service cost	\$ 75,317	\$ 46,357	\$ 72,539	\$ 58,696	\$ 46,750
Interest	21,710	17,043	11,842	8,052	8,972
Differences between expected and actual experience	6,990	-	47,459	-	-
Changes in assumptions	(69,149)	(4,705)	(183,896)	(14,752)	57,986
Benefit payments	(8,133)	(4,220)	(4,455)	-	-
<b>Net change in total OPEB Liability</b>	26,735	54,475	(56,511)	51,996	113,708
<b>Total OPEB Liability - beginning</b>	367,514	313,039	369,550	317,554	203,846
<b>Total OPEB Liability - ending</b>	<u>\$ 394,249</u>	<u>\$ 367,514</u>	<u>\$ 313,039</u>	<u>\$ 369,550</u>	<u>\$ 317,554</u>
<b>Covered-employee payroll</b>	\$ 4,827,430	\$ 3,015,387	\$ 2,941,841	\$ 2,074,448	\$ 2,023,852
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	8.17%	12.19%	10.64%	17.81%	15.69%

**Notes to the Schedule:**

No assets are being accumulated in a trust to pay for plan benefits.

**Changes in Assumptions:**

Changes in assumptions reflect the effect of changes in the discount rate of each period. The following are the discount rates used for each measurement date:

Measurement Date	Discount Rate
September 30, 2024	4.06%
September 30, 2023	4.87%
September 30, 2022	4.77%
September 30, 2021	2.43%
September 30, 2020	2.14%
September 30, 2019	3.58%

Updated health care costs and premiums are also reflected as changes of assumptions.

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

**GOVERNMENT AUDITING SECTION**

**CITY OF DAVENPORT, FLORIDA**

Schedule of Expenditures of State Financial Assistance  
for the year ended September 30, 2024

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<u>State Agency/Pass-through Entity/State Project</u>	<u>CSFA#</u>	<u>Contract/Grant Identification</u>	<u>Total Expenditures</u>
<b>State of Florida Department of Environmental Protection</b>			
Direct program:			
Wastewater Treatment Facility Construction - Loan	37.077	530721	<u>\$ 8,449,776</u>
Total project			<u>8,449,776</u>
Direct program:			
Statewide Water Quality Restoration Projects	37.039	WG095	<u>20,738</u>
Total project			<u>20,738</u>
Total Florida Department of Environmental Protection			<u>8,470,514</u>
Total Expenditures of State Financial Assistance			<u>\$ 8,470,514</u>

**CITY OF DAVENPORT, FLORIDA**

Notes to the Schedule of Expenditures of State Financial Assistance  
for the year ended September 30, 2024

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**NOTE 1 – GENERAL** - The accompanying schedule of expenditures of state financial assistance above represents the activities of all state grant activity of the City of Davenport, Florida (the City) for the year ended September 30, 2024.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

*Basis of Presentation* – The information in this schedule is presented in accordance with the requirements of Rules of the Florida Department of Financial Services; and Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the City.

*Basis of Accounting* – The expenditures in the accompanying schedule of expenditures of state financial assistance are presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the City’s financial statements.

**NOTE 3 – CONTINGENCIES** - The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such reviews potentially may result in disallowed expenditures.

**NOTE 4 – FLORIDA’S STATE REVOLVING FUND PROGRAM** – The Drinking Water State Revolving Fund Program and the Clean Water State Revolving Fund Program has executed several loan agreements with the City to assist with water and wastewater system expansions and improvements. The Florida Department of Environmental Protection (FDEP) administers the revolving fund programs with joint funding from the U.S. Environmental Protection Agency and the State of Florida. The Florida State Revolving Fund Program activity funded by the State of Florida during the year ended September 30, 2024 can be found in the accompanying schedule of expenditures of state financial assistance.



## Powell and Jones CPA

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Lake City, FL 32025  
Phone 386.755.4200

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

To the Honorable Mayor  
And Members of the City Commission  
City of Davenport, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Florida (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 25, 2025.

#### Report on Internal Control Over Financial Reporting

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

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

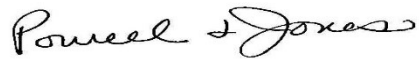
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

#### Report on Compliance and Other Matters

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in cursive script that reads "Powell & Jones".

**POWELL & JONES CPA**  
Lake City, Florida  
August 25, 2025



## **Powell and Jones CPA**

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

### **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor  
And Members of the City Commission  
City of Davenport, Florida

#### **Report on Compliance for Each Major State Project**

##### *Opinion on Each Major State Project*

We have audited the City of Davenport, Florida's (The City) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of The City's major State projects for the fiscal year ended September 30, 2024. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended September 30, 2024.

##### *Basis for Opinion on Each Major State Project*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and Chapter 10.550, Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

##### *Responsibilities of Management for Compliance*

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 state project as a whole.

In performing an audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, we:

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

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

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

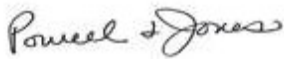
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state

project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

Pursuant to Chapter 119, *Florida Statutes*, this report is a public record, and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the City's management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Powell & Jones", is written in black ink on a white background.

POWELL & JONES CPA  
Lake City, Florida  
August 25, 2025

**CITY OF DAVENPORT, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS**  
**For the Fiscal Year Ended September 30, 2024**

**Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
* Material weakness identified?	No
* Reportable condition identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**State Projects**

Internal control over major projects:	
* Material weaknesses identified?	No
* Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major State projects:	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Rule 10.577, <i>Rules of the Auditor General</i> ?	No
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Identification of major State Projects:

CSFA Number

37.077

Name of State Programs

Department of Environmental Protection  
Wastewater Facility Grant

Dollar threshold used to distinguish between type A and type B State projects	\$750,000
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Findings and Questioned Costs	None
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Other issues	None
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Summary Schedule of Prior Audit Findings:	There were no audit findings in the prior year related to State Projects.
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## Powell and Jones CPA

1359 S.W. Main Blvd  
Lake City, FL 32025  
Phone 386.755.4200

### MANAGEMENT LETTER

To the Honorable Mayor and  
Members of the City Commission  
City of Davenport, Florida

#### Report on the Financial Statements

We have audited the financial statements of the City of Davenport (the City), Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated August 25, 2025.

#### Auditor's Responsibility

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

#### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated August 25, 2025, should be considered in conjunction with this management letter.

#### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective action was taken to substantially address the prior year finding in the period that was audited. .

#### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the City is disclosed in Note (1) of the basic 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 met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial assessment was based in part on representations made by management and review of financial information provided by same. The assessment was performed as part of our procedures as of the fiscal year ended September 30, 2024.

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.

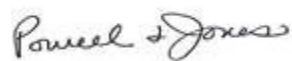
## **Property Assessed Clean Energy (PACE) Programs**

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

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.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties. This letter furnishes information required by Chapter 10.550, *Rules of the Auditor General*, and other compliance matters.



POWELL & JONES CPA  
Lake City, Florida  
August 25, 2025



## Powell and Jones CPA

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Lake City, FL 32025  
Phone 386.755.4200

### INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and  
Members of the City Commission  
City of Davenport, Florida

We have examined the City of Davenport, Florida's (the City) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2024. We have also examined the City's compliance with Sections 163.387(6) and (7), *Florida Statutes* during the year ended September 30, 2024. 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, 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, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

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

POWELL & JONES CPA  
Lake City, Florida  
August 25, 2025