

GOING FURTHER

CITY OF INVERNESS, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024

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FINANCIAL SECTION

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Independent Auditor's Report

**Honorable Mayor and Members of
the City Council,
City of Inverness, Florida**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Inverness, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the General Fund and Community Redevelopment Agency budget comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, schedules of contributions – FRS and HIS, schedules of the City's proportionate share of the net pension liability – FRS and HIS, and schedule of the City's total OPEB liability and related ratios on pages 47 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 revenues, expenditures, and changes in fund balances, budget and actual – capital projects fund, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of state financial assistance, as required by Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balances, budget and actual – capital projects fund and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

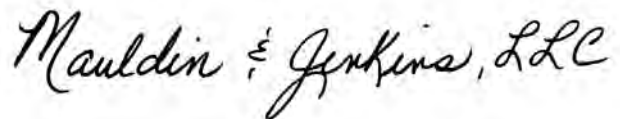
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bradenton, Florida
May 27, 2025

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Management's Discussion and Analysis

This narrative overview and analysis of the financial activities of the City of Inverness (the "City") for the fiscal year ended September 30, 2024 is designed to assist the reader in: (a) focusing on significant financial issues, (b) providing an overview of the City's financial activity, (c) identifying changes in the City's financial position, (d) identifying any material deviations from the approved budget, and (e) identifying individual fund issues or concerns. Please read it in conjunction with the City's Independent Auditor's Report, financial statements, and accompanying notes.

Introduction

As the City prepared for the 2024 fiscal year, it embarked on a path that would sustain economic activity, complete and stage additional investments in infrastructure and sense of place improvements. The path involved continued awareness of how the City viewed its operations and deployed assets in a meaningful and sustainable way. The City continued the use of its mantra "Plan, Fund, and Execute" which assists in meeting goals and objectives.

The spending plan focused on capital projects, efficient service delivery, and accomplishing goals and objectives. This approach addressed citizen needs, broadened the tax base, and increased our return on investment.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$87,152,835 (*net position*). Of this amount, \$28,051,288 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,952,927 or 7.33%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,779,263. Approximately 24.88% of this total amount, \$6,413,207 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,413,207 or 54.43% of total General Fund expenditures and transfers out.
- The City's total business-type debt decreased by \$361,993 or 11.04% during the current fiscal year.

Using this Annual Report

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or City Government to other government) and enhance the City's accountability.

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

Government-Wide Financial Statements

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

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

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include the Public Utilities System and the Oakridge Cemetery.

The government-wide financial statements include only the City itself (known as the *primary government*) and one blended component unit (The City Community Redevelopment Trust Fund). The Water and Sewer Utility Fund and the Cemetery Fund function as departments of the City, and therefore have been included as an integral part of the primary government.

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Redevelopment Fund, and Capital Projects Fund. Data from the impact fees fund is presented as a nonmajor fund in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance.

The City adopts an annual appropriated budget for the General Fund, Community Redevelopment Fund, and Capital Projects Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget on pages 19 and 20, and page 52.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

Proprietary Funds

The City maintains one type of proprietary funds: *enterprise funds*.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility Fund and Cemetery Fund. Annual operating budgets are adopted for these funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility Fund and for the Cemetery Fund.

The basic proprietary fund financial statements can be found on pages 21 through 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 46 of this report.

Required Supplementary Information (RSI)

RSI can be found on pages 47 through 51 of this report.

Supplementary Information

The schedule of revenues, expenditures, and changes in fund balance – budget and actual – for the capital projects fund is presented as supplementary information immediately following the RSI on page 52 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$87,152,835 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (63.45%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. 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. An additional portion of the City's net position (4.37%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$28,051,288) may be used to meet the government's ongoing obligations to citizens and creditors.

On September 30, 2024, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the statement of net position on page 13.

Statement of Net Position
As of September 30,

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 27,915,748	\$ 27,307,440	\$ 11,845,088	\$ 11,961,980	\$ 39,760,836	\$ 39,269,420
Capital assets	39,419,058	38,262,802	29,824,355	25,808,776	69,243,413	64,071,578
Total assets	67,334,806	65,570,242	41,669,443	37,770,756	109,004,249	103,340,998
Total deferred outflows of resources	1,165,870	952,250	164,532	101,153	1,330,402	1,053,403
Other liabilities	2,177,486	2,490,021	2,129,869	1,331,509	4,307,355	3,821,530
Long-term liabilities	15,469,138	15,720,181	2,925,013	3,294,295	18,394,151	19,014,476
Total liabilities	17,646,624	18,210,202	5,054,882	4,625,804	22,701,506	22,836,006
Total deferred inflows of resources	446,017	347,031	34,293	11,456	480,310	358,487
Net position:						
Net investment in capital assets	27,975,641	27,978,652	27,320,237	22,942,665	55,295,878	50,921,317
Restricted	3,404,359	637,849	401,310	355,415	3,805,669	993,264
Unrestricted	19,028,035	19,348,758	9,023,253	9,936,569	28,051,288	29,285,327
Total net position	\$ 50,408,035	\$ 47,965,259	\$ 36,744,800	\$ 33,234,649	\$ 87,152,835	\$ 81,199,908

Statement of Activities

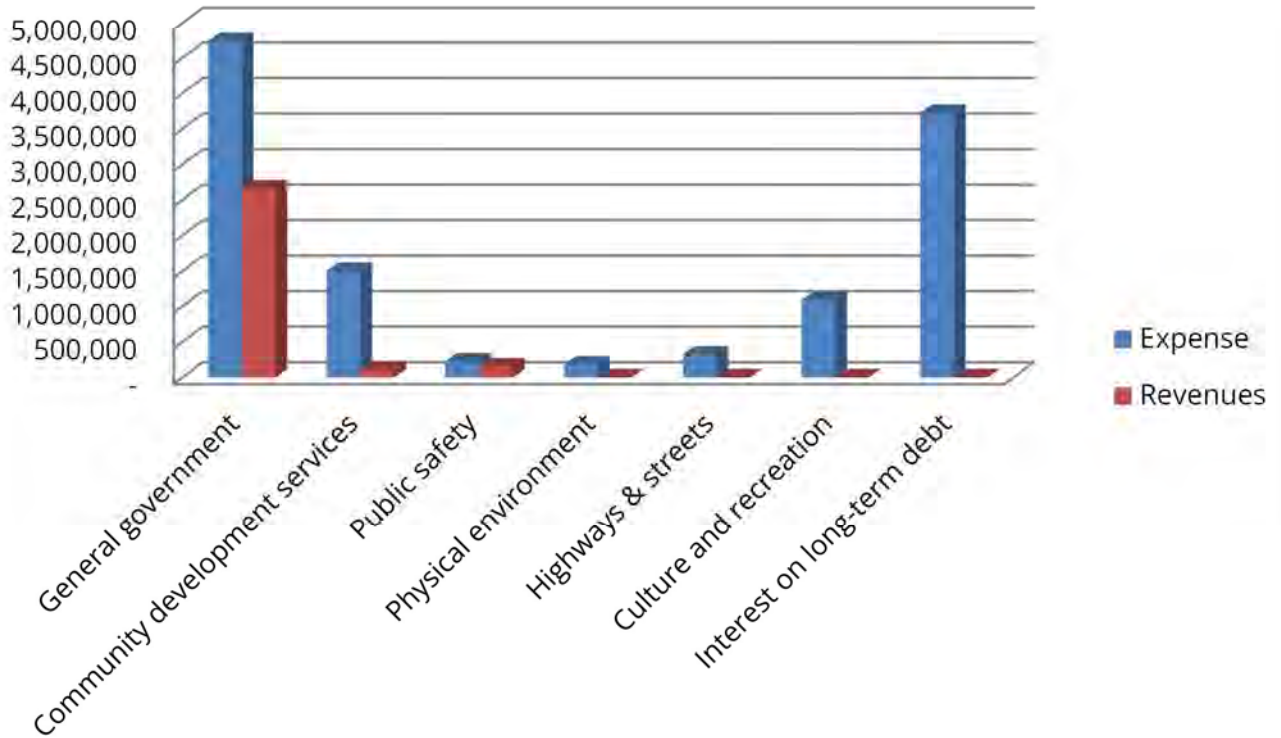
The following table reflects the condensed statement of activities for the current and prior year. For more detailed information see the statement of activities on page 14. Note that total net position increased by \$5,952,927.

Net position for governmental activities increased by \$2,442,776. Key element of this change was increased collection of revenue earned and decreasing liabilities.

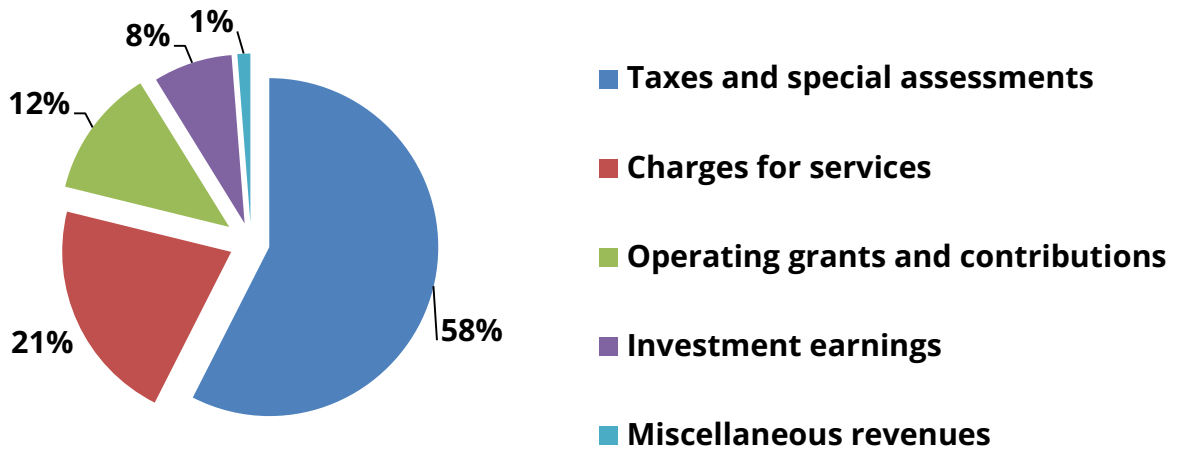
Net position for business-type activities increased by \$3,510,151. The key element of this change was continued service delivery improving collections.

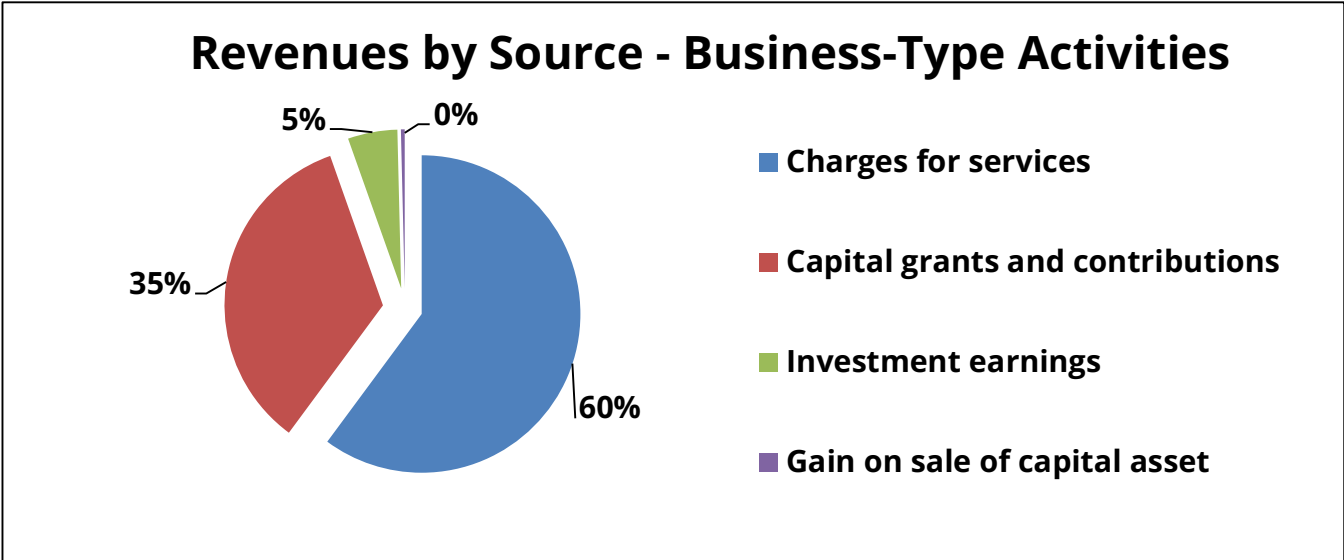
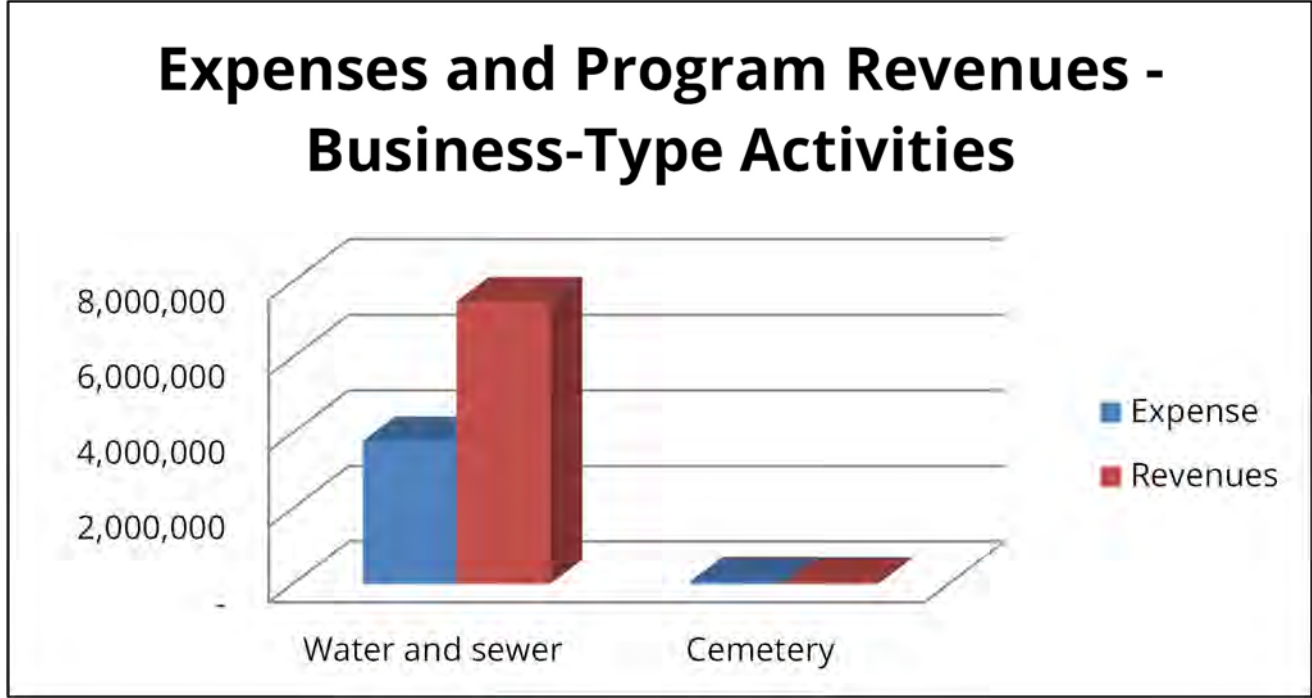
	Statement of Activities For the Fiscal Year Ended					
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,915,400	\$ 2,849,777	\$ 4,804,251	\$ 4,716,919	\$ 7,719,651	\$ 7,566,696
Operating grants and contributions	1,689,186	388,956	-	-	1,689,186	388,956
Capital grants and contributions	-	-	2,750,402	2,886,791	2,750,402	2,886,791
General revenues:						
Property taxes	7,851,668	4,918,289	-	-	7,851,668	4,918,289
Other taxes	-	2,359,020	-	-	-	2,359,020
Intergovernmental	-	984,470	-	-	-	984,470
Other	1,204,982	846,125	434,076	286,395	1,639,058	1,132,520
Total revenues	<u>13,661,236</u>	<u>12,346,637</u>	<u>7,988,729</u>	<u>7,890,105</u>	<u>21,649,965</u>	<u>20,236,742</u>
Operating expenses:						
General government	2,426,883	2,395,941	-	-	2,426,883	2,395,941
Community development	1,156,598	1,263,532	-	-	1,156,598	1,263,532
Public safety	2,298,634	2,046,270	-	-	2,298,634	2,046,270
Physical environment	1,504,801	1,361,330	-	-	1,504,801	1,361,330
Roads and streets	1,496,955	1,342,593	-	-	1,496,955	1,342,593
Culture and recreation	2,543,268	2,415,427	-	-	2,543,268	2,415,427
Interest	403,821	405,370	-	-	403,821	405,370
Water and sewer	-	-	3,786,209	3,689,591	3,786,209	3,689,591
Cemetery	-	-	79,869	82,103	79,869	82,103
Total operating expenses	<u>11,830,960</u>	<u>11,230,463</u>	<u>3,866,078</u>	<u>3,771,694</u>	<u>15,697,038</u>	<u>15,002,157</u>
Increase in net position before transfers	1,830,276	1,116,174	4,122,651	4,118,411	5,952,927	5,234,585
Transfers	612,500	752,500	(612,500)	(752,500)	-	-
Change in net position	2,442,776	1,868,674	3,510,151	3,365,911	5,952,927	5,234,585
Net position, beginning	47,965,259	46,096,585	33,234,649	29,868,738	81,199,908	75,965,323
Net position, ending	<u>\$ 50,408,035</u>	<u>\$ 47,965,259</u>	<u>\$ 36,744,800</u>	<u>\$ 33,234,649</u>	<u>\$ 87,152,835</u>	<u>\$ 81,199,908</u>

Expenses and Program Revenues - Governmental Activities



Governmental Activities Revenue Sources





Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of September 30, 2024, the City's governmental funds reported combined ending fund balances of \$25,779,263 an increase of \$1,029,860. Approximately 24.88% or \$6,413,207 of this total constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,413,207 while total fund balance reached \$14,813,515. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 65.91% of total general fund expenditures and transfers out, compared to 78% for last year. Total fund balance represents 264.95% of total General Fund expenditures and transfers out, compared to 133% for last year.

Fund balance of the City's General Fund increased by \$667,087 due to increased revenues.

The Community Redevelopment Special Revenue Fund is considered a major fund. This fund was created in 1990 as a dependent taxing district. The incremental annual increase in tax over the base years is used to fund projects. As of September 30, 2024, the fund balance was \$2,634,830 an increase of \$586,088. This increase is a result of decreased expenditures and increased revenues

The fund balance of the Capital Projects Fund decreased \$374,552 as a result of increased completion of projects during the fiscal year and were carried forward.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$8,220,724 and unrestricted net position for the Cemetery Fund amounted to \$802,529. The total increase in Water and Sewer Utility Fund was \$3,483,831 and the increase in the Cemetery Fund was \$26,320. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities on page 6.

General Fund Budgetary Highlights

Overall, the functional areas experienced a total positive variance of \$1,083,394 due to underspending in operations and maintenance and increased collection of revenues.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2024 amounts to \$69,243,413 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment.

Major capital asset events during the current fiscal year included the following:

Governmental Activities

- Road and sidewalk repaving \$1,092,855
- Land Purchase \$204,605

Additional information on the City's capital assets can be found in Note 5 on pages 36 through 37 of this report.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,967,758	\$ 3,763,153	\$ 651,855	\$ 651,855	\$ 4,619,613	\$ 4,415,008
Construction in progress	1,935,448	963,999	2,086,160	2,947,244	4,021,608	3,911,243
Buildings	11,582,724	11,927,654	12,183,284	12,543,482	23,766,008	24,471,136
Improvements	19,628,298	19,837,783	13,786,983	8,475,261	33,415,281	28,313,044
Machinery and equipment	2,292,089	1,748,569	1,116,073	1,190,934	3,408,162	2,939,503
Intangibles	12,741	21,644	-	-	12,741	21,644
Total capital assets	\$ 39,419,058	\$ 38,262,802	\$ 29,824,355	\$ 25,808,776	\$ 69,243,413	\$ 64,071,578

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$15,469,138.

Debt Outstanding As of September 30, 2021

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Total OPEB liability	\$ 63,429	\$ 49,480	\$ -	\$ -	\$ 63,429	\$ 49,480
Net pension liability	3,962,292	3,877,521	420,895	411,891	4,383,187	4,289,412
Bonds payable	11,443,417	11,793,180	-	-	11,443,417	11,793,180
Notes payable	-	-	2,172,941	2,328,522	2,172,941	2,328,522
Financed purchase	-	-	331,177	537,589	331,177	537,589
Total debt	\$ 15,469,138	\$ 15,720,181	\$ 2,925,013	\$ 3,278,002	\$ 18,394,151	\$ 18,998,183

During fiscal year 2005, the City executed a State Revolving Loan agreement through the Department of Environmental Protection State Revolving Fund program for the purpose of constructing a Wastewater Treatment Plant and Reclamation Facility. The Loan amount of \$16,052,561 included grant funding of amount of \$10,000,000 which offset debt principal and interest payments for a period of 20 years from January 1, 2011 through July 1, 2030. However, on January 15, 2017, the Department transferred the balance of Grant Funds in amount of \$6,024,340 and reduced the SRF loan balance. The City's semiannual loan payment will be \$104,124, which is the Local Government share.

In September 2013, the City entered into a \$1,883,000 Master Lease Agreement with SunTrust Bank. The purpose of the lease is to finance a portion of the City's Energy Performance Program of \$2,255,246 for installation of the energy conservation measures including automated metering infrastructure. Total cost savings and revenue improvements annually for the combined program is \$207,314. The City provided \$375,000 in committed capital funding from the Utility Fund to offset the total financed investment cost of the program. The remaining project balance is financed with a Master Lease Purchase Agreement with SunTrust in the amount of \$1,883,000 at a rate of 2.8% for a period of 12 years. Repayment of the agreement commenced on June 15, 2014, payable semi-annually starting with payments of \$66,500 and increasing annually to a maximum payment of \$114,500 due in June and December 2025.

In August 2017, the City issued ICRA Refunding Revenue Bonds of \$12,980,000 for the construction of various improvements within the ICRA.

Additional information on the City's long-term debt can be found in Note 6 on pages 37 through 38 of this report.

Economic Factors and Next Year's Budgets and Rates

On April 2, 2024, the Budget Overview Workshop presented facts, market trends, a local analysis of economic and social conditions, and items that potentially would require policy changes to keep the community moving forward. The focus of the workshop was the current approach to fiscal policies regarding the City's restricted and unrestricted fund balances. We focused on the need to invest in our people and the captivation of cost efficiencies and operational efficacy from a more modern departmental structure of the City. With the rising complexity of the City's parks and recreational activities footprint, the need to better utilize existing facilities and a modernized departmental structure has been essential to the successes we are realizing today.

On May 7, 2024, a Workshop was held to discuss the Five-Year Capital Plan. A summary of completed projects, plus a discussion of pending projects that are scheduled for the five-year plan period, was made. This presentation featured a continued focus on strategic infrastructure investment. This included the continuation of the ambitious annual road resurfacing program in concert with the development of capital projects that offered a return on investment by way of expanding/increasing the tax base (shared parking, regional stormwater, multi-modal connectivity). The City will continue to be an attractive location for retirees and families seeking an affordable high quality of life. The need to develop new housing continues to receive interest will and requires the City to look at how it can incentivize and improve conditions for residential development in underdeveloped areas.

The City Council, at its July 2, 2024 meeting, set the tentative millage rate in the ensuing fiscal year at the current year's rate of 7.76 capturing a potential 9.1% increase in valuation over the previous year. A City-Wide Budget presentation was made at a public workshop on July 16, 2024 at 5:30pm, to discuss budget figures that were structured to maintain a millage rate of 7.76. The meeting presented all findings and fully disclosed spending, service levels, projects, staffing and related cost, planning mechanisms, utility system operations and Inverness Community Redevelopment Agency (CRA) activity. The Tax Increment Financing program (TIF revenues) that are derived through increased valuations via the Community Redevelopment District are complex but beneficial. These funds are targeted to fund improvement projects and meet debt service commitments of Bonds for a thirty-year period that funded deficiencies on a large scale to improve blighted conditions. This discussion of findings led to the decision to develop a budget structured to maintain a lowered millage of 7.66 for final adoption.

Final adoption of the fiscal year 2025 budget, that spans October 1, 2024 through September 30, 2025, was accomplished in two Public Hearings at 5:30 pm on September 3, 2024 and September 17, 2024. The budget was finalized using the lowered millage of 7.66 as had been discussed in the July meeting. In closing, the City's financial position is strong and stable showing positive effects of maintaining positive bond ratings as well as increases in net position absent the need for millage increases. Our guiding principle of "Plan, Fund, and Execute" through annual budget development process presents balanced budgets that reflect the current community economic conditions and continues to provide great service to our community.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 212 West Main Street, Inverness, Florida 34450.

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BASIC FINANCIAL STATEMENTS

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City of Inverness, Florida

STATEMENT OF NET POSITION SEPTEMBER 30, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ 7,533,618	\$ 934,709	\$ 8,468,327
Investments	19,635,302	5,779,826	25,415,128
Accounts receivables, net	675,102	552,189	1,227,291
Due from other governments	56,984	3,161,039	3,218,023
Prepaid items	13,542	514,548	528,090
Inventory	1,200	492,622	493,822
Restricted assets, cash and cash equivalents	-	410,155	410,155
Capital assets			
Non-depreciable	5,903,206	2,738,015	8,641,221
Depreciable, net	33,515,852	27,086,340	60,602,192
Total assets	67,334,806	41,669,443	109,004,249
Deferred outflows of resources			
Deferred outflows - pension	1,165,870	164,532	1,330,402
Total deferred outflows	1,165,870	164,532	1,330,402
Liabilities			
Accounts payable	1,301,716	497,093	1,798,809
Accrued liabilities	390,851	1,245,601	1,636,452
Due to other governments	3,163	-	3,163
Accrued interest payable	164,188	13,216	177,404
Customer deposits payable	90,703	373,959	464,662
Unearned revenue	226,865	-	226,865
Noncurrent liabilities			
Due within one year	355,000	377,432	732,432
Due in more than one year	15,114,138	2,547,581	17,661,719
Total liabilities	17,646,624	5,054,882	22,701,506
Deferred inflows of resources			
Deferred inflows - pension	322,830	34,293	357,123
Deferred inflows - lease	123,187	-	123,187
Total deferred inflows	446,017	34,293	480,310
Net position			
Net investment in capital assets	27,975,641	27,320,237	55,295,878
Restricted for			
Capital improvements	770,024	-	770,024
Community development	2,634,335	-	2,634,335
Perpetual care	-	378,180	378,180
Debt service	-	23,130	23,130
Unrestricted	19,028,035	9,023,253	28,051,288
Total net position	\$ 50,408,035	\$ 36,744,800	\$ 87,152,835

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

City of Inverness, Florida

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Primary Government	
			Grants and Contributions	Grants and Contributions		Business-Type Activities	Total
Functions/programs							
Primary government:							
Governmental activities:							
General government	\$ 2,426,883	\$ 2,659,158	\$ -	\$ -	\$ 232,275	\$ -	\$ 232,275
Community development services	1,156,598	105,005	-	-	(1,051,593)	-	(1,051,593)
Public safety	2,298,634	151,237	1,689,186	-	(458,211)	-	(458,211)
Physical environment	1,504,801	-	-	-	(1,504,801)	-	(1,504,801)
Highways & streets	1,496,955	-	-	-	(1,496,955)	-	(1,496,955)
Culture and recreation	2,543,268	-	-	-	(2,543,268)	-	(2,543,268)
Interest on long-term debt	403,821	-	-	-	(403,821)	-	(403,821)
Total governmental activities	<u>11,830,960</u>	<u>2,915,400</u>	<u>1,689,186</u>	<u>-</u>	<u>(7,226,374)</u>	<u>-</u>	<u>(7,226,374)</u>
Business-type activities:							
Water and sewer	3,786,209	4,734,148	-	2,750,402	-	3,698,341	3,698,341
Cemetery	79,869	70,103	-	-	-	(9,766)	(9,766)
Total business-type activities	<u>3,866,078</u>	<u>4,804,251</u>	<u>-</u>	<u>2,750,402</u>	<u>-</u>	<u>3,688,575</u>	<u>3,688,575</u>
Total primary government	<u>\$ 15,697,038</u>	<u>\$ 7,719,651</u>	<u>\$ 1,689,186</u>	<u>\$ 2,750,402</u>	<u>(7,226,374)</u>	<u>3,688,575</u>	<u>(3,537,799)</u>
General revenues							
Property taxes					7,851,668	-	7,851,668
Investment earnings					1,035,882	403,361	1,439,243
Miscellaneous					169,100	-	169,100
Gain on sale of capital asset					-	30,715	30,715
Transfers					612,500	(612,500)	-
Total general revenues and transfers					<u>9,669,150</u>	<u>(178,424)</u>	<u>9,490,726</u>
Change in net position					<u>2,442,776</u>	<u>3,510,151</u>	<u>5,952,927</u>
Net position, beginning of year					47,965,259	33,234,649	81,199,908
Net position, end of year					<u>\$ 50,408,035</u>	<u>\$ 36,744,800</u>	<u>\$ 87,152,835</u>

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

City of Inverness, Florida

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2024

	General Fund	Community Redevelopment	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,699,045	\$ 1,698,355	\$ 3,411,054	\$ 725,164	\$ 7,533,618
Investments	13,461,545	970,404	5,139,575	63,778	19,635,302
Accounts receivable, net	675,102	-	-	-	675,102
Due from other governments	-	-	56,984	-	56,984
Inventory	1,200	-	-	-	1,200
Prepaid items	13,047	495	-	-	13,542
Total assets	<u>\$ 15,849,939</u>	<u>\$ 2,669,254</u>	<u>\$ 8,607,613</u>	<u>\$ 788,942</u>	<u>\$ 27,915,748</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 293,063	\$ -	\$ 989,735	\$ 18,918	\$ 1,301,716
Accrued liabilities	356,427	34,424	-	-	390,851
Unearned revenue	169,881	-	56,984	-	226,865
Due to other governments	3,163	-	-	-	3,163
Deposits payable	90,703	-	-	-	90,703
Total liabilities	<u>913,237</u>	<u>34,424</u>	<u>1,046,719</u>	<u>18,918</u>	<u>2,013,298</u>
Deferred inflows of resources					
Lease	123,187	-	-	-	123,187
Fund balances					
Nonspendable	14,247	495	-	-	14,742
Restricted					
Capital improvements	-	-	-	770,024	770,024
Community redevelopment	-	2,634,335	-	-	2,634,335
Committed					
Capital equipment replacement	1,613,329	-	-	-	1,613,329
Land acquisition	795,395	-	-	-	795,395
Building	2,550,919	-	-	-	2,550,919
Tort litigation	200,000	-	-	-	200,000
Fire services	500,000	-	-	-	500,000
Infrastructure	2,726,418	-	7,560,894	-	10,287,312
Unassigned	6,413,207	-	-	-	6,413,207
Total fund balances	<u>14,813,515</u>	<u>2,634,830</u>	<u>7,560,894</u>	<u>770,024</u>	<u>25,779,263</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,849,939</u>	<u>\$ 2,669,254</u>	<u>\$ 8,607,613</u>	<u>\$ 788,942</u>	<u>\$ 27,915,748</u>

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

City of Inverness, Florida

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2024

Total fund balances - governmental funds		\$ 25,779,263
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 57,357,712	
Accumulated depreciation	<u>(17,938,654)</u>	39,419,058
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pension	1,165,870	
Deferred inflows - pension	(322,830)	
Total OPEB liability	(63,429)	
Net pension liability	<u>(3,962,292)</u>	(3,182,681)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Accrued interest	(164,188)	
Note payable	<u>(11,443,417)</u>	(11,607,605)
Net position of governmental activities		<u>\$ 50,408,035</u>

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

City of Inverness, Florida

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Community Redevelopment Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues					
Taxes and special assessments	\$ 6,318,607	\$ 1,533,061	\$ -	\$ -	\$ 7,851,668
Licenses and permits	430,127	-	-	-	430,127
Intergovernmental revenues	1,642,212	-	46,974	-	1,689,186
Charges for services	2,229,031	-	-	-	2,229,031
Fines and forfeitures	105,005	-	-	-	105,005
Impact fees	-	-	-	151,237	151,237
Investment earnings	655,951	75,916	303,895	120	1,035,882
Miscellaneous revenues	169,100	-	-	-	169,100
Total revenues	<u>11,550,033</u>	<u>1,608,977</u>	<u>350,869</u>	<u>151,357</u>	<u>13,661,236</u>
Expenditures					
Current					
General government	2,214,629	-	-	-	2,214,629
Community development services	422,826	69,875	-	120	492,821
Public safety	2,187,881	-	-	-	2,187,881
Highways and streets	1,155,545	-	-	-	1,155,545
Physical environment	1,491,735	-	-	-	1,491,735
Culture and recreation	2,257,117	-	-	-	2,257,117
Debt service					
Principal retirement	-	335,000	-	-	335,000
Interest	-	410,800	-	-	410,800
Capital outlay	-	420,714	2,277,634	-	2,698,348
Total expenditures	<u>9,729,733</u>	<u>1,236,389</u>	<u>2,277,634</u>	<u>120</u>	<u>13,243,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,820,300</u>	<u>372,588</u>	<u>(1,926,765)</u>	<u>151,237</u>	<u>417,360</u>
Other financing sources (uses)					
Transfers in	899,000	500,000	2,052,213	-	3,451,213
Transfers out	(2,052,213)	(286,500)	(500,000)	-	(2,838,713)
Total other financing sources (uses)	<u>(1,153,213)</u>	<u>213,500</u>	<u>1,552,213</u>	<u>-</u>	<u>612,500</u>
Change in fund balances	667,087	586,088	(374,552)	151,237	1,029,860
Fund balances, beginning of year	14,146,428	2,048,742	7,935,446	618,787	24,749,403
Fund balances, end of year	<u>\$ 14,813,515</u>	<u>\$ 2,634,830</u>	<u>\$ 7,560,894</u>	<u>\$ 770,024</u>	<u>\$ 25,779,263</u>

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

City of Inverness, Florida

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances – total governmental funds		\$ 1,029,860
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 2,878,698	
Less current year depreciation	<u>(1,711,661)</u>	1,167,037
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.</p>		
		(10,781)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Amortization of bond premium	14,763	
Principal repayment of long-term debt	<u>335,000</u>	349,763
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Change in accrued interest	6,979	
OPEB expense	(13,949)	
Pension expense	<u>(86,133)</u>	<u>(93,103)</u>
Change in net position of governmental activities		<u><u>\$ 2,442,776</u></u>

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

City of Inverness, Florida

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and special assessments	\$ 6,247,986	\$ 6,247,986	\$ 6,318,607	\$ 70,621
Licenses and permits	428,000	428,000	430,127	2,127
Intergovernmental revenues	2,091,294	2,091,294	1,642,212	(449,082)
Charges for services	1,792,339	2,106,351	2,229,031	122,680
Fines and forfeitures	34,215	34,215	105,005	70,790
Investment earnings	170,000	170,000	655,951	485,951
Miscellaneous revenues	36,000	49,017	169,100	120,083
Total revenues	<u>10,799,834</u>	<u>11,126,863</u>	<u>11,550,033</u>	<u>423,170</u>
Expenditures				
Current				
General government	2,656,997	2,710,568	2,214,629	495,939
Community development services	2,144,578	2,187,895	422,826	1,765,069
Public safety	1,282,605	1,284,099	2,187,881	(903,782)
Highways and streets	1,325,709	1,491,736	1,155,545	336,191
Physical environment	609,679	609,679	1,491,735	(882,056)
Culture and recreation	2,035,158	2,305,980	2,257,117	48,863
Total expenditures	<u>10,054,726</u>	<u>10,589,957</u>	<u>9,729,733</u>	<u>860,224</u>
Excess of revenues over expenditures	<u>745,108</u>	<u>536,906</u>	<u>1,820,300</u>	<u>1,283,394</u>
Other financing sources (uses)				
Transfers in	1,099,000	1,099,000	899,000	(200,000)
Transfers out	(1,783,184)	(2,052,213)	(2,052,213)	-
Total other financing sources (uses)	<u>(684,184)</u>	<u>(953,213)</u>	<u>(1,153,213)</u>	<u>(200,000)</u>
Change in fund balance	<u>60,924</u>	<u>(416,307)</u>	<u>667,087</u>	<u>1,083,394</u>
Fund balance, beginning of year	<u>14,146,428</u>	<u>14,146,428</u>	<u>14,146,428</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,207,352</u>	<u>\$ 13,730,121</u>	<u>\$ 14,813,515</u>	<u>\$ 1,083,394</u>

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

City of Inverness, Florida

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 1,522,631	\$ 1,522,631	\$ 1,533,061	\$ 10,430
Investment earnings	20,000	20,000	75,916	55,916
Total revenues	<u>1,542,631</u>	<u>1,542,631</u>	<u>1,608,977</u>	<u>66,346</u>
Expenditures				
Current				
Community development services	381,479	1,171,678	69,875	1,101,803
Debt service				
Principal retirement	335,000	335,000	335,000	-
Interest	410,800	410,800	410,800	-
Capital outlay	450,000	1,887,395	420,714	1,466,681
Total expenditures	<u>1,577,279</u>	<u>3,804,873</u>	<u>1,236,389</u>	<u>2,568,484</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(34,648)</u>	<u>(2,262,242)</u>	<u>372,588</u>	<u>2,634,830</u>
Other financing sources (uses)				
Transfers in	-	500,000	500,000	-
Transfers out	(286,500)	(286,500)	(286,500)	-
Total other financing sources (uses)	<u>(286,500)</u>	<u>213,500</u>	<u>213,500</u>	<u>-</u>
Change in fund balance	<u>(321,148)</u>	<u>(2,048,742)</u>	<u>586,088</u>	<u>2,634,830</u>
Fund balance, beginning of year	<u>2,048,742</u>	<u>2,048,742</u>	<u>2,048,742</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,727,594</u>	<u>\$ -</u>	<u>\$ 2,634,830</u>	<u>\$ 2,634,830</u>

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

City of Inverness, Florida

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2024

	Major Funds		
	Water and Sewer	Cemetery	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 930,653	\$ 4,056	\$ 934,709
Investments	5,094,860	684,966	5,779,826
Restricted cash and cash equivalents	410,155	-	410,155
Accounts receivable, net	533,588	-	533,588
Other receivables	16,366	-	16,366
Due from other governments	3,161,039	-	3,161,039
Accrued interest receivable	2,235	-	2,235
Prepays	514,548	-	514,548
Inventory	-	492,622	492,622
Total current assets	<u>10,663,444</u>	<u>1,181,644</u>	<u>11,845,088</u>
Noncurrent assets			
Capital assets, non-depreciable	2,738,015	-	2,738,015
Capital assets, net	<u>27,062,193</u>	<u>24,147</u>	<u>27,086,340</u>
Total noncurrent assets	<u>29,800,208</u>	<u>24,147</u>	<u>29,824,355</u>
Total assets	<u>40,463,652</u>	<u>1,205,791</u>	<u>41,669,443</u>
Deferred outflows of resources			
Deferred outflows - pension	164,532	-	164,532
Total deferred outflows of resources	<u>164,532</u>	<u>-</u>	<u>164,532</u>
Liabilities			
Current liabilities			
Accounts payable	496,308	785	497,093
Notes payable	159,180	-	159,180
Financed purchase payable	218,252	-	218,252
Compensated absences	8,425	-	8,425
Unearned revenue	1,237,176	-	1,237,176
Liabilities payable from restricted assets			
Accrued interest	13,216	-	13,216
Customer deposits payable	373,809	150	373,959
Total current liabilities	<u>2,506,366</u>	<u>935</u>	<u>2,507,301</u>
Noncurrent liabilities			
Notes payable, net of current portion	2,013,761	-	2,013,761
Financed purchase payable, net of current portion	112,925	-	112,925
Net pension liability	420,895	-	420,895
Total non-current liabilities	<u>2,547,581</u>	<u>-</u>	<u>2,547,581</u>
Total liabilities	<u>5,053,947</u>	<u>935</u>	<u>5,054,882</u>
Deferred inflows of resources			
Deferred inflows - pension	34,293	-	34,293
Net position			
Net investment in capital assets	27,296,090	24,147	27,320,237
Restricted for debt service	23,130	-	23,130
Restricted for perpetual care	-	378,180	378,180
Unrestricted	8,220,724	802,529	9,023,253
Total net position	<u>\$ 35,539,944</u>	<u>\$ 1,204,856</u>	<u>\$ 36,744,800</u>

The notes to the financial statements are an integral part of these statements.

City of Inverness, Florida

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Major Funds		
	Water and Sewer	Cemetery	Total
Operating revenues			
Charges for services	\$ 4,668,546	\$ 70,103	\$ 4,738,649
Miscellaneous	65,602	-	65,602
Total operating revenues	<u>4,734,148</u>	<u>70,103</u>	<u>4,804,251</u>
Operating expenses			
Salaries and benefits	417,510	36,402	453,912
Contractual services	1,497,640	37,092	1,534,732
Utilities	223,913	1,925	225,838
Materials and supplies	176,893	-	176,893
Other operating expenses	319,303	3,957	323,260
Depreciation	1,087,132	493	1,087,625
Total operating expenses	<u>3,722,391</u>	<u>79,869</u>	<u>3,802,260</u>
Operating income (loss)	<u>1,011,757</u>	<u>(9,766)</u>	<u>1,001,991</u>
Nonoperating revenues (expenses)			
Investment earnings	363,775	39,586	403,361
Gain on disposal of capital assets	30,715	-	30,715
Interest expense	(63,818)	-	(63,818)
Total nonoperating revenues, net	<u>330,672</u>	<u>39,586</u>	<u>370,258</u>
Income before capital contributions and transfers	1,342,429	29,820	1,372,249
Capital contributions			
Intergovernmental capital grants	70,558	-	70,558
Other capital contributions	2,679,844	-	2,679,844
Total capital contributions	<u>2,750,402</u>	<u>-</u>	<u>2,750,402</u>
Transfers out	<u>(609,000)</u>	<u>(3,500)</u>	<u>(612,500)</u>
Changes in net position	3,483,831	26,320	3,510,151
Total net position, beginning of year	<u>32,056,113</u>	<u>1,178,536</u>	<u>33,234,649</u>
Total net position, end of year	<u>\$ 35,539,944</u>	<u>\$ 1,204,856</u>	<u>\$ 36,744,800</u>

The notes to the financial statements are an integral part of these statements.

City of Inverness, Florida

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Major Funds		
	Water and Sewer	Cemetery	Total
Cash flows from operating activities			
Cash received from customers	\$ 4,731,339	\$ 70,104	\$ 4,801,443
Cash paid to suppliers for goods and services	(125,250)	(40,509)	(165,759)
Cash paid to employees for services and benefits	(425,378)	(36,402)	(461,780)
Net cash provided by (used in) operating activities	<u>4,180,711</u>	<u>(6,807)</u>	<u>4,173,904</u>
Cash flows from noncapital financing activities			
Transfer to other funds	(609,000)	(3,500)	(612,500)
Net cash used in noncapital financing activities	<u>(609,000)</u>	<u>(3,500)</u>	<u>(612,500)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(5,103,204)	-	(5,103,204)
Cash received from sale of capital assets	30,715	-	30,715
Principal paid on notes payable	(155,581)	-	(155,581)
Principal paid on lease payable	(206,412)	-	(206,412)
Capital grants received	128,446	-	128,446
Interest paid	(66,254)	-	(66,254)
Net cash used in capital and related financing activities	<u>(5,372,290)</u>	<u>-</u>	<u>(5,372,290)</u>
Cash flows from investing activities			
Purchase of investments	(312,925)	(25,223)	(338,148)
Interest received	408,286	39,586	447,872
Net cash provided by investing activities	<u>95,361</u>	<u>14,363</u>	<u>109,724</u>
Net change in cash and cash equivalents	(1,705,218)	4,056	(1,701,162)
Cash and cash equivalents, beginning of year	<u>3,046,026</u>	<u>-</u>	<u>3,046,026</u>
Cash and cash equivalents, end of year	<u>\$ 1,340,808</u>	<u>\$ 4,056</u>	<u>\$ 1,344,864</u>
Cash and cash equivalents classified as			
Cash and cash equivalents	\$ 930,653	\$ 4,056	\$ 934,709
Restricted cash and cash equivalents	410,155	-	410,155
Total cash and cash equivalents	<u>\$ 1,340,808</u>	<u>\$ 4,056</u>	<u>\$ 1,344,864</u>

(Continued)

City of Inverness, Florida

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Major Funds		
	Water and Sewer	Cemetery	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 1,011,757	\$ (9,766)	\$ 1,001,991
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,087,132	493	1,087,625
Change in operating assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(14,986)	-	(14,986)
Notes receivable	9,733	-	9,733
Prepays	1,334,093	-	1,334,093
Deferred outflows - pension	(63,379)	-	(63,379)
Inventory	-	2,483	2,483
Increase (decrease) in liabilities:			
Accounts payable	(447,232)	(18)	(447,250)
Accrued liabilities	1,237,176	-	1,237,176
Compensated absences payable	(7,868)	-	(7,868)
Net pension liability	9,004	-	9,004
Deferred inflows - pension	22,837	-	22,837
Customer deposits	2,444	1	2,445
Net cash provided by operating activities	<u>\$ 4,180,711</u>	<u>\$ (6,807)</u>	<u>\$ 4,173,904</u>

The notes to the financial statements are an integral part of these statements.

Notes To The Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Inverness, Florida (the "City") is a political subdivision of the state of Florida located in Citrus County, and was incorporated in 1919, under the laws of Florida, Chapter 8274 (Act 492). The legislative branch of the City is comprised of a five-member elected Council and a separately elected Mayor, which is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy; the execution of such policy is the responsibility of the City Manager appointed by the Council.

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

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

The City of Inverness created the Downtown Redevelopment Agency (CRA) by City Resolution No. 90.07. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Then in 2014, the City expanded the CRA in accordance with Chapter 163 of the Florida Statutes designating the expanded area, and passed Ordinance 2014-703 adopting the CRA plan amendment to extend the boundaries and extend the implementation period for 30 years following the amendment of the existing plan. The incremental annual increase in tax over the base years (1990 and 2014) will be used to fund projects designed to enhance and improve the described area. The CRA is governed by a board of seven appointed by the City Council. The CRA Fund is presented as a blended component unit and is included in the City's fund financials.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The *Community Redevelopment Fund* was established as a dependent taxing district. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improved the described area.

The *Capital Projects Fund* accounts for the acquisition and construction of major capital assets other than those financed by proprietary funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City also reports the following fund type:

The *Special Revenue Fund* accounts for specific revenue sources that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The following are reported as major proprietary funds:

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

The *Cemetery Fund* is used to account for the sale of lots and maintenance of the Oak Ridge Cemetery.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer Utility and Cemetery funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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

Deposits and Investments

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

Investments of the City are reported at fair value. The City's investments consist of investments authorized per the investment policy adopted in accordance with Section 218.415, Florida Statutes.

Receivables

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory and Prepaid Items

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

Interfund Receivables/Payables

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

Leases

The City is a lessor for noncancellable leases of buildings. The City recognizes a lease receivable and deferred inflow of resources in the government-wide 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 made 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 related to leases include how the County 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 noncancellable 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 lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended September 30, 2024, no interest was capitalized.

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

Buildings	10-50 years
Infrastructure and improvements	10-50 years
Equipment	5-20 years
Intangible assets	5-20 years

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

Deferred Outflows/Inflows of Resources

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

The City has deferred inflows and deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. The changes in proportion and differences between City contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the City to the pension plans before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. The City also reports a deferred inflow related to leases.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the City's policy to permit Charter employees to accumulate earned but unused personal leave benefits. Since the City's policy is to pay accumulated personal leave when employees separate from service, all personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City pays general employees any unused leave balances at the end of the fiscal year in the first pay period of the subsequent fiscal year. General employees may elect to transfer their unused sick time to a catastrophic leave bank, but unused vacation time is not carried over. For governmental funds, compensated absences, net pension liability and other post-employment benefits are generally liquidated by the General Fund.

Net Position/Fund Balance Classification

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure into one component of net position. Accumulated depreciation and the outstanding balance of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions in enabling legislation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance Classification (Continued)

At year-end, governmental activities net position restricted for other purposes was composed of amounts related to purposes as noted in the statement of net position.

Unrestricted Net Position – This category represents net position that does not meet the definition of “net investment in capital assets” or “restricted.”

In accordance with GASB Statement No. 54, the City classifies governmental fund balance as follows:

Nonspendable Fund Balance – This represents amounts that cannot be spent due to form (e.g. inventories, prepaid amounts) or legally or contractually required to be maintained intact (such as corpus of an endowment fund).

Restricted Fund Balance – This represents amounts constrained for a specific purpose by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This represents amounts that can only be used for specific purposes determined by a formal action (ordinance) of the City Council, the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances includes spendable fund balance amounts established by management of the City that are intended to be used for a specific purposes that are neither considered restricted or committed. Intent is expressed by the City Council to assign amounts to be used for specific purposes. Appropriations of existing fund balances to eliminate deficits in a future budget and encumbrances are considered assignments of fund balance.

Unassigned Fund Balance – This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

The value of all taxable property is assessed as of January 1. The City Council levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the City, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2024. No accrual for the property tax levy becoming due in November of 2024, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Pension

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Community Redevelopment Agency Special Revenue Fund, Capital Projects Fund and Enterprise Funds, except as described below under Budget Basis of Accounting. All annual appropriations lapse at fiscal year-end. The City follows these procedures set forth below in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1st, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers comments.
3. On or before September 30th of year, public hearings are completed and the Council adopts the final budget and establishes the ad valorem tax millage.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

4. The City cannot legally exceed the budget; however, the City Manager is authorized to transfer budgeted amounts within departments within any fund unless the transfer affects a budgeted reserve. The City Council must approve revisions that alter the total expenditures of any department. The legal level of budgetary control is department.
5. Budgetary comparisons are not presented for Enterprise Funds since not required under generally accepted accounting principles.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The City's investment policy is governed by State Statutes and City ordinances. The investment policy does not apply to funds related to the issuance of debt where there are other existing policies or indentures in effect. City ordinance allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with chapter 280 of the Florida Statutes. Authorized investments are:

1. Direct obligations of the U.S. Government, its Agencies or Instrumentalities;
2. Securities and Exchange Commission registered money market mutual funds with the highest credit quality rating from a nationally recognized rating agency;
3. Insured or fully collateralized Certificates of Deposit and other forms of deposit in financial institutions that are qualified public depositories of the State as determined by the State Treasurer, in accordance with Chapter 280.02 of the State Statutes;
4. Financial institution deposits that are in qualified public depositories of the State in accordance with Chapter 280.02, where the selected depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured financial institutions, wherever located, for the account of the City in amounts that ensure that each certificate of deposit is insured by the Federal Deposit Insurance Corporation, and meet the requirements of Chapter 218.415 (23);
5. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01; and
6. Repurchase agreements secured by direct obligations of the U.S. Government, its Agencies, or Instrumentalities, pledged with an independent third party approved by the City, and having a market value of not less than 102% of investment balance plus interest. All repurchase agreement transactions shall be governed in accordance with a master repurchase agreement executed in compliance with State law.

The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the State of Florida does provide regulatory oversight. The Board has adopted operating procedures consistent with the requirements for a 2a-7 fund for the Florida Prime Fund; therefore, the pool account balance can be used as fair value for the financial reporting.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

At September 30, 2024, the City had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Florida Prime	39 days	AAAm	\$ 47,234
Florida SAFE Money Market	N/A	AAAm	21,193,574
0-2 Year High Quality Bond	0.88 years	AAAf/S1	76,620
Florida SAFE Treasury Note	30.02 days	Not Rated	925,903
Certificate of Deposit	138 days	Not Rated	3,171,797
			<u>\$ 25,415,128</u>

Fair Value

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

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

The City has the following recurring fair value measurements as of September 30, 2024:

<u>Investments Valued by Fair Value Level</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
0-2 Year High Quality Bond	\$ 76,620	\$ -	\$ 76,620
	<u>\$ 76,620</u>	<u>\$ -</u>	<u>\$ 76,620</u>

Credit Risk

The City's investment policy limits credit risk by restricting authorized investments to those described above. The policy requires that investments in U.S. Government Agency Securities be guaranteed by the full faith of the U.S. Government. Also, term repurchase agreements must be collateralized by U.S. Treasury securities and overnight (sweep) repurchase agreements must be collateralized by the full faith or general faith and credit obligations of the U.S. Government or U.S. Government Agency Securities. Securities of registered investment companies must be limited to U.S. Government obligations and to repurchase agreements fully collateralized by such U.S. Government obligations.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2024, all of the City's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. At September 30, 2024, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

The policy has no limitations on portfolio composition.

Interest Rate Risk

The policy minimizes interest rate risk by structuring investments to meet cash requirements and diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

NOTE 4. RECEIVABLES

Receivables as of September 30, 2024 including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Improvements Fund	Water and Sewer Fund	Total
Receivables				
Accounts	\$ 551,915	\$ -	\$ 638,361	\$ 1,190,276
Leases	123,187	-	-	123,187
Other	-	-	18,601	18,601
Due from other governments	-	56,984	3,161,039	3,218,023
Less allowance for uncollectible receivables	-	-	(104,773)	(104,773)
	<u>\$ 675,102</u>	<u>\$ 56,984</u>	<u>\$ 3,713,228</u>	<u>\$ 4,445,314</u>

Lease Receivable: In February 2014, the city entered into a lease as lessor for the use of office space in the City's Government Center. This lease was extended on February 1, 2021, for an additional five years. An initial lease receivable was recorded in the amount of \$433,413. The lessee is required to make monthly payments of \$8,270, with annual increases. The lease has an interest rate of 0%. As of September 30, 2024, the value of the lease receivable and deferred inflow of resources is \$123,187 and the City recognized lease revenue of \$115,996 during the fiscal year.

NOTE 4. RECEIVABLES (CONTINUED)

The following is a schedule of minimum future revenues from non-cancellable agreements as of September 30, 2024:

Fiscal			
Year	Principal	Interest	Total
2025	\$ 103,476	\$ -	\$ 103,476
2026	19,711	-	19,711
	<u>\$ 123,187</u>	<u>\$ -</u>	<u>\$ 123,187</u>

NOTE 5. CAPITAL ASSETS

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

	Beginning				Ending
	Balance	Additions	Deletions	Net Transfers	Balance
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 3,763,153	\$ 204,605	\$ -	\$ -	\$ 3,967,758
Construction in progress	963,999	1,821,167	-	(849,718)	1,935,448
Total assets not being depreciated	<u>4,727,152</u>	<u>2,025,772</u>	<u>-</u>	<u>(849,718)</u>	<u>5,903,206</u>
Capital assets being depreciated					
Buildings	16,275,418	62,759	(3,385)	-	16,334,792
Improvements	28,514,844	14,974	-	689,475	29,219,293
Machinery and equipment	4,520,628	775,193	(240,069)	171,939	5,227,691
Intangibles	684,426	-	-	(11,696)	672,730
Total assets being depreciated	<u>49,995,316</u>	<u>852,926</u>	<u>(243,454)</u>	<u>849,718</u>	<u>51,454,506</u>
Less accumulated depreciation					
Buildings	(4,347,764)	(407,689)	3,385	-	(4,752,068)
Improvements	(8,677,061)	(913,934)	-	-	(9,590,995)
Machinery and equipment	(2,772,059)	(381,135)	229,288	(11,696)	(2,935,602)
Intangibles	(662,782)	(8,903)	-	11,696	(659,989)
Total accumulated depreciation	<u>(16,459,666)</u>	<u>(1,711,661)</u>	<u>232,673</u>	<u>-</u>	<u>(17,938,654)</u>
Total assets depreciated, net	<u>33,535,650</u>	<u>(858,735)</u>	<u>(10,781)</u>	<u>849,718</u>	<u>33,515,852</u>
Governmental activities, net	<u>\$ 38,262,802</u>	<u>\$ 1,167,037</u>	<u>\$ (10,781)</u>	<u>\$ -</u>	<u>\$ 39,419,058</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 651,855	\$ -	\$ -	\$ -	\$ 651,855
Construction in progress	2,947,244	4,516,173	-	(5,377,257)	2,086,160
Total assets not being depreciated	<u>3,599,099</u>	<u>4,516,173</u>	<u>-</u>	<u>(5,377,257)</u>	<u>2,738,015</u>
Capital assets being depreciated					
Buildings	17,750,340	-	-	-	17,750,340
Improvements	16,182,085	455,045	-	5,377,257	22,014,387
Machinery and equipment	8,355,459	131,986	(98,453)	-	8,388,992
Total assets being depreciated	<u>42,287,884</u>	<u>587,031</u>	<u>(98,453)</u>	<u>5,377,257</u>	<u>48,153,719</u>
Less accumulated depreciation					
Buildings	(5,206,858)	(360,198)	-	-	(5,567,056)
Improvements	(7,706,824)	(520,580)	-	-	(8,227,404)
Machinery and equipment	(7,164,525)	(206,847)	98,453	-	(7,272,919)
Total accumulated depreciation	<u>(20,078,207)</u>	<u>(1,087,625)</u>	<u>98,453</u>	<u>-</u>	<u>(21,067,379)</u>
Total assets depreciated, net	<u>22,209,677</u>	<u>(500,594)</u>	<u>-</u>	<u>5,377,257</u>	<u>27,086,340</u>
Business-type activities, net	<u>\$ 25,808,776</u>	<u>\$ 4,015,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,824,355</u>

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General government	\$ 338,369
Community development services	678,540
Culture and recreation	87,333
Highways and streets	337,757
Culture and recreation	269,662
Total depreciation expense, governmental activities	<u>\$ 1,711,661</u>
 Business-Type Activities	
Water and sewer	\$ 1,087,132
Three Sisters	493
Total depreciation expense, business-type activities	<u>\$ 1,087,625</u>

NOTE 6. LONG-TERM DEBT

Long-term debt payable as of September 30, 2024 is composed of the following issues:

Bonds Payable Public Offering

In 2017, the City issued Tax Increment Revenue Refunding Bonds, Series 2017. These Bonds were issued to fund various City-wide projects and upgrades managed by the Inverness Community Development District. The agreement provided total funding of \$12,980,000. The loan period is 27 years with an interest rate of 4%. The bonds are secured by Ad Valorem revenues from the Community Development District and supplemented by general fund ad valorem revenues. Total principal and interest remaining was \$15,706,338. For the fiscal year, principal and interest paid was \$745,800 and total pledged revenue was \$1,533,061.

Total bonds payable	<u>\$ 11,150,000</u>
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Notes Payable from Direct Borrowings

In 2005, the City executed a State Revolving Loan agreement for various water and wastewater system upgrades. The amended agreement provides total funding of \$16,052,561, including grant funding of \$10,000,000 that was funded by the state through a Small Community Wastewater Grant. The loan period is 26 years with an interest rate of 2.3%. The loan is secured by the gross revenues from the water and sewer utility net of operation and maintenance costs. Total principal and interest remaining was \$2,707,223. For the fiscal year, principal and interest paid was \$208,248 and total pledged revenue was \$4,251,438.

In the event of default on the State Revolving Fund Loan, the Florida Department of Environmental Protection may cause to establish rates and collect fees, require the City to account for all moneys received and used, appoint a receiver to manager the water and sewer systems, intercept delinquent amounts plus a penalty due to the City under State Revenue Sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule or increase the interest

	\$ 2,172,941
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The City has entered into a financed purchase agreement for financing the acquisition and installation of water meter equipment. Payments are due semiannually. Total principal and interest remaining on the loan was \$560,500. For the fiscal year, principal and interest paid was \$213,500.

Total business-type notes payable from direct borrowings	<u>331,177</u>
	<u>\$ 2,504,118</u>

NOTE 6. LONG-TERM DEBT (CONTINUED)

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
ICRA refunding					
revenue bonds	\$ 11,485,000	\$ -	\$ (335,000)	\$ 11,150,000	\$ 355,000
Bond premium	308,180	-	(14,763)	293,417	-
Total OPEB liability	49,480	23,370	(9,421)	63,429	-
Net pension liability	3,877,521	2,193,917	(2,109,146)	3,962,292	-
Total governmental activities	<u>\$ 15,720,181</u>	<u>\$ 2,217,287</u>	<u>\$ (2,468,330)</u>	<u>\$ 15,469,138</u>	<u>\$ 355,000</u>
Business-type activities					
SRF note payable	\$ 2,328,522	\$ -	\$ (155,581)	\$ 2,172,941	\$ 159,180
Financed purchase	537,589	-	(206,412)	331,177	218,252
Net pension liability	411,891	243,769	(234,765)	420,895	-
Total business-type activities	<u>\$ 3,278,002</u>	<u>\$ 243,769</u>	<u>\$ (596,758)</u>	<u>\$ 2,925,013</u>	<u>\$ 377,432</u>

The annual debt service payments required on outstanding debt at September 30, 2024 are as follows:

Fiscal Year	Revenue Bonds, Series 2017			State Revolving Fund Loan			Financed Purchase		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 355,000	\$ 394,050	\$ 749,050	\$ 159,180	\$ 49,068	\$ 208,248	\$ 218,252	\$ 7,748	\$ 226,000
2026	370,000	376,300	746,300	162,863	45,385	208,248	112,925	1,575	114,500
2027	390,000	357,800	747,800	166,630	41,618	208,248	-	-	-
2028	410,000	338,300	748,300	170,484	37,763	208,247	-	-	-
2029	430,000	317,800	747,800	174,428	33,820	208,248	-	-	-
2030-2034	2,400,000	1,342,000	3,742,000	934,564	106,676	1,041,240	-	-	-
2035-2039	2,790,000	948,900	3,738,900	404,792	11,704	416,496	-	-	-
2040-2044	2,580,000	408,625	2,988,625	-	-	-	-	-	-
2045	1,425,000	72,563	1,497,563	-	-	-	-	-	-
	<u>\$ 11,150,000</u>	<u>\$ 4,566,338</u>	<u>\$ 15,706,338</u>	<u>\$ 2,172,941</u>	<u>\$ 326,034</u>	<u>\$ 2,498,975</u>	<u>\$ 331,177</u>	<u>\$ 9,323</u>	<u>\$ 340,500</u>

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund transfers for the year ended September 30, 2024 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 899,000	\$ 2,052,213
Community redevelopment fund	500,000	286,500
Capital projects fund	2,052,213	500,000
Water and sewer fund	-	609,000
Cemetery fund	-	3,500
	<u>\$ 3,451,213</u>	<u>\$ 3,451,213</u>

NOTE 8.**PENSION PLANS****Defined Benefit Plans**

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

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

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

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2023 through June 30, 2024, and July 1, 2024 through September 30, 2024, were as follows: Regular Class 13.57% and 13.63%, Senior Management 34.52% and 34.52%, Elected Officials 62.72% and 62.97%, and DROP Participants 21.13% and 21.13%.

The City's contributions for the year ended September 30, 2024 were \$530,607 to FRS and \$58,516 to HIS.

NOTE 8. PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2024, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2024, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2024. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability	\$ 3,393,848	\$ 989,339	\$ 4,383,187
Proportion at:			
Current measurement date	0.008773100%	0.006595161%	
Prior measurement date	0.008242200%	0.006329169%	
Pension expense	\$ 582,191	\$ 61,528	\$ 643,719

As of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS		Totals	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 342,870	\$ -	\$ 9,553	\$ 1,900	\$ 352,423	\$ 1,900
Change of assumptions	465,158	-	17,509	117,125	482,667	117,125
Net difference between projected and actual earnings on Pension Plan investments	-	225,573	-	358	-	225,931
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	237,800	7,698	87,932	4,469	325,732	12,167
City Pension Plan contributions subsequent to the measurement date	153,234	-	16,346	-	169,580	-
Total	<u>\$ 1,199,062</u>	<u>\$ 233,271</u>	<u>\$ 131,340</u>	<u>\$ 123,852</u>	<u>\$ 1,330,402</u>	<u>\$ 357,123</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2025. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	<u>FRS</u>	<u>HIS</u>
September 30:		
2025	\$ (71,976)	\$ (1,437)
2026	781,914	(1,773)
2027	57,000	(2,583)
2028	2,696	(1,806)
2029	42,923	(984)
Thereafter	-	(275)

NOTE 8. PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2024, was determined by an actuarial valuation dated July 1, 2024, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.93%

Mortality assumptions for both plans were based on the PUB-2010 base table, which varies by member category and sex, projected generationally with Scale MP-2021.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2024, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2024:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.65% to 3.93%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.5%

Discount Rate

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

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.93% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

NOTE 8. PENSION PLANS (CONTINUED)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer’s proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS			HIS		
	Current			Current		
	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
City's proportionate share of the net pension liability	\$ 5,969,660	\$ 3,393,848	\$ 1,236,059	\$ 1,126,235	\$ 989,339	\$ 875,693

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2024, the City reported a payable in the amount of \$61,727 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2024.

Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member’s accounts during the 2023-24 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.30%, Special Risk Administrative Support class 12.95%, Special Risk class 19.00%, Senior Management Service class 12.67% and City Elected Officers class 16.34%.

The City’s Investment Plan pension expense totaled \$123,078 for the fiscal year ended September 30, 2024.

NOTE 8. PENSION PLANS (CONTINUED)

General Employees Defined Contribution Pension Plan

All of the City's full-time general employees hired after January 1, 1996, but before January 1, 2005, participate in a single-employer, defined contribution pension plan.

Chapter 112 of the Florida Statutes provides for a system of retirement plans for general employees. Chapter 112 sets forth maximum benefits, administrative arrangements, and fiduciary responsibilities. Non-bargaining unit employees contribute 3% of their earnings to the fund, union employees make voluntary contributions only, not to exceed 7%, and the City is required to make contributions from general revenues at the rate of 10% of covered earnings

The plan assets are held in trust for the employees by a third-party administrator and are not subject to creditors of the City. Therefore, the assets, liabilities, net assets and operations of this plan are not presented in the City's financial statements.

At September 30, 2024, there were no plan members or City contributions to the plan.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan assets are held in trust for the employees by a third-party administrator and investments are directed by the participating employees. Therefore, the assets, liabilities, net assets and operations of this plan are not presented on the City's financial statements.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Inverness's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, the Plan does not meet the requirements for an OPEB plan administered through a trust. The City has chosen pay-as-you-go funding, but is recording the liability in the government wide financial statements. This plan does not issue stand-alone financial statements.

Plan Membership

Membership of the OPEB Plan consisted of the following at September 30, 2023, the date of the latest actuarial valuation:

Active participants	53
Retirees, beneficiaries and disabled members	-
Covered spouses	-
	<hr/>
	53
	<hr/>

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. For retirees over age 60 with at least 25 years of Credited Service, the City contributes \$5 per year of Credited Service each month towards each retiree's health premiums until the retiree becomes eligible to receive Medicare. The retiree is responsible for paying the remaining monthly premium for health coverage and that of any covered spouse or eligible dependents.

Total OPEB Liability of the City

The City's total OPEB liability was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2023 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, updated to September 30, 2024, using the following actuarial assumptions:

Inflation:	2.50%
Salary increases:	2.50%
Discount rate:	4.06%
Initial trend rate:	7.00%
Ultimate trend rate:	4.00%
Years to ultimate:	51
Participation rate:	20% participation assumed, with 50% electing spouse coverage

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Index as published by S&P Dow Jones Indices. The S&P Municipal Bond 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 Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense

For the year ended September 30, 2024, the City will recognize OPEB Expense of \$19,793.

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2024 were as follows:

	Total OPEB Liability
Balances at September 30, 2023	\$ 49,480
Changes for the year:	
Service cost	7,465
Interest	2,341
Experience differences	(8,127)
Assumption changes	13,564
Benefit payments	(1,294)
Net changes	13,949
Balance at September 30, 2024	<u>\$ 63,429</u>

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

Changes of assumptions reflect a change in the discount rate from 4.87% for the fiscal year ending September 30, 2023, to 4.06% for the fiscal year ending September 30, 2024. Updated healthcare costs and premiums are also reflected as assumption changes.

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 (3.77%) or 1-percentage point higher (5.77%) than the current discount rate:

	1% Decrease 3.06%	Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ 71,205	\$ 63,429	\$ 56,855

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6% decreasing to 3%) or 1-percentage point higher (8% decreasing to 5%) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 3%)	Discount Rate (7% decreasing to 4%)	1% Increase (8% decreasing to 5%)
Total OPEB liability	\$ 55,430	\$ 63,429	\$ 73,185

NOTE 10. RISK MANAGEMENT

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

Risk of loss from above is transferred by the City to various commercial insurers through the purchase of insurance. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage during the past three years.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations. While the outcome of the litigation is not presently determinable, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

Grants

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

NOTE 12. SUBSEQUENT EVENTS

The City has evaluated subsequent events through May 27, 2025 the date which the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Inverness, Florida

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM PENSION PLAN

Reporting period ending Measurement date	9/30/2024 6/30/2024	9/30/2023 6/30/2023	9/30/2022 6/30/2022	9/30/2021 6/30/2021	9/30/2020 6/30/2020
City's proportion of the FRS net pension liability	0.00877310%	0.00824220%	0.00792617%	0.00765012%	0.00773270%
City's proportionate share of the FRS net pension liability	\$ 3,393,848	\$ 3,284,256	\$ 2,949,174	\$ 577,879	\$ 3,351,466
City's covered payroll	\$ 2,792,753	\$ 2,510,676	\$ 2,278,136	\$ 2,013,052	\$ 1,962,133
City's proportionate share of the pension liability as a percentage of its covered payroll	121.52%	130.81%	129.46%	28.71%	170.81%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%
Reporting period ending Measurement date	9/30/2019 6/30/2019	9/30/2018 6/30/2018	9/30/2017 6/30/2017	9/30/2016 6/30/2016	9/30/2015 6/30/2015
City's proportion of the FRS net pension liability	0.00754651%	0.007301884%	0.007850393%	0.006162172%	0.005609830%
City's proportionate share of the FRS net pension liability	\$ 2,598,912	\$ 2,199,365	\$ 2,322,094	\$ 1,555,953	\$ 724,585
City's covered payroll	\$ 1,935,226	\$ 1,709,056	\$ 1,805,362	\$ 1,615,922	\$ 1,455,498
City's proportionate share of the pension liability as a percentage of its covered payroll	134.30%	128.69%	128.62%	96.29%	49.78%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%

City of Inverness, Florida

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FLORIDA RETIREMENT SYSTEM PENSION PLAN

Reporting period ending	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Contractually required FRS contribution	\$ 530,607	\$ 414,590	\$ 368,321	\$ 296,126	\$ 265,171
FRS contributions in relation to the contractually required FRS contribution	<u>530,607</u>	<u>414,590</u>	<u>368,321</u>	<u>296,126</u>	<u>265,171</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,909,820	\$ 2,572,160	\$ 2,438,759	\$ 2,049,004	\$ 1,947,377
FRS contributions as a percentage of covered payroll	18.24%	16.12%	15.10%	14.45%	13.62%
Reporting period ending	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually required FRS contribution	\$ 239,744	\$ 213,550	\$ 203,914	\$ 161,581	\$ 138,199
FRS contributions in relation to the contractually required FRS contribution	<u>239,744</u>	<u>213,550</u>	<u>203,914</u>	<u>161,581</u>	<u>138,199</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,987,097	\$ 1,748,067	\$ 1,747,095	\$ 1,615,922	\$ 1,455,498
FRS contributions as a percentage of covered payroll	12.07%	12.22%	11.67%	10.00%	9.49%

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending Measurement date	9/30/2024 6/30/2024	9/30/2023 6/30/2023	9/30/2022 6/30/2022	9/30/2021 6/30/2021	9/30/2020 6/30/2020
City's proportion of the HIS net pension liability	0.00659516%	0.00632917%	0.00619440%	0.00568625%	0.00569690%
City's proportionate share of the HIS net pension liability	\$ 989,339	\$ 1,005,156	\$ 656,086	\$ 697,504	\$ 697,504
City's covered payroll	\$ 2,792,753	\$ 2,510,676	\$ 2,278,136	\$ 2,013,052	\$ 1,962,133
City's proportionate share of the pension liability as a percentage of its covered payroll	35.43%	40.04%	28.80%	34.65%	35.55%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.54%	4.12%	4.81%	3.56%	3.00%
Reporting period ending Measurement date	9/30/2019 6/30/2019	9/30/2018 6/30/2018	9/30/2017 6/30/2017	9/30/2016 6/30/2016	9/30/2015 6/30/2015
City's proportion of the HIS net pension liability	0.00523520%	0.005235197%	0.005627769%	0.004954573%	0.004605352%
City's proportionate share of the HIS net pension liability	\$ 647,441	\$ 554,099	\$ 601,647	\$ 577,435	\$ 469,673
City's covered payroll	\$ 1,935,226	\$ 1,709,056	\$ 1,805,362	\$ 1,615,922	\$ 1,455,498
City's proportionate share of the pension liability as a percentage of its covered payroll	33.46%	32.42%	33.33%	35.73%	32.27%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%

City of Inverness, Florida

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Contractually required					
HIS contribution	\$ 58,516	\$ 44,721	\$ 40,028	\$ 34,022	\$ 32,584
HIS contributions in relation to the contractually required HIS contribution					
	<u>58,516</u>	<u>44,721</u>	<u>40,028</u>	<u>34,022</u>	<u>32,584</u>
HIS contribution deficiency (excess)					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll					
HIS contributions as a percentage of covered payroll	\$ 2,909,820	\$ 2,572,160	\$ 2,438,759	\$ 2,049,004	\$ 1,947,377
	2.01%	1.74%	1.64%	1.66%	1.67%
Reporting period ending	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Contractually required					
HIS contribution	\$ 32,992	\$ 29,038	\$ 28,851	\$ 26,098	\$ 19,682
HIS contributions in relation to the contractually required HIS contribution					
	<u>32,992</u>	<u>29,038</u>	<u>28,851</u>	<u>26,098</u>	<u>19,682</u>
HIS contribution deficiency (excess)					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll					
HIS contributions as a percentage of covered payroll	\$ 1,987,097	\$ 1,748,067	\$ 1,747,095	\$ 1,615,922	\$ 1,455,498
	1.66%	1.66%	1.65%	1.62%	1.35%

City of Inverness, Florida

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 7,465	\$ 5,031	\$ 6,865	\$ 7,186	\$ 8,164	\$ 5,874	\$ 6,137
Interest	2,341	2,299	1,412	1,198	1,974	1,927	1,689
Experience differences	(8,127)	-	(3,337)	-	(1,330)	-	-
Assumption changes	13,564	(541)	(15,384)	(1,930)	(7,838)	3,335	(2,704)
Benefit payments	(1,294)	(942)	(946)	(442)	(565)	(5,416)	(4,992)
Net change in total OPEB liability	13,949	5,847	(11,390)	6,012	405	5,720	130
Total OPEB liability - beginning	49,480	43,633	55,023	49,011	48,606	42,886	42,756
Total OPEB liability - ending	\$ 63,429	\$ 49,480	\$ 43,633	\$ 55,023	\$ 49,011	\$ 48,606	\$ 42,886
Covered-employee payroll	\$ 2,493,369	\$ 1,951,335	\$ 1,903,742	\$ 1,894,691	\$ 1,848,479	\$ 1,589,353	\$ 1,550,588
Total OPEB liability as a percentage of covered employee payroll	2.54%	2.54%	2.29%	2.90%	2.65%	3.06%	2.77%

Notes to the Schedule:

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

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

Covered Payroll:

Covered payroll is projected to the measurement date based on actual covered payroll as of the valuation date using applicable salary increase assumptions.

Changes of assumptions:

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

Fiscal Year Ending September 30, 2024:	4.06%
Fiscal Year Ending September 30, 2023:	4.87%
Fiscal Year Ending September 30, 2022:	4.77%

Updated healthcare costs and premiums are also reflected as assumption changes.

Benefit Payments:

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2024. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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SUPPLEMENTARY INFORMATION

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City of Inverness, Florida

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - CAPITAL PROJECTS FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ -	\$ 142,675	\$ 46,974	\$ (95,701)
Investment earnings	60,000	60,000	303,895	243,895
Total revenues	96,000	251,692	350,869	99,177
Expenditures				
Capital outlay	1,783,184	2,767,143	2,277,634	489,509
Total expenditures	1,783,184	2,767,143	2,277,634	489,509
Deficiency of revenues under expenditures	(1,687,184)	(2,515,451)	(1,926,765)	588,686
Other financing sources (uses)				
Transfers in	1,783,184	2,052,213	2,052,213	-
Transfers out	-	(500,000)	(500,000)	-
Total other financing sources, net	1,783,184	1,552,213	1,552,213	-
Change in fund balance	96,000	(963,238)	(374,552)	588,686
Fund balance, beginning of year	7,935,446	7,935,446	7,935,446	-
Fund balance, end of year	\$ 8,031,446	\$ 6,972,208	\$ 7,560,894	\$ 588,686

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

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STATISTICAL SECTION

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City of Inverness, Florida

City-Wide Taxable Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year-End	Residential Property	Commercial Property	Industrial Property	Other Property	Tangible Personal Property (TPP)	Taxable Value Total	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽¹⁾	Factor of Taxable Value ⁽¹⁾	Assessed Value as a Percentage of Actual
2015	-	-	-	-	-	\$ 349,709,760	7.0729	-	-	-
2016	163,764,815	161,017,089	3,799,020	90,522,688	58,371,861	477,475,473	7.5729	615,851,685	1.289808	77.53%
2017	172,814,507	158,954,754	4,286,803	97,795,632	58,520,031	492,371,727	8.0729	622,053,577	1.263382	79.15%
2018	192,698,424	154,282,585	4,335,532	79,646,332	56,695,626	487,658,499	8.2729	661,434,142	1.356347	73.73%
2019	206,179,387	159,799,517	4,232,298	94,100,965	62,623,297	526,935,464	8.2729	698,117,300	1.324863	75.48%
2020	222,491,978	166,199,338	4,593,964	92,049,502	66,235,434	551,570,216	7.9730	689,461,115	1.249997	80.00%
2021	243,975,576	165,156,145	4,671,552	91,995,461	64,881,025	570,679,759	7.8211	718,008,728	1.258164	79.48%
2022	294,731,692	171,825,725	5,093,650	89,619,023	65,698,933	626,969,023	7.7600	778,474,207	1.241647	80.54%
2023	349,995,148	184,428,616	5,743,660	90,899,426	72,847,807	703,914,657	7.7600	854,161,721	1.213445	82.41%
2024	376,878,551	194,573,942	6,081,790	95,534,106	83,253,350	756,321,739	7.6600	915,305,863	1.210207	82.63%

Source: Avenu Insights & Analytics

⁽¹⁾ Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.

Based on these calculations a factor was extrapolated and applied to current assessed values.

(-) Data Unavailable.

Note: fiscal year 2016 is the City's first ACFR statistical section publication, therefore, prior year data availability is limited.

City of Inverness, Florida

Taxable Property by Use Code, City-Wide Last Nine Fiscal Years

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024
Residential	\$ 163,764,815	\$ 172,814,507	\$ 192,698,424	\$ 206,179,387	\$ 222,491,978	\$ 243,975,576	\$ 294,731,692	\$ 349,995,148	\$ 376,878,551
Commercial	161,017,089	158,954,754	154,282,585	159,799,517	166,199,338	165,156,145	171,825,725	184,428,616	194,573,942
Miscellaneous	88,899,951	95,485,114	77,365,183	90,603,187	88,960,119	88,921,050	83,916,518	87,379,915	89,768,738
Industrial	3,799,020	4,286,803	4,335,532	4,232,298	4,593,964	4,671,552	5,093,650	5,743,660	6,081,790
Agriculture	1,622,737	2,310,518	2,281,149	3,497,778	3,089,383	3,074,411	5,702,505	3,519,511	5,765,368
Taxable Value of Real Property	419,103,612	433,851,696	430,962,873	464,312,167	485,334,782	505,798,734	561,270,090	631,066,850	673,068,389
Tangible Personal Property	58,371,861	58,520,031	56,695,626	62,623,297	66,235,434	64,881,025	65,698,933	72,847,807	83,253,350
Total School Taxable Value	<u>\$ 477,475,473</u>	<u>\$ 492,371,727</u>	<u>\$ 487,658,499</u>	<u>\$ 526,935,464</u>	<u>\$ 551,570,216</u>	<u>\$ 570,679,759</u>	<u>\$ 626,969,023</u>	<u>\$ 703,914,657</u>	<u>\$ 756,321,739</u>

Source: Citrus County Assessor data, Avenu Insights & Analytics

Note: fiscal year 2016 is the City's first ACFR statistical section publication, therefore, prior year data availability is limited.

City of Inverness, Florida

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Fiscal Year-End	City of Inverness	Citrus County	Citrus County School Board	Hospital Board	Mosquito Control	SWFWMD General	Total
2015	7.0729	7.7887	7.1890	0.0000	0.4478	0.3488	15.6582
2016	7.5729	7.6652	6.9250	0.0000	0.4478	0.3317	22.9426
2017	8.0729	7.4407	6.5810	0.0000	0.4478	0.3131	22.8555
2018	8.2729	7.3561	6.3380	0.0000	0.4478	0.2955	22.7103
2019	8.2729	7.2032	6.1250	0.0000	0.4478	0.2801	22.3290
2020	7.9730	7.2032	5.9300	0.0000	0.4478	0.2669	21.8209
2021	7.8211	7.1742	5.8170	0.0000	0.4307	0.2535	21.4965
2022	7.7600	7.6678	5.5230	0.0000	0.4307	0.2260	21.6075
2023	7.7600	8.3522	5.4440	0.0000	0.3958	0.2043	22.1563
2024	7.6600	8.3469	5.3440	0.0000	0.3708	0.1909	21.9126

Source: Citrus County Property Appraiser , Avenu Insights & Analytics

City of Inverness, Florida

Principal Property Taxpayers Current and Eight Fiscal Years Ago

Taxpayer	2024		2016	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Citrus County Hospital Board	\$ 66,791,590	8.83%	\$ 88,976,473	18.63%
Citrus Memorial Hospital Inc-26670	24,029,433	3.18%		
Duke Energy Florida	18,936,090	2.50%	12,321,077	2.58%
95 FLRPT LLC	9,078,740	1.20%	6,609,630	1.38%
Sembler Gregory S	7,010,470	0.93%	6,017,110	1.26%
Sumter Electric Cooperative Inc.	5,700,487	0.75%	4,891,841	1.02%
Citrus Hospitality LLC	5,033,720	0.67%		
Signet Investments	4,883,620	0.65%	3,819,160	0.80%
701 Medical Court East LLC	4,725,341	0.62%	4,525,990	0.95%
Adams Homes Of Northwest Florida	4,586,121	0.61%		
Brannen Bank	4,040,007	0.53%	3,860,874	0.81%
FL Arbor Trail Holdings LLC	3,808,732	0.50%	3,363,620	0.70%
White Cap Of Florida Inc.	3,509,170	0.46%	2,607,110	0.55%
Colonnade Park Ltd.	3,139,840	0.42%		
Rosenberg Peter Michael	3,084,730	0.41%	2,309,600	0.48%
Citrus Plaza Commons LLC	2,984,071	0.39%	2,611,050	0.55%
Aem Anfang LLC	2,979,850	0.39%	2,141,390	0.45%
Williams Ltc Inc.	2,902,180	0.38%		
Inverness Regional LLC	2,580,640	0.34%		
Hollynn Properties Inc.	2,562,660	0.34%		
Osceola Inc.	2,461,024	0.33%		
Nolette Joseph H	2,338,360	0.31%		
Embarq Florida Inc.	2,328,228	0.31%		
Fitzgerald Way LLC	2,301,930	0.30%		
Bobchad Holdings Inc.	2,247,260	0.30%		
Wells Fargo Bank			7,307,029	1.53%
First Baptist Church Of Inverness			5,141,205	1.08%
Centurylink			4,887,645	1.02%
Wyld Palms Holdings LLC			4,804,180	1.01%
Lynch Robert N As Bishop Of			4,157,820	0.87%
Cornerstone Baptist Church			3,541,647	0.74%
Inverness Church Of God Inc.			2,992,032	0.63%
First Presbyterian Church			2,962,575	0.62%
Publix Super Market #1448			2,443,013	0.51%
Highland Terrace Aid Propco			2,292,432	0.48%
RKM Crystal LLC			2,245,830	0.47%
First Christian Church Of			2,060,298	0.43%
Total Top 25 Taxpayers	194,044,294	25.66%	188,890,631	39.56%
Total Taxable Value	\$ 756,321,739	100.00%	\$ 477,475,473	100.00%

Source: Citrus County Assessor data, Avenu Insights & Analytics

Note: fiscal year 2016 is the City's first ACFR publication, therefore, historical data availability is limited.

City of Inverness, Florida

Demographic and Economic Statistics Last Eight Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income	Per Capita	Median Age ⁽²⁾	Public School	County	City	County
			Personal Income ⁽¹⁾		Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾	Unemployment Rate ⁽⁴⁾	Population ⁽¹⁾
2016	7,233	136,667,535	18,895	51.0	14,881	6.9%	6.9%	141,058
2017	7,347	142,496,314	19,395	55.0	14,991	6.0%	6.0%	143,621
2018	7,304	150,673,778	20,629	55.1	15,083	4.7%	4.7%	145,647
2019	7,390	160,799,749	21,759	58.6	15,098	4.3%	4.3%	147,929
2020	7,414	167,784,825	22,631	57.3	15,611	10.2%	10.2%	149,657
2021	7,543	184,260,404	24,428	58.1	15,413	7.2%	7.2%	153,843
2022	7,624	213,918,156	28,059	58.5	15,663	4.4%	4.4%	158,083
2023	7,602	248,793,923	32,727	56.7	16,070	4.2%	4.2%	162,529
2024	7,543	276,179,327	36,614	56.0	15,691	4.5%	4.2%	153,843

Source: Avenu Insights & Analytics

⁽¹⁾ Data is provided by the U.S. Census Bureau.

⁽²⁾ Median Age reflects the U.S. Census data estimation table.

⁽³⁾ Student Enrollment reflects the total number of students enrolled in Citrus County School District.

⁽⁴⁾ Unemployment rates data from www.homefacts.com.

Note: fiscal year 2016 is the City's first ACFR publication, therefore, prior year data availability is limited.

City of Inverness, Florida

Principal Employers Current and Eight Years Ago

Employer	2024		2016	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Citrus County School District *	2,311	34.21%	2,234	38.52%
Citrus County	1,284	19.01%	1,416	24.41%
HCA Florida - Citrus Hospital	1,150	17.02%	878	15.14%
Publix Super Market	232	3.43%	170	2.93%
Citrus Health & Rehabilitation	194	2.87%	130	2.24%
Winn-Dixie - 2 locations	185	2.74%	184	3.17%
Lowe's Home Improvement	175	2.59%	185	3.19%
Avante At Inverness	162	2.40%		
Arbor Trail Rehab & Nursing	127	1.88%	130	2.24%
Nick Nicholas Ford	107	1.58%		
Walmart Supercenter			388	6.69%
Brannen Bank			110	1.90%
Total Top 10 Employers	5,927	87.74%	5,825	100.43%
Total City Labor Force ⁽¹⁾	6,755		5,800	

Source: Avenu Insights & Analytics

Results based on direct correspondence with City's local businesses.

⁽¹⁾ Labor Force data is provided by the U.S. Census Bureau.

Notes:

* District-Wide employee count.

OTHER REPORTS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Honorable Mayor and Members of
the City Council,
City of Inverness, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Inverness, 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 May 27, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bradenton, Florida
May 27, 2025

A handwritten signature in black ink that reads 'Mauldin & Jenkins, LLC'.



Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General

**Honorable Mayor and Members of
the City Council,
City of Inverness, Florida**

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited the City of Inverness, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit 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 financial assistance project for the year ended September 30, 2024. The City's major state financial assistance project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major 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 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 generally accepted auditing standards, *Government Auditing Standards* and the Chapter 10.550, Rules 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Chapter 10.550, Rules 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 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 state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Bradenton, Florida
May 27, 2025

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>CSFA Number</u>	<u>Grant ID Number</u>	<u>Actual Expenditures</u>
State Projects			
State of Florida Department of Environmental Protection			
Statewide Water Quality Restoration - Pine Avenue	37.039	LPQ0033	\$ 56,984
Statewide Water Quality Restoration - Septic to Sewer	37.039	WG068	70,558
Florida Springs Grant Program	37.052	LPS0050	2,551,399
Total Department of Environmental Protection			<u>2,678,941</u>
State of Florida Division of Emergency Management			
Firefighter Assistance Grant Program	43.006	FM841	46,974
Total Division of Emergency Management			<u>46,974</u>
Total Expenditures of State Projects.			<u>\$ 2,725,915</u>

Notes to the Schedule:

This schedule includes the state grant activity of the City of Inverness, Florida for the fiscal year ended September 30, 2024, and is presented using modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

City of Inverness, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

yes no

Significant deficiencies identified not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Award Programs

There was not an audit of major federal programs for the fiscal year ended September 30, 2024 due to the total amount expended being less than \$750,000.

State Financial Assistance Projects

Internal control over major state projects:
Material weaknesses identified?

yes no

Significant deficiencies identified not considered to be material weaknesses?

yes 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 Chapter 10.550, Rules of the Auditor General?

yes no

Identification of major state projects:

CSFA Number

66.468

Name of State Project

Florida Springs Grant Program

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

\$750,000

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None.

**SECTION III
STATE AWARDS FINDINGS AND QUESTIONED COSTS**

None.

**SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS**

None.



Independent Auditor's Management Letter

**Honorable Mayor and Members of
the City Council,
City of Inverness, Florida**

Report on the Financial Statements

We have audited the financial statements of the City of Inverness, Florida's (the "City"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 27, 2025.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; 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 Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated May 27, 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 annual financial audit report. There were no such findings in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Additional information on the City's creation and the City's component units is disclosed within the City's footnotes.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City’s geographical boundaries during the fiscal year under audit.

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads 'Mauldin & Jenkins, LLC'. The signature is written in a cursive, flowing style.

Bradenton, Florida
May 27, 2025



Independent Accountant's Report

**Honorable Mayor and Members of
the City Council,
City of Inverness, Florida**

We have examined the City of Inverness, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
May 27, 2025

BEFORE ME, the undersigned authority, personally appeared Eric C. Williams, Chief Financial Officer for the City of Inverness, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Inverness which is a local governmental entity of the State of Florida.
2. The governing body of the City of Inverness adopted Ordinance No. 2016-715 implementing an impact fee.
3. The City of Inverness has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.


FURTHER AFFIANT SAYETH NAUGHT.


Eric C. Williams, Chief Financial Officer

STATE OF FLORIDA
COUNTY OF CITRUS

SWORN TO AND SUBSCRIBED before me this 5th day of JUNE, 2025.




NOTARY PUBLIC
Print Name SUSAN JACKSON

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:
04-27-2027

¹ Pursuant to Section 163.31801(8), Florida Statutes, if there is no chief financial officer, the executive officer must sign the affidavit.



City of Inverness

Administration Office

212 W. Main Street

Inverness, FL 34450-4149

Administration@Inverness.gov

(352) 726-2611

Fax (352) 726-0607

May 27, 2025

Mauldin & Jenkins, LLC
1401 Manatee Avenue West, Suite 1200
Bradenton, Florida 34205

This representation letter is provided in connection with your audit(s) of the financial statements of the City of Inverness, Florida, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 27, 2025, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 13, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) We are in agreement with the adjusting journal entries you have proposed and they have been posted to the accounts of the City.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards and state financial assistance.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the City and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the entity's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87.
- 25) We have appropriately identified, recorded, and disclosed all subscription-based information technology arrangements in accordance with GASBS No. 96 (none).
- 26) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of state financial assistance. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of state financial assistance.
- 29) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 32) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended.
- 33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments are properly valued.

- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We are not aware of any material tax abatements or tax abatement programs that would require disclosure in accordance with GASB Statement No. 77.
- 45) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the combining and individual fund statements (the supplementary information):
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 48) We acknowledge we did not utilize Mauldin & Jenkins, LLC to store our documents, data, or records on our behalf in accordance with the "Hosting Services" (see ET section 1.295.143) interpretation of the AICPA Code of Professional Conduct. The City is solely responsible for maintaining its own data and records. In that regard, SuraLink is used solely as a method of transferring data to Mauldin & Jenkins, LLC and is not intended for the storage of our information. All information we provided through SuraLink was a copy and we maintain original documents and data as part of our records.
- 49) In connection with your engagement to examine the City's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2024, we confirm,

to the best of our knowledge and belief, the following representations made to you during your engagement:

- a) We are responsible for complying with Section 218.415, Florida Statutes, regarding the investment of public funds.
- b) We are responsible for establishing and maintaining effective internal control over compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.
- c) We have performed an evaluation of the City's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds. Based on our evaluation, the City has complied with Section 218.415, Florida Statutes.
- d) There has been no known noncompliance with Section 218.415, Florida Statutes, regarding the investment of public funds.
- e) We have made available all documentation and other information related to compliance with Section 218.415, Florida Statutes.
- f) There have been no communications from regulatory agencies, internal auditors, or other independent accountants or consultants regarding possible noncompliance with Section 218.415, Florida Statutes, including communications received between September 30, 2024 and May 27, 2025.

52) With respect to federal award programs:

- a) We are responsible for understanding and complying and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to the preparation of the schedule of expenditures of federal awards.
- b) We have, in accordance with Uniform Guidance, prepared the schedule of expenditures of federal awards, and have included in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, noting total expenditures did not exceed the \$750,000 threshold in the current year to warrant a single audit

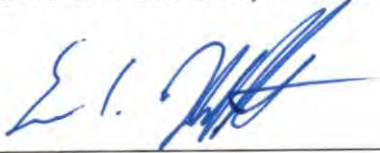
53) With respect to state financial assistance projects:

- a) We are responsible for understanding and complying with and have complied with, the requirements of Chapter 10.550, Rules of the Auditor General, including requirements relating to preparation of the schedule of expenditures of state financial assistance.
- b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of state financial assistance (SESFA) and related disclosures in accordance with the requirements of Chapter 10.550, Rules of the Auditor General, and we believe the SESFA, including its form and content, is fairly presented in accordance with the Chapter 10.550 Rules of the Auditor General. The methods of measurement or presentation of the SESFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SESFA.
- c) If the SESFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SESFA no later than the date we issue the SESFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Chapter 10.550 Rules of the Auditor General compliance audit, and have included in the SESFA, expenditures made during the audit period for all projects provided by state agencies in the form of state financial assistance, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- e) We are responsible for understanding and complying with, and have complied with, the requirements of state statutes, regulations, and the terms and conditions of state financial assistance projects related to each of our state projects and have identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions of state projects that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for state projects that provides reasonable assurance that we are managing our state projects in compliance with state statutes, regulations, and the terms and conditions of state projects that could have a material effect on our state projects. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all state projects (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to state projects and related activities.
- h) We have received no requests from a state agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the State of Florida Compliance Supplement relating to state projects and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of state projects.
- j) We have disclosed any communications from State awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in Chapter 10.550 Rules of the Auditor General.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to state project financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) State project financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.

- t) We have charged costs to state projects in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Chapter 10.550 Rules of the Auditor General, and we have provided you with all information on the status of the follow-up on prior audit findings by state awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

CITY OF INVERNESS, FLORIDA



Eric Williams
City Manager

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City of Inverness

Administration Office

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May 27, 2025

Mauldin & Jenkins, LLC
1401 Manatee Avenue West, Suite 1200
Bradenton, Florida 34205

This representation letter is provided in connection with your audit(s) of the financial statements of the City of Inverness Community Redevelopment Agency (a component unit of the City of Inverness, Florida) (the "CRA"), which comprise the respective financial position of the governmental activities, and the major fund, as of September 30, 2024, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 27, 2025, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 13, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the CRA is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the CRA from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of CRA Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the CRA and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the CRA's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the names of the CRA's related parties and all the related party relationships and transactions, including any side agreements.

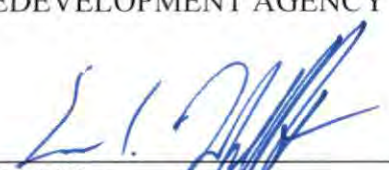
Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 20) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

- 21) The CRA has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 26) The CRA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The CRA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended.
- 29) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 31) Investments, land and other real estate held by endowments are properly valued.
- 32) Provisions for uncollectible receivables have been properly identified and recorded.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Employee costs allocated to and paid by the CRA are employees of the City of Crystal River. As such there is no requirement to record a proportionate share of either pension or OPEB liabilities to the CRA.
- 35) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 37) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

- 40) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 42) We acknowledge we did not utilize Mauldin & Jenkins, LLC to store our documents, data, or records on our behalf in accordance with the "Hosting Services" (see ET section 1.295.143) interpretation of the AICPA Code of Professional Conduct. The CRA is solely responsible for maintaining its own data and records. In that regard, SuraLink is used solely as a method of transferring data to Mauldin & Jenkins, LLC and is not intended for the storage of our information. All information we provided through SuraLink was a copy and we maintain original documents and data as part of our records.
- 43) With respect to federal award programs and state awards: federal and state single audits were not required in the current year due to the CRA not expending in excess of \$750,000 of either federal or state funds.
- 44) In connection with your engagement to examine the CRA's compliance with Sections 218.415, 163.387(6), and 163.387(7), Florida Statutes, for the year ended September 30, 2024, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement:
 - a) We are responsible for complying with Sections 218.415, 163.387(6), and 163.387(7), *Florida Statutes*, regarding the investment of public funds and the use of redevelopment funds.
 - b) We are responsible for establishing and maintaining effective internal control over compliance with Sections 218.415, 163.387(6), and 163.387(7), *Florida Statutes*.
 - c) We have performed an evaluation of the CRA's compliance with Sections 218.415, 163.387(6), and 163.387(7), *Florida Statutes*. Based on our evaluation, the CRA has complied with Sections 218.415, 163.387(6), and 163.387(7), *Florida Statutes*.
 - d) There has been no known noncompliance with Sections 218.415, 163.387(6), and 163.387(7), *Florida Statutes*, regarding the investment of public funds.
 - e) We have made available all documentation and other information related to compliance with Sections 218.415, 163.387(6), and 163.387(7), *Florida Statutes*.
 - f) There have been no communications from regulatory agencies, internal auditors, or other independent accountants or consultants regarding possible noncompliance with Sections 218.415, 163.387(6), and 163.387(7), *Florida Statutes*, including communications received between September 30, 2024 and May 27, 2025.

CITY OF CRYSTAL RIVER COMMUNITY
REDEVELOPMENT AGENCY



Eric Williams
City Manager