

Annual Financial Report

September 30, 2024

City of Minneola, Florida

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City of Minneola, Florida
List of Principal Officials

Mayor Pat Kelley
Vice-Mayor Pam Serviss
Councilor Debbie Flinn
Councilor Erick Hernandez
Councilor Joseph Saunders
City Manager Mark Johnson
City Clerk Christina Stidham
Deputy Finance Manager David Donofrio

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Minneola, 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, and each major fund, of the *City of Minneola, Florida*, (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the *City of Minneola, Florida*, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, the stormwater special revenue fund, and the community redevelopment agency fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, on our consideration of the *City of Minneola, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

McDiernit Davis

Orlando, Florida
November 5, 2025

As management of the *City of Minneola, Florida (the City)* we offer readers of the *City of Minneola's* financial statements this narrative overview and analysis of the financial activities of the *City of Minneola* for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of the *City of Minneola* exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$114,433,799 (net position). Of this amount, \$27,188,898 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$19,454,718.
- As of the close of the current fiscal year, the *City of Minneola's* governmental funds reported combined ending fund balances of \$50,738,062, an increase of \$9,257,090 in comparison with the prior year. Approximately 16% of this total amount, \$7,865,023, 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 \$7,865,023, or 45% of total general fund expenditures.

Overview of the Financial Statements

The financial statements focus 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 government-to-government) and enhance the City's accountability.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *City of Minneola's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

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

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

Both of the government-wide financial statements distinguish functions of the City of Minneola that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Minneola include general government, public safety, public works, sanitation and recreation services. The business-type activities of the City of Minneola include Utility Management.

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

The government-wide financial statements can be found on pages 11 - 12 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 of Minneola*, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the *City of Minneola* 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 government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The *City of Minneola* maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Stormwater Special Revenue Fund, the Community Redevelopment Fund and Impact Fee Capital Projects Fund, which are considered to be major funds.

The *City of Minneola* adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for the General Fund, the Stormwater Special Revenue Fund, and the Community Redevelopment Funds to demonstrate compliance with this budget at pages 17 - 19.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Proprietary Funds

City of Minneola maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The *City of Minneola* uses enterprise funds to account for Utility Management.

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 Utility Management.

The basic proprietary fund financial statements can be found on pages 20 - 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 financial statements can be found on pages 25 - 43 of this report.

Required Supplementary Information (RSI)

RSI can be found on pages 44-45 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 of Minneola*, assets and deferred outflows exceeded liabilities and deferred inflows by \$114,433,799 at September 30, 2024. 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 11.

Statement of Net Position

As of September 30,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 60,799,747	\$ 50,651,988	\$ 30,891,542	\$ 24,430,351	\$ 91,691,289	\$ 75,082,339
Capital assets	16,447,950	13,149,765	30,345,519	30,146,690	46,793,469	43,296,455
Total Assets	77,247,697	63,801,753	61,237,061	54,577,041	138,484,758	118,378,794
Deferred Outflows of Resources	1,399,342	1,093,790	584,304	465,479	1,983,646	1,559,269
Liabilities:						
Long term liabilities	307,438	241,075	8,620,108	9,157,151	8,927,546	9,398,226
Net pension liability	4,032,936	3,815,496	1,709,042	1,624,481	5,741,978	5,439,977
Other liabilities	10,061,685	9,171,016	823,644	785,037	10,885,329	9,956,053
Total Liabilities	14,402,059	13,227,587	11,152,794	11,566,669	25,554,853	24,794,256
Deferred Inflows of Resources	342,635	115,817	137,117	48,909	479,752	164,726
Net Position:						
Net investment in capital assets	15,609,537	13,149,765	21,760,057	21,015,454	37,369,594	34,165,219
Restricted	30,366,096	23,078,353	19,509,211	16,556,155	49,875,307	39,634,508
Unrestricted	17,926,712	15,324,021	9,262,186	5,855,333	27,188,898	21,179,354
Total Net Position	\$ 63,902,345	\$ 51,552,139	\$ 50,531,454	\$ 43,426,942	\$ 114,433,799	\$ 94,979,081

\$37,369,594 (33%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure 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 of Minneola'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.

Net position that are subject to external restrictions as to how they may be used total \$49,875,307 (44%). The remaining balance of *unrestricted net position* (\$27,188,898 or 23%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$19,454,718 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 12.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	\$ 4,964,295	\$ 3,485,259	\$ 8,712,001	\$ 7,729,596	\$ 13,676,296	\$ 11,214,855
Operating grants and contributions	550,421	566,459	-	-	550,421	566,459
Capital grants and contributions	3,144,503	2,294,451	4,931,876	4,620,033	8,076,379	6,914,484
General Revenues:						
Property taxes	14,674,092	12,013,733	-	-	14,674,092	12,013,733
Other taxes	2,248,637	2,218,571	-	-	2,248,637	2,218,571
Intergovernmental	2,267,773	2,117,388	-	-	2,267,773	2,117,388
Investment income and miscellaneous	1,215,116	454,212	502,414	196,039	1,717,530	650,251
Total revenues	29,064,837	23,150,073	14,146,291	12,545,668	43,211,128	35,695,741
Expenses:						
General government	5,811,235	4,705,337	-	-	5,811,235	4,705,337
Public safety	7,704,646	6,450,308	-	-	7,704,646	6,450,308
Physical environment	199,765	129,956	-	-	199,765	129,956
Highways and streets	42,831	395,962	-	-	42,831	395,962
Stormwater	264,269	284,105	-	-	264,269	284,105
Culture and recreation	752,056	895,933	-	-	752,056	895,933
Community redevelopment	2,019,386	1,180,263	-	-	2,019,386	1,180,263
Utility	-	-	6,962,222	6,495,969	6,962,222	6,495,969
Total expenses	16,794,188	14,041,864	6,962,222	6,495,969	23,756,410	20,537,833
Increase (decrease) in net position before transfers	12,270,649	9,108,209	7,184,069	6,049,699	19,454,718	15,157,908
Transfers	79,557	9,333	(79,557)	(9,333)	-	-
Increase (decrease) in net position	12,350,206	9,117,542	7,104,512	6,040,366	19,454,718	15,157,908
Net position, October 1	51,552,139	42,434,597	43,426,942	37,386,576	94,979,081	79,821,173
Net position, September 30	\$ 63,902,345	\$ 51,552,139	\$ 50,531,454	\$ 43,426,942	\$ 114,433,799	\$ 94,979,081

Governmental Activities

Governmental activities increased the *City of Minneola's* net position by \$12,350,206. The increase is primarily due to a \$2,660,359 increase in property taxes and a \$1,479,036 increase in charges for services.

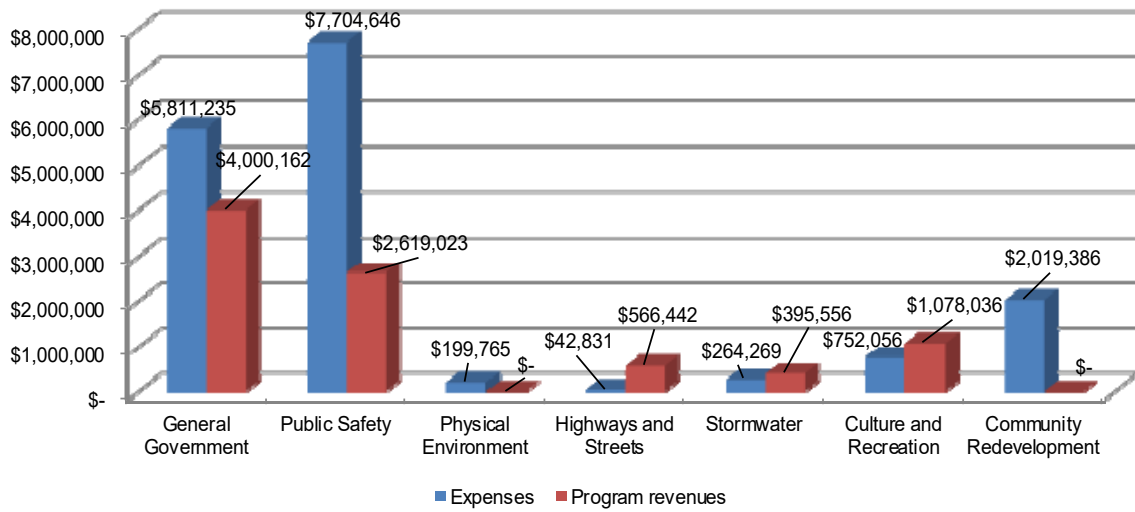
Business-Type Activities

Business-type activities increased the *City of Minneola's* net position by \$7,104,512 primarily due to increases in wastewater and sanitation services as well as capital grants and contributions.

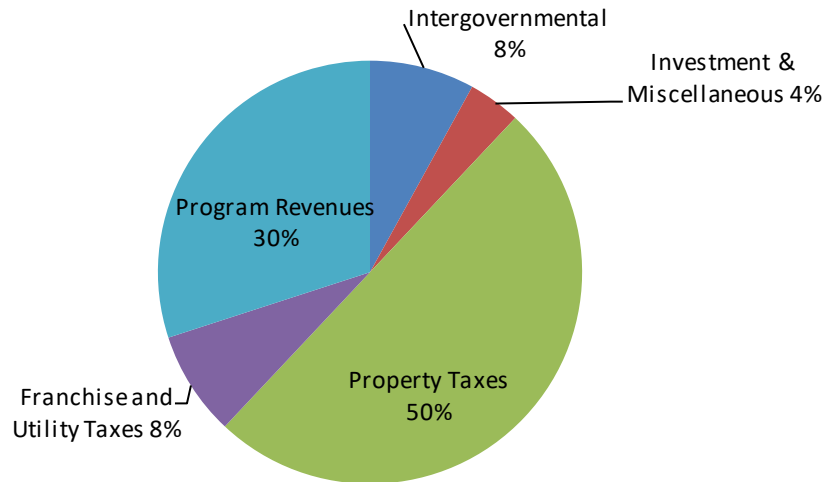
The following series of bar and pie charts relay in pictorial form the revenues and expenses for each of the governmental and business-type activities as well as the revenue "source" for each.

Note that the first graph depicts governmental program-specific revenues and expenses. For this graph, the revenue does not include property taxes, utility taxes, intergovernmental revenue, investment income or miscellaneous revenue. This chart is intended to show the amount of program expenses funded by specific program revenues.

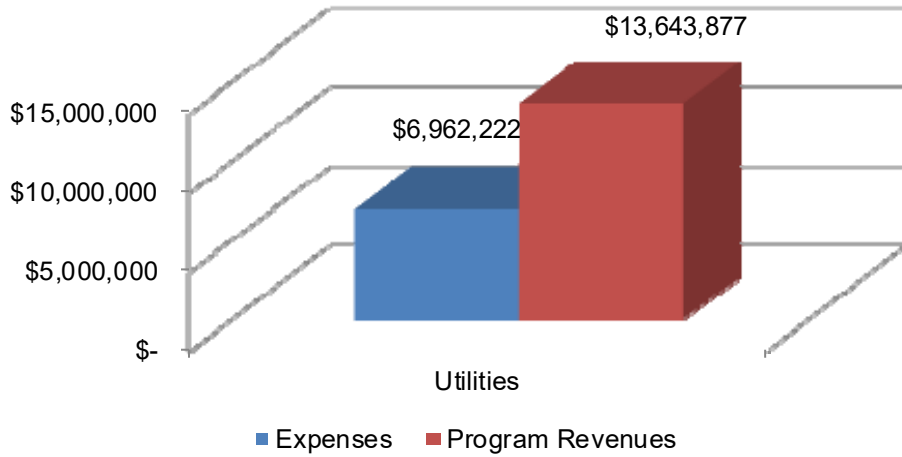
Expenses and Program Revenues - Governmental Activities



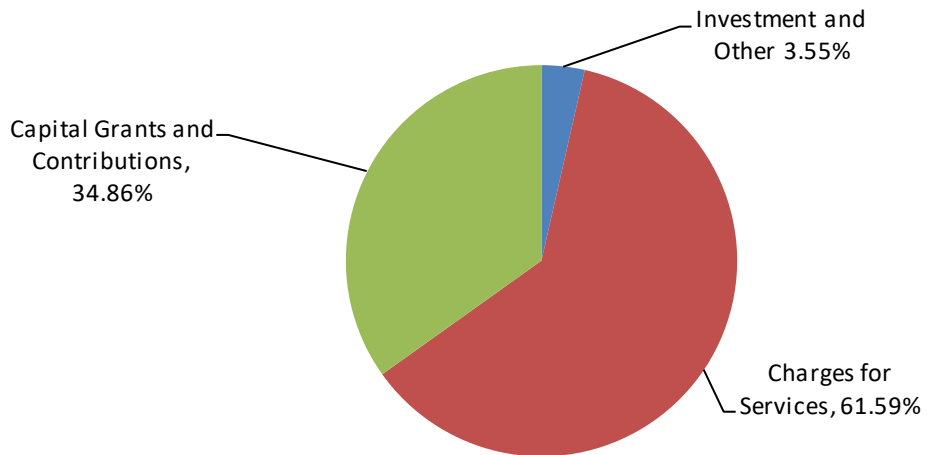
Revenue by Source - Governmental Activities



Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the *City of Minneola* used fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

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

As of the end of the current fiscal year, the *City of Minneola's* governmental funds reported combined ending fund balances of \$50,738,062, an increase of \$9,257,090 in comparison with the prior year. Approximately 16% or \$7,865,023 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed for such purposes as debt service, capital projects, inventories and prepaid costs.

The General Fund is the chief operating fund of the *City of Minneola*. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,865,023 while total fund balance was \$28,444,279. 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 and total fund balance represent 45% and 161% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$2,871,081 during the current fiscal year due to increased licenses and permits, property taxes, and intergovernmental revenue.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$9,262,186. The total increase in net position for this fund was \$7,104,512. Other factors concerning the finances of these three funds have already been addressed in the discussion of the *City of Minneola's* business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues were \$2,501,108 more than budgeted revenues and actual expenditures were \$5,024,405 less than budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets

The *City of Minneola's* investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$46,793,469 (net of accumulated depreciation), for an increase of \$3,497,014 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 8.08% (25.08% increase for governmental activities, and 0.66% increase for business-type activities).

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,326,361	\$ 3,326,361	\$ 435,522	\$ 435,522	\$ 3,761,883	\$ 3,761,883
Construction in progress	7,690,417	4,053,740	1,164,388	400,559	8,854,805	4,454,299
Buildings	1,896,951	1,977,752	103,200	106,249	2,000,151	2,084,001
Improvements / infrastructure	1,774,601	1,869,961	28,288,925	28,869,903	30,063,526	30,739,864
Machinery and equipment	1,759,620	1,921,951	353,484	334,457	2,113,104	2,256,408
Total	\$ 16,447,950	\$ 13,149,765	\$ 30,345,519	\$ 30,146,690	\$ 46,793,469	\$ 43,296,455

Additional information on the *City of Minneola's* capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, the *City of Minneola* had total debt outstanding of \$8,585,462. This debt includes notes payable. Additional information on long-term debt can be found in Note 6 of this report.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Notes payable	\$ -	\$ -	\$ 8,585,462	\$ 9,131,236	\$ 8,585,462	\$ 9,131,236
	\$ -	\$ -	\$ 8,585,462	\$ 9,131,236	\$ 8,585,462	\$ 9,131,236

The *City of Minneola's* total debt decreased by \$545,774 (5.98%) during the current fiscal year. The City's governmental activities are debt-free.

Economic Factors and Next Year's Budget and Rates

- The average unemployment rate for the state is 3.3% and 4.3% for the nation.
- Average inflation nationally as indicated by the consumer price index is 3.7%

These factors were considered in preparing the City budget for the 2024-2025 year. The City adopted the 2024 - 2025 budget at its September 17, 2024 meeting. The 2024 - 2025 General Fund budget includes a millage rate of 5.600.

Requests for Information

This financial report is designed to provide a general overview of the *City of Minneola's* finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to City of Minneola, Finance Manager, Post Office Drawer 678, Minneola, Florida 34755, (352) 394-3598.

BASIC FINANCIAL STATEMENTS

City of Minneola, Florida
Statement of Net Position
September 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 57,624,076	\$ 12,253,364	\$ 69,877,440
Receivables, net	517,435	413,507	930,942
Internal balances	1,505,288	(1,505,288)	-
Due from other governments	1,051,846	-	1,051,846
Prepaid costs	101,102	72,124	173,226
Restricted cash and cash equivalents	-	19,657,835	19,657,835
Capital Assets:			
Capital assets not being depreciated	11,016,778	1,599,910	12,616,688
Capital assets being depreciated, net of accumulated depreciation	5,431,172	28,745,609	34,176,781
Total assets	77,247,697	61,237,061	138,484,758
Deferred Outflows:			
Pension earnings	1,399,342	584,304	1,983,646
Liabilities:			
Accounts payable and accrued expenses	2,778,881	580,037	3,358,918
Due to other governmental agencies	177,387	-	177,387
Accrued interest	-	104,983	104,983
Unearned revenue	7,101,136	-	7,101,136
Deposits payable	4,281	138,624	142,905
Noncurrent Liabilities:			
Due within one year:			
Compensated absences	120,893	21,958	142,851
Notes payable	-	560,450	560,450
Due in more than one year:			
Compensated absences	186,545	12,688	199,233
Notes payable	-	8,025,012	8,025,012
Net pension liability	4,032,936	1,709,042	5,741,978
Total liabilities	14,402,059	11,152,794	25,554,853
Deferred Inflows:			
Pension earnings	342,635	137,117	479,752
Net Position:			
Net investment in capital assets	15,609,537	21,760,057	37,369,594
Restricted	30,366,096	19,509,211	49,875,307
Unrestricted	17,926,712	9,262,186	27,188,898
Total net position	\$ 63,902,345	\$ 50,531,454	\$ 114,433,799

City of Minneola, Florida
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 5,811,235	\$ 4,000,162	\$ -	\$ -	\$ (1,811,073)	\$ -	\$ (1,811,073)
Public Safety	7,704,646	556,335	10,203	2,052,485	(5,085,623)	-	(5,085,623)
Physical Environment	199,765	-	-	-	(199,765)	-	(199,765)
Highways and Streets	42,831	-	469,110	97,332	523,611	-	523,611
Stormwater	264,269	395,556	-	-	131,287	-	131,287
Culture and Recreation	752,056	12,242	71,108	994,686	325,980	-	325,980
Community Redevelopment	2,019,386	-	-	-	(2,019,386)	-	(2,019,386)
Total governmental activities	16,794,188	4,964,295	550,421	3,144,503	(8,134,969)	-	(8,134,969)
Business-type Activities:							
Utility	6,962,222	8,712,001	-	4,931,876	-	6,681,655	6,681,655
Total business-type activities	6,962,222	8,712,001	-	4,931,876	-	6,681,655	6,681,655
Total primary government	\$ 23,756,410	\$ 13,676,296	\$ 550,421	\$ 8,076,379	(8,134,969)	6,681,655	(1,453,314)
General Revenues:							
Property taxes					14,674,092	-	14,674,092
Franchise and utility taxes					2,248,637	-	2,248,637
Intergovernmental					2,267,773	-	2,267,773
Unrestricted investment earnings					1,162,912	502,414	1,665,326
Miscellaneous					52,204	-	52,204
Transfers:					79,557	(79,557)	-
Total general revenues and transfers					20,485,175	422,857	20,908,032
Change in net position					12,350,206	7,104,512	19,454,718
Net position, beginning					51,552,139	43,426,942	94,979,081
Net position, ending					\$ 63,902,345	\$ 50,531,454	\$ 114,433,799

City of Minneola, Florida
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Stormwater Special Revenue Fund	Community Redevelopment Funds	Impact Fee Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 42,839,249	\$ -	\$ 14,784,827	\$ -	\$ 57,624,076
Receivables	514,749	2,686	-	-	517,435
Due from other governments	1,051,846	-	-	-	1,051,846
Prepaid costs	80,229	3,317	17,556	-	101,102
Due from other funds	112,866	1,396,222	3,603,710	3,937,573	9,050,371
Total assets	\$ 44,598,939	\$ 1,402,225	\$ 18,406,093	\$ 3,937,573	\$ 68,344,830
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,330,573	\$ 10,818	\$ 1,437,490	\$ -	\$ 2,778,881
Due to other governments	177,387	-	-	-	177,387
Due to other funds	7,541,283	3,800	-	-	7,545,083
Unearned revenue	7,101,136	-	-	-	7,101,136
Deposits payable	4,281	-	-	-	4,281
Total liabilities	16,154,660	14,618	1,437,490	-	17,606,768
Fund Balances:					
Nonspendable:					
Prepays	80,229	3,317	17,556	-	101,102
Restricted:					
Street repairs	2,184,297	-	-	-	2,184,297
Confiscation funds	73,913	-	-	-	73,913
Permitting expenditures	6,348,281	-	-	-	6,348,281
Police education	9,657	-	-	-	9,657
Infrastructure	4,781,345	-	-	-	4,781,345
Community redevelopment	-	-	16,951,047	-	16,951,047
Committed:					
Cemetery care	5,292	-	-	-	5,292
Rails/trails	1,450	-	-	-	1,450
Tree replacement	64,306	-	-	-	64,306
Fire protection capital expenditures	-	-	-	2,006,644	2,006,644
Parks capital expenditures	-	-	-	1,254,568	1,254,568
Police protection capital expenditures	-	-	-	676,361	676,361
Stormwater management	-	1,384,290	-	-	1,384,290
Assigned:					
Fire truck replacement	745,000	-	-	-	745,000
Fire department relocation	500,000	-	-	-	500,000
Park master plan	300,000	-	-	-	300,000
Library relocation	300,000	-	-	-	300,000
City Hall remodel	1,000,000	-	-	-	1,000,000
Fire station #2	4,185,486	-	-	-	4,185,486
Unassigned	7,865,023	-	-	-	7,865,023
Total fund balances	28,444,279	1,387,607	16,968,603	3,937,573	50,738,062
Total liabilities and fund balances	\$ 44,598,939	\$ 1,402,225	\$ 18,406,093	\$ 3,937,573	\$ 68,344,830

City of Minneola, Florida
**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**
September 30, 2024

Total Fund Balance, governmental funds	\$	50,738,062
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.		16,447,950
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Deferred inflows and outflows of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		1,056,707
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Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(307,438)	
Net pension liability	<u>(4,032,936)</u>	<u>(4,340,374)</u>
Net position of governmental activities in the statement of net position		<u>\$ 63,902,345</u>

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

Year Ended September 30, 2024

	General Fund	Stormwater Special Revenue Fund	Community Redevelopment Funds	Impact Fee Fund	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 7,376,952	\$ -	\$ 7,297,140	\$ -	\$ 14,674,092
Franchise and utility	2,248,637	-	-	-	2,248,637
Licenses and permits	3,875,487	-	-	-	3,875,487
Intergovernmental	5,265,421	-	-	-	5,265,421
Charges for services	675,340	395,556	-	-	1,070,896
Fees and fines	11,155	-	-	-	11,155
Impact fees	-	-	-	670,873	670,873
Investment earnings	808,632	22,842	266,738	64,700	1,162,912
Miscellaneous	85,364	-	-	-	85,364
Total revenues	20,346,988	418,398	7,563,878	735,573	29,064,837
Expenditures:					
Current:					
General government	5,724,570	-	-	-	5,724,570
Public safety	10,098,457	-	-	-	10,098,457
Physical environment	234,223	214,259	-	-	448,482
Highways and streets	388,025	-	-	-	388,025
Culture and recreation	1,211,388	-	-	-	1,211,388
Community redevelopment	-	-	2,117,581	-	2,117,581
Total expenditures	17,656,663	214,259	2,117,581	-	19,988,503
Excess (deficiency) of revenues over expenditures	2,690,325	204,139	5,446,297	735,573	9,076,334
Other Financing Sources (Uses):					
Transfers in	180,756	-	-	-	180,756
Total other financing sources (uses)	180,756	-	-	-	180,756
Net change in fund balances	2,871,081	204,139	5,446,297	735,573	9,257,090
Fund balances, beginning	25,573,198	1,183,468	11,522,306	3,202,000	41,480,972
Fund balances, ending	\$ 28,444,279	\$ 1,387,607	\$ 16,968,603	\$ 3,937,573	\$ 50,738,062

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

Year Ended September 30, 2024

Net Change in Fund Balances - total governmental funds \$ 9,257,090

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Expenditures for capital assets	3,847,253	
Less: current year depreciation	<u>(549,068)</u>	3,298,185

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.

Change in compensated absences	(66,363)
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Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore increased net position.

<u>(138,706)</u>

Change in net position of governmental activities

<u><u>\$ 12,350,206</u></u>

City of Minneola, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 7,198,503	\$ 7,198,503	\$ 7,376,952	\$ 178,449
Franchise and utility	2,055,493	2,042,148	2,248,637	206,489
Licenses and permits	2,565,740	2,565,740	3,875,487	1,309,747
Intergovernmental	5,325,044	4,913,534	5,265,421	351,887
Charges for services	569,443	568,062	675,340	107,278
Fees and fines	4,745	4,675	11,155	6,480
Investment earnings	500,000	500,000	808,632	308,632
Miscellaneous	62,225	53,218	85,364	32,146
Total revenues	18,281,193	17,845,880	20,346,988	2,501,108
Expenditures:				
Current:				
General government	6,835,077	6,938,100	5,724,570	1,213,530
Public safety	11,257,285	12,979,517	10,098,457	2,881,060
Physical environment	299,819	363,982	234,223	129,759
Highways and streets	747,881	754,889	388,025	366,864
Culture and recreation	1,519,764	1,644,580	1,211,388	433,192
Total expenditures	20,659,826	22,681,068	17,656,663	5,024,405
Excess (deficiency) of revenues over expenditures	(2,378,633)	(4,835,188)	2,690,325	7,525,513
Other Financing Sources (Uses):				
Transfers in	164,522	180,220	180,756	536
Total other financing sources (uses)	164,522	180,220	180,756	536
Net change in fund balances	(2,214,111)	(4,654,968)	2,871,081	7,526,049
Fund balance, beginning	25,573,198	25,573,198	25,573,198	-
Fund balance, ending	\$ 23,359,087	\$ 20,918,230	\$ 28,444,279	\$ 7,526,049

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Stormwater Special Revenue Fund

Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 290,272	\$ -	\$ (290,272)
Charges for services	362,986	362,986	395,556	32,570
Investment earnings	-	22,842	22,842	-
Total revenues	362,986	676,100	418,398	(257,702)
Expenditures:				
Current:				
Physical environment	362,986	620,944	214,259	406,685
Total expenditures	362,986	620,944	214,259	406,685
Excess (deficiency) of revenues over expenditures	-	55,156	204,139	148,983
Net change in fund balances	-	55,156	204,139	148,983
Fund balance, beginning	1,183,468	1,183,468	1,183,468	-
Fund balance, ending	\$ 1,183,468	\$ 1,238,624	\$ 1,387,607	\$ 148,983

City of Minneola, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Community Redevelopment Funds
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 7,503,379	\$ 7,336,452	\$ 7,297,140	\$ (39,312)
Investment earnings	-	266,736	266,738	2
Total revenues	7,503,379	7,603,188	7,563,878	(39,310)
Expenditures:				
Current:				
Community redevelopment	9,400,665	9,420,388	2,117,581	7,302,807
Total expenditures	9,400,665	9,420,388	2,117,581	7,302,807
Excess (deficiency) of revenues over expenditures	(1,897,286)	(1,817,200)	5,446,297	7,263,497
Net change in fund balances	(1,897,286)	(1,817,200)	5,446,297	7,263,497
Fund balance, beginning	11,522,306	11,522,306	11,522,306	-
Fund balance, ending	\$ 9,625,020	\$ 9,705,106	\$ 16,968,603	\$ 7,263,497

City of Minneola, Florida
Statement of Net Position
Proprietary Funds
September 30, 2024

	<u>Enterprise Fund</u>
	<u>Utility Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 12,253,364
Accounts receivable, net	413,507
Due from other funds	-
Prepaid costs	72,124
Restricted cash and cash equivalents	19,657,835
Total current assets	<u>32,396,830</u>
Noncurrent assets:	
Capital assets:	
Land	435,522
Buildings	119,703
Construction in progress	1,164,388
Water and wastewater system	45,949,639
Machinery and equipment	894,596
Less accumulated depreciation	<u>(18,218,329)</u>
Total noncurrent assets	<u>30,345,519</u>
Total assets	<u>62,742,349</u>
Deferred Outflows:	
Pension earnings	<u>584,304</u>
Total deferred outflows	<u>584,304</u>

City of Minneola, Florida
Statement of Net Position
Proprietary Funds
September 30, 2024

	<u>Enterprise Fund</u>
	<u>Utility Fund</u>
Liabilities:	
Current Liabilities:	
Accounts payable	544,763
Accrued liabilities	35,274
Due to other funds	1,505,288
Accrued interest payable	104,983
Customer deposits payable	138,624
Compensated absences	21,958
Notes and loans payable - current	560,450
Total current liabilities	<u>2,911,340</u>
Noncurrent Liabilities:	
Compensated absences	12,688
Net pension liability	1,709,042
Notes and loans payable	8,025,012
Total noncurrent liabilities	<u>9,746,742</u>
Total liabilities	<u>12,658,082</u>
Deferred Inflows:	
Pension earnings	137,117
Total deferred inflows	<u>137,117</u>
Net Position:	
Net investment in capital assets	21,760,057
Restricted	19,509,211
Unrestricted	9,262,186
Total net position	<u><u>\$ 50,531,454</u></u>

City of Minneola, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Funds
Year Ended September 30, 2024

	Enterprise Fund
	Utility Fund
Operating Revenues:	
Charges for services	\$ 8,707,930
Other operating revenue	4,071
Total operating revenues	8,712,001
Operating Expenses:	
Personal services	1,296,523
Contract services	2,134,598
Operating expenses	916,828
Utility services	563,146
Repairs and maintenance	325,855
Insurance	220,369
Depreciation	1,295,593
Total operating expenses	6,752,912
Operating income (loss)	1,959,089
Nonoperating Revenues (Expenses):	
Interest and investment income	502,414
Interest expense	(209,310)
Total nonoperating revenue (expenses)	293,104
Income before capital contributions and transfers	2,252,193
Capital contributions	1,068,734
Impact fees	3,964,341
Transfers out	(180,756)
Change in net position	7,104,512
Total net position, beginning	43,426,942
Total net position, ending	\$ 50,531,454

City of Minneola, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	<u>Enterprise Fund</u>
	<u>Utility Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 8,444,545
Payments to suppliers	(4,107,146)
Payments to employees	(1,229,471)
Net cash provided by operating activities	<u>3,107,928</u>
Cash Flows from Noncapital Financing Activities:	
Operating transfers out	(180,756)
Increase in due from other funds	141,370
Increase in due to other funds	(766,861)
Capital contributions	967,535
Net cash used in noncapital financing activities	<u>161,288</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(1,393,223)
Impact fees	3,964,341
Principal paid on long-term debt	(545,774)
Interest paid on long-term debt	(240,296)
Net cash provided by capital and related financing activities	<u>1,785,048</u>
Cash Flows from Investing Activities:	
Investment income	502,414
Net cash provided by investing activities	<u>502,414</u>
Net increase in cash and cash equivalents	5,556,678
Cash and cash equivalents, beginning	26,354,521
Cash and cash equivalents, ending	<u>\$ 31,911,199</u>
Classified As:	
Cash and cash equivalents	\$ 12,253,364
Restricted cash and cash equivalents	19,657,835
Total	<u>\$ 31,911,199</u>

City of Minneola, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	<u>Enterprise Fund</u>
	<u>Utility Fund</u>
Reconciliation of Operating Income to	
Net Cash Provided (Used) By Operating Activities	
Operating income (loss)	\$ 1,959,089
Adjustments Not Affecting Cash:	
Depreciation and amortization	1,295,593
Change in Assets and Liabilities:	
Decrease (increase) in accounts receivable	(267,456)
Decrease (increase) in prepaids	(11,566)
Decrease (increase) in deferred outflows	(118,825)
Increase (decrease) in accounts payable	65,216
Increase (decrease) in accrued liabilities	4,377
Increase (decrease) in compensated absences	8,731
Increase (decrease) in deferred inflows	88,208
Increase (decrease) in net pension liability	84,561
Increase (decrease) in customer deposits	-
Total adjustments	<u>1,148,839</u>
Net cash provided by operating activities	<u>\$ 3,107,928</u>
Noncash Capital and Financing Activities:	
Contribution of capital assets from governmental activities	101,199
Total	<u>\$ 101,199</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Minneola*, Florida ("the City") was incorporated on November 23, 1925, under a Special act of 1925 of the State of Florida, Chapter 11620, and operates under the council-manager form of government.

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

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

The City of Minneola Community Redevelopment Agency Fund

The *City of Minneola* created the Community Redevelopment Agency in April of 2013. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Ordinance 2014-05, which established the *City of Minneola* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. The Community Redevelopment Agency consists of two separate redevelopment areas, the Minneola Mountain Area and the Minneola Downtown Area. The Council adopted a community development redevelopment plan through Resolution 2013-03 and 2014-06. Through Ordinance 2014-06 the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The government reports the following funds:

Major Governmental Funds

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

Stormwater Special Revenue Fund - a special revenue fund established to collect monthly fees for the repair, maintenance and replacement of the City's stormwater system. Fees collected are restricted to these activities and cannot be used for any other purposes.

Community Redevelopment Funds - were 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 improve the described area.

Impact Fee Fund - a capital projects fund established to account for Parks, Police and Fire Impact fees. Fees collected are restricted to these activities and cannot be used for any other purpose.

Major Proprietary Funds

Utility Fund - used to account for the fiscal activity of the City's water and wastewater services to residential and commercial customers and operates in a manner similar to private business enterprises. Costs, including depreciation are financed primarily through user charges.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 utility fund 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Deposits and Investments

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

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

Receivables and Payables

Water, sewer, and sanitation charges are recognized when billed. The Utility Fund maintains the direct write-off method of bad debt recognition due to the immateriality of the amounts.

Intergovernmental receivables represent amounts due from other governments for shared revenues and taxes collected for the City that are measurable and available.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statutory maximum tax rates which may be assessed by the City are as follows:

Ad Valorem Millage	10 mills
Utility Tax	10%

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The use of certain assets of the Utility fund may be restricted by specific provisions of bond resolutions, city ordinances and/or agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City's capitalization policy as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements/Infrastructure	15 - 40
Water lines	10 - 50
Machinery and equipment	3 - 10

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave. Since the City's policy is to pay all vacation when employees separate from service, these amounts are accrued when incurred in the government-wide and proprietary fund financial statements. Unused sick leave will be paid on a pro-rata basis provided the retiring employee has completed at least ten years of continuous full-time service to the City, or a resigning employee must have at least fifteen years of continuous full-time service. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category for the year ended September 30, 2024, deferred outflows of pension earnings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category for the year ended September 30, 2024, deferred inflows of pension earnings.

Net Position Flow Assumptions

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

The five classifications of fund balances in highest restriction order are as follows:

Nonspendable - represents amounts that cannot be spent because they are not in a spendable form or are amounts that are legally or contractually required to remain intact.

Restricted - represents amounts that are externally restricted by creditors, grantors, contributors, or laws or regulations of other governments and can be enforceable by external parties. Restrictions can be imposed by law through constitutional provisions or enabling legislation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed - represents amounts that arise when the City's highest level of decision-making authority, the City Council, imposes constraints on the use of resources by appropriate formal action which is by city ordinance. These accounts cannot be used for another purpose unless the governing body first removes the original constraint by formal action. These amounts include resources set aside to satisfy contractual obligations.

Assigned - represents amounts that are intended to be used for a specified purpose but that are neither restricted or committed. The decision to assign these amounts can be made at any level of decision-making authority in the City to whom the City Council delegates assignment authority. Assigned fund balance is the residual fund balance category of any governmental fund except the general fund.

Unassigned - the residual fund balance classification for the general fund. It represents spendable general fund assets that are not restricted, committed or assigned to specific purposes.

Other Disclosures

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 expenditures during the reporting period. Actual results could differ from those estimates.

New GASB Statements Implemented

In fiscal year 2024, the City has not implemented any new accounting standards with a material effect on the City's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The general summary of the budget and notice of public hearing is published in the local newspaper. Prior to October 1, budgets are legally enacted through passage of an ordinance.
4. The level of classification detail at which expenditures may not legally exceed appropriations is the department level.
5. Appropriations lapse at the close of the fiscal year to the extent they have not been expended.
6. Budgets are adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

The City's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. Remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this chapter all depositories holding public funds collateralized deposits in excess of FDIC insurance with the State Treasurer. In the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

The City's pooled cash account is held pursuant to a banking services agreement. Interest earned on the pooled cash is allocated monthly among the funds based on the percentage of each fund's cash balance to the total.

Investments

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

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted 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 had no investments as defined by GASB Statement No. 72 as of September 30, 2024.

The City's investment policies are governed by Florida Statutes, which allow the following investments:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest bearing time deposit or savings accounts in qualified public depositories
- (d) Direct obligations of the U.S. Treasury

The City does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The City 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 Deposit 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.

NOTE 4 RECEIVABLES

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

	General Fund	Stormwater Special Revenue Fund	Utility Fund	Total
Receivables:				
Accounts	\$ 516,742	\$ 18,604	\$ 579,311	\$ 1,114,657
Less allowance for uncollectible accounts	(1,993)	(15,918)	(165,804)	(183,715)
	<u>\$ 514,749</u>	<u>\$ 2,686</u>	<u>\$ 413,507</u>	<u>\$ 930,942</u>

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,326,361	\$ -	\$ -	\$ -	\$ 3,326,361
Construction in progress	4,053,740	3,636,677	-	-	7,690,417
Total capital assets, not being depreciated	<u>7,380,101</u>	<u>3,636,677</u>	<u>-</u>	<u>-</u>	<u>11,016,778</u>
Capital assets, being depreciated:					
Buildings	3,447,817	16,666	-	-	3,464,483
Improvements/infrastructure	4,048,604	33,336	-	-	4,081,940
Machinery and equipment	4,520,751	160,574	-	-	4,681,325
Total capital assets, being depreciated	<u>12,017,172</u>	<u>210,576</u>	<u>-</u>	<u>-</u>	<u>12,227,748</u>
Less accumulated depreciation for:					
Buildings	(1,470,065)	(97,467)	-	-	(1,567,532)
Improvements/infrastructure	(2,178,643)	(128,696)	-	-	(2,307,339)
Machinery and equipment	(2,598,800)	(322,905)	-	-	(2,921,705)
Total accumulated depreciation	<u>(6,247,508)</u>	<u>(549,068)</u>	<u>-</u>	<u>-</u>	<u>(6,796,576)</u>
Total capital assets, being depreciated, net	<u>5,769,664</u>	<u>(338,492)</u>	<u>-</u>	<u>-</u>	<u>5,431,172</u>
Government activities capital assets, net	<u>\$ 13,149,765</u>	<u>\$ 3,298,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,447,950</u>

NOTE 5 CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass</u>	<u>Ending Balance</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 435,522	\$ -	\$ -	\$ -	\$ 435,522
Construction in progress	400,559	763,829	-	-	1,164,388
Total capital assets, not being depreciated	<u>836,081</u>	<u>763,829</u>	<u>-</u>	<u>-</u>	<u>1,599,910</u>
Capital assets, being depreciated:					
Buildings	119,703	-	-	-	119,703
Improvements/infrastructure	45,288,637	661,002	-	-	45,949,639
Machinery and equipment	825,005	69,591	-	-	894,596
Total capital assets, being depreciated	<u>46,233,345</u>	<u>730,593</u>	<u>-</u>	<u>-</u>	<u>46,963,938</u>
Less accumulated depreciation for:					
Buildings	(13,454)	(3,049)	-	-	(16,503)
Improvements/infrastructure	(16,418,734)	(1,241,980)	-	-	(17,660,714)
Machinery and equipment	(490,548)	(50,564)	-	-	(541,112)
Total accumulated depreciation	<u>(16,922,736)</u>	<u>(1,295,593)</u>	<u>-</u>	<u>-</u>	<u>(18,218,329)</u>
Total capital assets, being depreciated, net	<u>29,310,609</u>	<u>(565,000)</u>	<u>-</u>	<u>-</u>	<u>28,745,609</u>
Business-type activities capital assets, net	<u>\$ 30,146,690</u>	<u>\$ 198,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,345,519</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 78,567
Public safety	242,160
Highways and streets	38,011
Stormwater	44,175
Physical environment	33,234
Culture and recreation	112,921
Total depreciation expense, governmental activities	<u>\$ 549,068</u>
Business-Type Activities:	
Utilities	\$ 1,295,593
Total depreciation expense, business type activities	<u>\$ 1,295,593</u>

NOTE 6 LONG-TERM DEBT

Notes Payable - Private Placement

In May 2005, the City executed a State Revolving Fund (“SRF”) loan agreement for wastewater collection, transmission and reuse improvements. The final amendment #4 dated in April 2011 provides for total funding of \$16,876,398 and a revised loan period of 30 years with interest rates of 2.65 percent to 2.75 percent. The note is secured by gross revenues, together with reuse revenues and impact fees, from the yearly operation of the sewer system after operation and maintenance expense and the satisfaction of all yearly payment obligations on account of any senior obligation issued. Total principal and interest remaining to be paid on this series is \$10,218,908. For the fiscal year, principal and interest paid on this series was \$786,070 and total pledged revenue was \$7,540,681.

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

Annual debt service requirements to maturity on notes payable are as follows:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2025	\$ 560,450	\$ 225,620
2026	575,521	210,549
2027	590,997	195,073
2028	606,889	179,181
2029	623,208	162,861
2030-2034	3,376,616	553,734
2035-2037	2,251,781	106,428
Total	\$ 8,585,462	\$ 1,633,446

NOTE 6 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 241,075	\$ 66,363	\$ -	\$ 307,438	\$ 120,893
Net pension liability	3,815,496	217,440	-	4,032,936	-
Governmental activity long-term liabilities	\$ 4,056,571	\$ 283,803	\$ -	\$ 4,340,374	\$ 120,893
Business-Type Activities:					
Notes payable - SRF Loans	\$ 9,131,236	\$ -	\$ (545,774)	\$ 8,585,462	\$ 560,450
Compensated absences	25,915	8,731	-	34,646	21,958
Net pension liability	1,624,481	84,561	-	1,709,042	-
Business-type activity long-term liabilities	\$ 10,781,632	\$ 93,292	\$ (545,774)	\$ 10,329,150	\$ 582,408

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2024 are as follows:

	<u>Payable Fund</u>			
	<u>General Fund</u>	<u>Stormwater Special Revenue Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Receivable Fund:				
General fund	\$ -	\$ 3,800	\$ 109,066	\$ 112,866
Stormwater special revenue fund	-	-	1,396,222	1,396,222
Community redevelopment	3,603,710	-	-	3,603,710
Impact fee fund	3,937,573	-	-	3,937,573
	\$ 7,541,283	\$ 3,800	\$ 1,505,288	\$ 9,050,371

The interfund receivables and payables are related to the timing of transactions and is expected to be repaid within a year.

Transfers

Additionally, the Utility fund transferred \$180,756 to the General fund for the sanitation fee.

NOTE 8 EMPLOYEE BENEFIT PLANS

Florida Retirement System

The City contributes to the Florida Retirement System (FRS), a multiple-employer, cost-sharing, defined-benefit pension plan administered by the State of Florida, for the City's authorized permanent, full-time and part-time employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. State Statutes authorizes the State to establish and amend all plan provisions. The State of Florida issues a publicly available report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Descriptions

The FRS offers a choice between a defined-benefit plan (Pension Plan) or a defined-contribution plan (Investment Plan) which is administered by the State Board of Administration (SBA). In addition, a Health Insurance Subsidy plan (HIS) is offered to assist retired members of any state-administered retirement system in paying the costs of health insurance.

1. The Pension Plan members are eligible for retirement after vesting, which occurs at six (6) years of creditable service for regular members enrolled prior to July 1, 2011 and eight (8) years of creditable service if enrolled on or after July 1, 2011. Normal retirement age is attained at the earlier of thirty (30) or (33) years of creditable service, regardless of age, or retirement at age sixty-two (62) or (65) with at least (6) or (8) years of creditable service if enrolled prior to July 1, 2011 or on or after July 1, 2011 respectively. Early retirement may be taken any time after vesting; however, there is a five percent (5%) benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently and totally disabled and unable to work. Benefits are computed on the basis of age, average final compensation, and service credit.

In addition to the above benefits, the Deferred Retirement Option Program (DROP) allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants. The employer contribution at fiscal year ended September 30, 2024 is 21.13%.

2. The Investment Plan provides for vesting after one year of creditable service. Under this plan, the employer makes contributions to a participant's account, and the participant directs where the contributions are invested among the plan's investment funds. Upon termination, vested participants receive amounts accumulated in their investment accounts.

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

3. Health Insurance Subsidy (HIS) Program is established by Chapter 112, Florida Statutes and provides insurance subsidy payments to persons who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system except those individuals who are pension recipients under Section 121.40, 237.08(18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminated employment with all employers participating in the Florida Retirement System and:
- a) for a member of the Investment Plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes or
 - b) for a member of the Pension Plan or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan. Any person retiring on or after July 1, 2011, as a member of the Florida Retirement System, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 112, Florida Statutes.

The HIS plan is funded by required contributions from FRS participating employers as set by the Florida legislature. Employer contributions are a percentage of gross compensation for all active FRS members. At fiscal year ended September 30, 2024, the contribution rate was 2.00% of payroll pursuant to Section 62.

The HIS plan provides monthly payment assistance to retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payment is at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. Terms of the benefits provided by the plan may be amended only by the State Legislature with a change in the Statutes governing the plan.

Contributions

The FRS has many classes of membership. Employer contribution rates are set by law. Rates below include the appropriate retirement contribution rate, 2.00 percent HIS contribution rate, 0.06 percent administrative/educational fee and any applicable UAL rates. These classes, with descriptions and weighted average contribution rates in effect during the period ended September 30, 2024, are as follows:

Regular Class - members not qualifying for other classes (16.63% [includes 3% employee contribution] from July 1, 2024 through September 30, 2024 and 16.57% [includes 3% employee contribution] from October 1, 2023 through June 30, 2024.)

Senior Management Service Class - members of senior management who do not elect the optional annuity retirement program (37.52% [includes 3% employee contribution] from July 1, 2024 through September 30, 2024 and 37.52% [includes 3% employee contribution] from October 1, 2023 through June 30, 2024).

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

Special Risk Class - members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (35.79% [includes 3% employee contribution] from July 1, 2024 through September 30, 2024 and 35.67% [includes 3% employee contribution] from October 1, 2023 through June 30, 2024).

County, City, Special District Elected Officer's Class - certain elected City officials (61.68% [includes 3% employee contribution] from July 1, 2024 through September 30, 2024 and 61.68% [includes 3% employee contribution] from October 1, 2023 through June 30, 2024).

Pension Plan

The City's contributions, including employee contributions, to the Pension Plan totaled \$657,970 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At September 30, 2024, the City reported a liability of \$4,381,456 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's 2023-24 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2024, the City's proportionate share was .0113 percent, which was an increase of .00110 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the City recognized pension expense of \$822,885. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 442,645	\$ -
Change of assumptions	600,519	-
Net difference between projected and actual earnings on pension plan investments	-	291,214
Changes in proportion and differences between city pension plan contributions and proportionate share of contributions	554,535	24,366
City pension plan contributions subsequent to the measurement date	155,876	-
Total	<u>\$ 1,753,575</u>	<u>\$ 315,580</u>

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

The deferred outflows of resources related to the Pension Plan, totaling \$155,876 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2025	\$ 77,196
2026	871,676
2027	189,268
2028	84,384
2029	59,595
Thereafter	-

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generational with Scale MP-2021.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash	1.00%	3.30%	3.30%	1.10%
Fixed income	29.00%	5.70%	5.60%	3.90%
Global equity	45.00%	8.60%	7.00%	18.20%
Real estate	12.00%	8.10%	6.80%	16.60%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	2.00%	6.60%	6.20%	8.70%
Total	100.00%			
Assumed inflation, mean			2.40%	1.50%

(1) As outlined in the pension plan's investment policy

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

Discount Rate

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

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

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the net pension liability	\$ 7,706,827	\$ 4,381,456	\$ 1,595,752

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2024, the City reported had no outstanding contributions to the FRS Plan required for the fiscal year ended September 30, 2024.

HIS Plan

The City's contributions to the HIS Plan totaled \$79,280 for the fiscal year ended September 30, 2024.

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

At September 30, 2024, the City reported a liability of \$1,360,522 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's 2023-24 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2024, the City's proportionate share was .0091 percent, which was an increase of .0005 percent from its proportionate share measured as of June 30, 2023.

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

For the fiscal year ended September 30, 2024, the City recognized pension expense of \$107,015. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,137	\$ 2,612
Change of assumptions	24,078	161,068
Net difference between projected and actual earnings on HIS Plan investments	-	492
Changes in proportion and differences between city HIS Plan contributions and proportionate share of contributions	174,043	-
City HIS Plan contributions subsequent to the measurement date	18,813	-
Total	\$ 230,071	\$ 164,172

The deferred outflows of resources related to the HIS Plan, totaling \$18,813 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2025	\$ 25,097
2026	16,971
2027	(1,014)
2028	3,647
2029	2,617
Thereafter	(232)

Actuarial Assumptions

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

Inflation	2.40%
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	3.93%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021.

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93)%	1% Increase (4.93)%
City's proportionate share of the net pension liability	\$ 1,548,780	\$ 1,360,522	\$ 1,204,238

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2024, the City reported had no outstanding contributions to the HIS 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 0.06 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%.

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The City's Investment Plan pension expense totaled \$186,797 for the fiscal year ended September 30, 2024.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

In accordance with Florida Statutes Section 112.0801, the City makes continued group health insurance through the City's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met. This benefit has no cost to the City, other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree. The City has no retirees currently receiving benefits, and therefore no liability has been recorded. The City assumes a similar participation rate among future retirees, therefore, no liability is recorded at September 30, 2024.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Grants

The City participates in several programs/projects that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2024, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2024. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

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; and natural disasters for which the City carries commercial 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.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Schedule of the City's Proportionate Share of Net Pension Liability - Last 10 Fiscal Years

September 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Florida Retirement System (Pension Plan)										
City's proportion of the net pension liability	0.01133%	0.10224%	0.00925%	0.00852%	0.00869%	0.00891%	0.00836%	0.00788%	0.00811%	0.00742%
City's proportionate share of the net pension liability	\$ 4,381,456	\$ 4,073,800	\$ 3,441,730	\$ 643,913	\$ 3,768,390	\$ 3,069,507	\$ 2,517,016	\$ 2,331,560	\$ 2,046,731	\$ 958,848
City's covered-payroll*	\$ 3,837,987	\$ 3,381,648	\$ 2,845,434	\$ 2,631,886	\$ 2,530,168	\$ 2,354,862	\$ 2,212,468	\$ 2,048,046	\$ 1,914,543	\$ 1,807,991
City's proportionate share of the net pension liability as a percentage of its covered payroll	114.16%	120.47%	120.96%	24.47%	148.94%	130.35%	113.77%	113.84%	106.90%	53.03%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy (HIS)										
City's proportion of the net pension liability	0.00907%	0.00860%	0.00779%	0.00743%	0.00717%	0.00690%	0.00690%	0.00623%	0.00615%	0.00585%
City's proportionate share of the net pension liability	\$ 1,360,522	\$ 1,366,177	\$ 825,067	\$ 911,116	\$ 875,034	\$ 771,795	\$ 712,800	\$ 665,835	\$ 716,977	\$ 596,281
City's covered-payroll*	\$ 3,837,987	\$ 3,381,648	\$ 2,845,434	\$ 2,631,886	\$ 2,530,168	\$ 2,354,862	\$ 2,212,468	\$ 2,048,046	\$ 1,914,543	\$ 1,807,991
City's proportionate share of the net pension liability as a percentage of its covered payroll	35.45%	40.40%	29.00%	34.62%	34.58%	32.77%	32.22%	32.51%	37.45%	32.98%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	50.00%

*Covered-payroll above is payroll for the State's fiscal year ending June 30th

Required Supplementary Information

Schedule of City's Contributions - Last 10 Fiscal Years

September 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Florida Retirement System (Pension Plan)										
Contractually required contribution	\$ 657,970	\$ 511,512	\$ 418,657	\$ 324,739	\$ 298,763	\$ 328,777	\$ 249,448	\$ 205,337	\$ 205,202	\$ 180,991
Contributions in relation to the contractually required contribution	<u>(657,970)</u>	<u>(511,512)</u>	<u>(418,657)</u>	<u>(324,739)</u>	<u>(298,763)</u>	<u>(328,777)</u>	<u>(249,448)</u>	<u>(205,337)</u>	<u>(205,202)</u>	<u>(180,991)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-payroll**	\$ 3,955,449	\$ 3,371,102	\$ 2,989,571	\$ 2,642,290	\$ 2,530,168	\$ 2,354,862	\$ 2,212,468	\$ 2,048,046	\$ 1,914,543	\$ 1,807,991
Contributions as a percentage of covered-payroll	16.63%	15.17%	14.00%	12.29%	11.81%	13.96%	11.27%	10.03%	10.72%	10.01%
Health Insurance Subsidy (HIS)										
Contractually required contribution	\$ 79,280	\$ 59,067	\$ 49,528	\$ 43,660	\$ 42,009	\$ 30,746	\$ 36,736	\$ 34,004	\$ 31,776	\$ 22,350
Contributions in relation to the contractually required contribution	<u>(79,280)</u>	<u>(59,067)</u>	<u>(49,528)</u>	<u>(43,660)</u>	<u>(42,009)</u>	<u>(30,746)</u>	<u>(36,736)</u>	<u>(34,004)</u>	<u>(31,776)</u>	<u>(22,350)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-payroll**	\$ 3,955,449	\$ 3,371,102	\$ 2,989,571	\$ 2,642,290	\$ 2,530,168	\$ 2,354,862	\$ 2,212,468	\$ 2,048,046	\$ 1,914,543	\$ 1,807,991
Contributions as a percentage of covered-payroll	2.00%	1.75%	1.66%	1.65%	1.66%	1.31%	1.66%	1.66%	1.66%	1.24%

**Covered-payroll above is for the City's fiscal year ending September 30th

OTHER REPORTS

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

The Honorable Mayor and City Council
City of Minneola, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the *City of Minneola, 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 of Minneola, Florida's* basic financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *City of Minneola, Florida's* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result of our tests disclosed instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*, and which are described below:

24-01 Timely and Regular Reconciliation of Accounts

Balance sheet and other accounts should be reconciled timely, on a regular basis to detect incorrect or missing transactions. During our audit, we noted that the City's capital assets are not reconciled on a regular basis during the year, or in a timely manner after year end, causing a delay in the year end annual audit. Due to staffing limitations, and delays in the prior yearend audit, capital asset account reconciliations were not performed timely during the fiscal year. As a result, misstatements, whether due to fraud or error, would not be detected in a timely manner. We recommend that the City implement procedures to ensure accounts can be reconciled on a regular, ongoing basis throughout the year.

Management's Response

The City is in the process of reviewing its overall capital expenditure and reporting practice with part of the outcome being the implementation of a fixed asset review and reconciliation process that is part of its month-end closing procedures.

City's Response to Findings

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

Purpose of this Report

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

McDiarmid Davis

Orlando, Florida
November 5, 2025



MANAGEMENT LETTER

Honorable Mayor and City Council
City of Minneola, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Minneola, Florida*, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated November 5, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated November 5, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we 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 statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the *City of Minneola, Florida's* geographical boundaries during the fiscal year under audit.

The City did not have a PACE program operate within the City.

As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the *City of Minneola, Florida*, a list of all program administrators and third-party administrators ("TPA") that administered the program.

Not applicable, no PACE programs.

As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the *City of Minneola, Florida*, the full names and contact information of each such program administrator and third-party administrator.

Not applicable, no PACE programs.

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 noted one such finding.

24-02 Timely Completion of Annual Audit

Florida Statutes require the annual audit to be submitted no later than nine months after the City's fiscal year end. We recommend the City implement procedures to ensure that the annual audits are completed in a timely manner.

Purpose of this Letter

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

McDiarmid Davis

Orlando, Florida
November 5, 2025



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

The Honorable Mayor and City Council
City of Minneola, Florida

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

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

In our opinion, City of Minneola, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

McDermitt Davis

Orlando, Florida
November 5, 2025