

**CITY OF INVERNESS, FLORIDA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2025**

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**CITY OF INVERNESS, FLORIDA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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**CITY OF INVERNESS, FLORIDA**  
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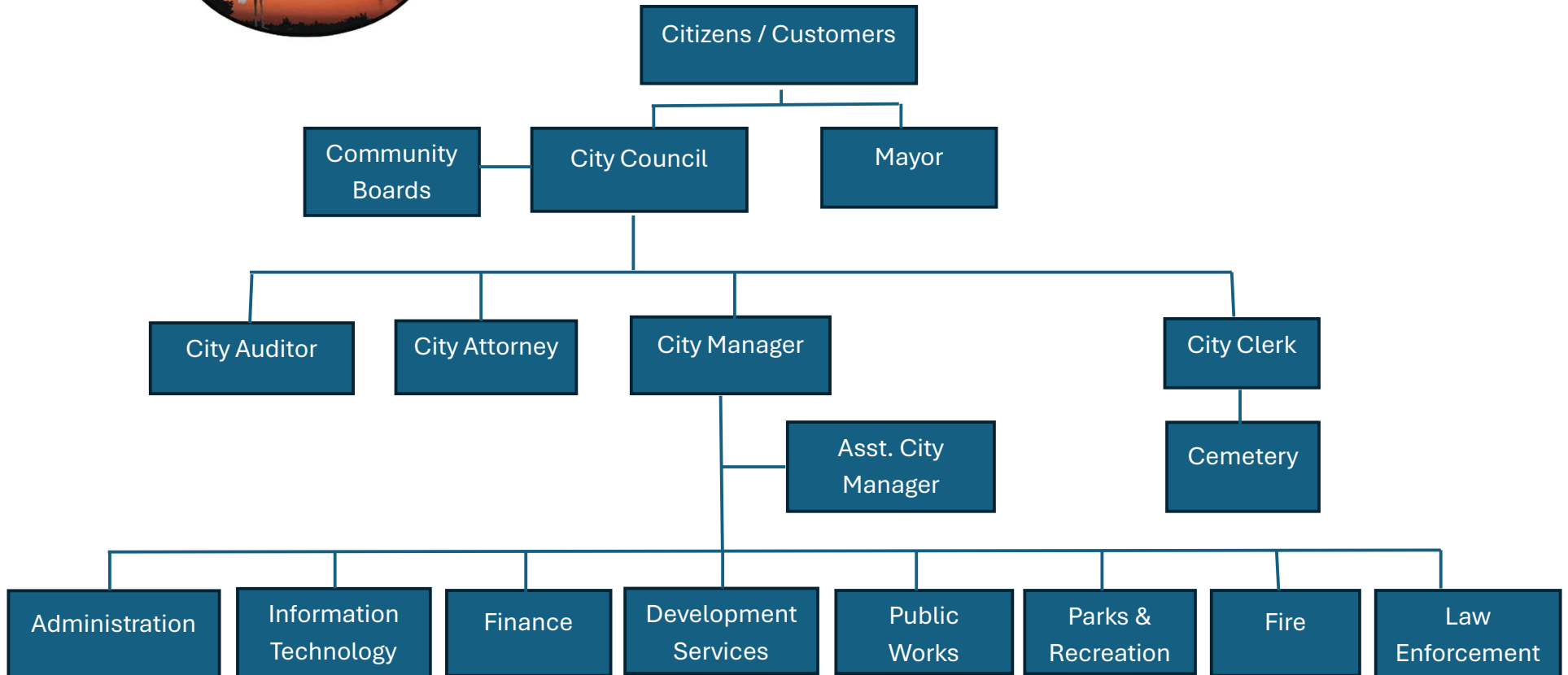
## **INTRODUCTORY SECTION**

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# City of Inverness, Florida

## Organization Chart



**City of Inverness**  
**List of Elected and Appointed Officials**  
**as of September 30, 2025**

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**Elected Officials**

**Mayor**

Bob Plaisted

**City Council**

Gene Davis, Council President

Jacquie Hepfer, Council Member

Tom Craig, Council Member

Linda Bega, Council Member

Crystal Lizanich, Council Member

**Appointed Officials**

City Manager

Assistant City Manager

City Clerk

Finance Director

Public Works Director

Information Technology Director

Development Service Director

Parks and Recreation Director

Fire Chief

Eric Williams

Frank Calascione

Susan Jackson

Alexis Koter

Rob Pell

Joey Johnston

Chris Shoemaker

Randall Worley

Robert Bessler

**Legal Counsel**

Gooding & Bastel, PLLC

**Auditors**

Mauldin & Jenkins, LLC

## **FINANCIAL SECTION**

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## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Inverness, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the General Fund and Community Redevelopment Agency budget comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, schedules of the City's proportionate share of the net pension liability – FRS and HIS, schedules of contributions – FRS and HIS, and schedule of the City's total OPEB liability and related ratios on pages 55 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of revenues, expenditures, and changes in fund balances, budget and actual – capital projects fund, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balances, budget and actual – capital projects fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

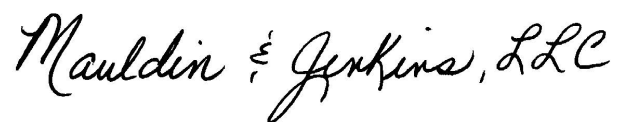
**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bradenton, Florida  
March 27, 2026

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## Management's Discussion and Analysis

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This narrative overview and analysis of the financial activities of the City of Inverness, Florida (the "City") for the fiscal year ended September 30, 2025 is designed to assist the reader in: (a) focusing on significant financial issues, (b) providing an overview of the City's financial activity, (c) identifying changes in the City's financial position, (d) identifying any material deviations from the approved budget, and (e) identifying individual fund issues or concerns. Please read it in conjunction with the City's Independent Auditor's Report, financial statements, and accompanying notes.

### Introduction

As the City prepared for the fiscal year 2025 fiscal year, it embarked on a path that would sustain economic activity, complete and stage additional investments in infrastructure and sense of place improvements. The path involved continued awareness of how the City viewed its operations and deployed assets in a meaningful and sustainable way. The City continued the use of its mantra "Plan, Fund, and Execute" which assists in meeting goals and objectives.

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

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$91,790,788 (net position). Of this amount, \$30,768,907 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,637,953 or 5.33%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,357,199. Approximately 27.42% of this total amount, \$7,500,911 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 \$7,500,911 or 55.57% of total General Fund expenditures and transfers out.
- The City's total business-type debt decreased by \$377,432 or 15.08% during the current fiscal year.

### Using this Annual Report

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

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

### Government-Wide Financial Statements

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

## Management's Discussion and Analysis

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

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

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

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

The government-wide financial statements can be found on pages 15 and 16 of this report.

### **Fund Financial Statements**

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

#### **Governmental Funds**

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

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

## Management's Discussion and Analysis

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

The City adopts an annual appropriated budget for the General Fund, Community Redevelopment Fund, and Capital Projects Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget on pages 21, 22, and 60.

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

### **Proprietary Funds**

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

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

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 54 of this report.

### **Required Supplementary Information (RSI)**

RSI can be found on pages 55 through 59 of this report.

### **Government-Wide Financial Analysis**

#### *Statement of Net Position*

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$91,790,788 at the close of the most recent fiscal year.

## Management’s Discussion and Analysis

By far the largest portion of the City’s net position (61.89%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City’s net position (4.47%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$30,768,907) may be used to meet the government’s ongoing obligations to citizens and creditors.

On September 30, 2025, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The following table reflects the condensed Statement of Net Position for the current and prior year. For more detail see the Statement of Net Position on page 15.

**Statement of Net Position**  
**As of September 30,**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 29,298,446	\$ 27,915,748	\$ 12,861,132	\$ 11,961,980	\$ 42,159,578	\$ 39,877,728
Capital assets	39,956,301	39,419,058	30,164,372	25,808,776	70,120,673	65,227,834
Total assets	<u>69,254,747</u>	<u>67,334,806</u>	<u>43,025,504</u>	<u>37,770,756</u>	<u>112,280,251</u>	<u>105,105,562</u>
Total deferred outflows of resources	<u>1,434,789</u>	<u>1,165,870</u>	<u>202,483</u>	<u>101,153</u>	<u>1,637,272</u>	<u>1,267,023</u>
Other liabilities	1,952,345	2,177,486	1,982,556	1,331,509	3,934,901	3,508,995
Long-term liabilities	14,869,316	15,469,138	2,522,311	3,294,295	17,391,627	18,763,433
Total liabilities	<u>16,821,661</u>	<u>17,646,624</u>	<u>4,504,867</u>	<u>4,625,804</u>	<u>21,326,528</u>	<u>22,272,428</u>
Total deferred inflows of resources	<u>726,706</u>	<u>446,017</u>	<u>73,501</u>	<u>11,456</u>	<u>800,207</u>	<u>457,473</u>
Net position:						
Net investment in capital assets	28,882,647	27,975,641	28,037,686	22,942,665	56,920,333	50,918,306
Restricted	3,666,575	3,404,359	434,973	355,415	4,101,548	3,759,774
Unrestricted	20,591,947	19,028,035	10,176,960	9,936,569	30,768,907	28,964,604
Total net position	<u>\$ 53,141,169</u>	<u>\$ 50,408,035</u>	<u>\$ 38,649,619</u>	<u>\$ 33,234,649</u>	<u>\$ 91,790,788</u>	<u>\$ 83,642,684</u>

## Management’s Discussion and Analysis

### Statement of Activities

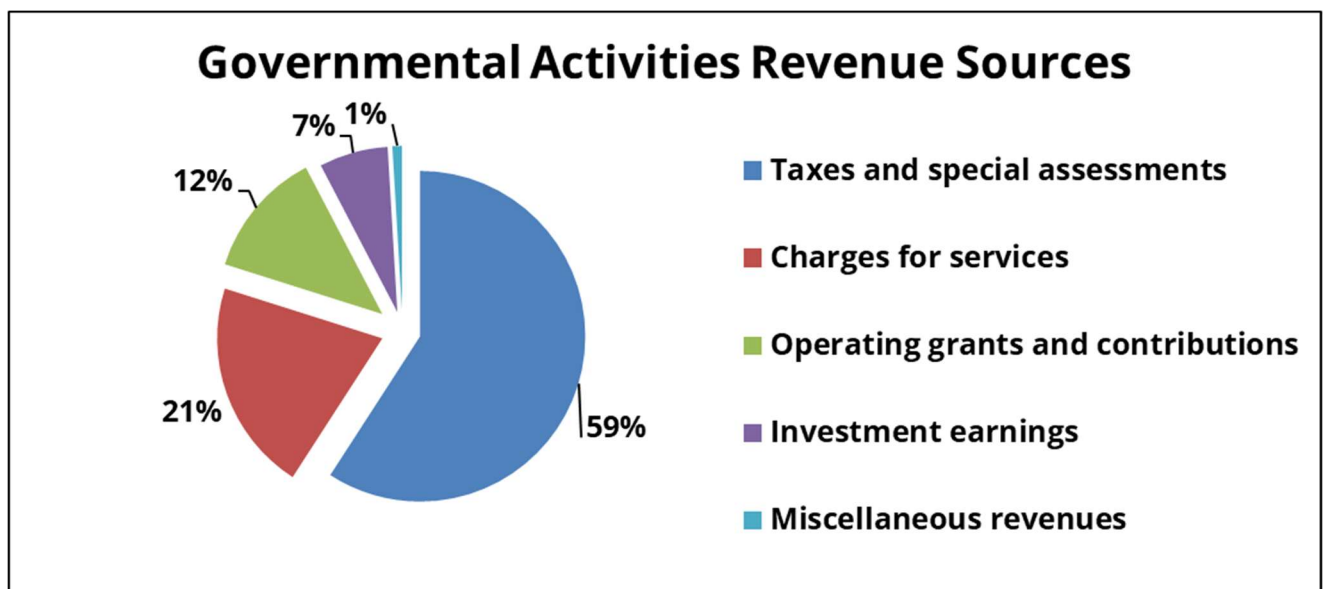
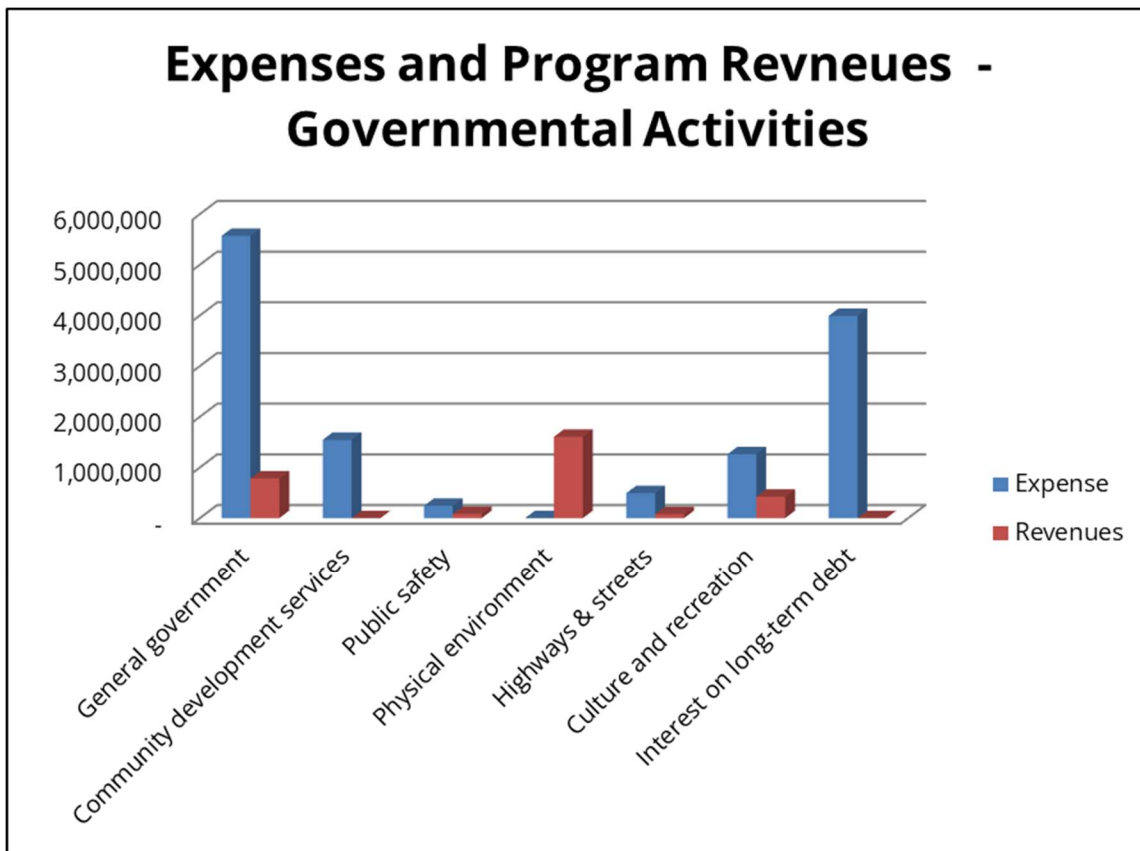
The following table reflects the condensed Statement of Activities for the current and prior year. For more detailed information see the Statement of Activities on page 16. Note that total net position increased by \$4,637,953.

Net position for governmental activities increased by \$2,733,134. Key element of this change was increased collection of revenue earned and decreasing liabilities.

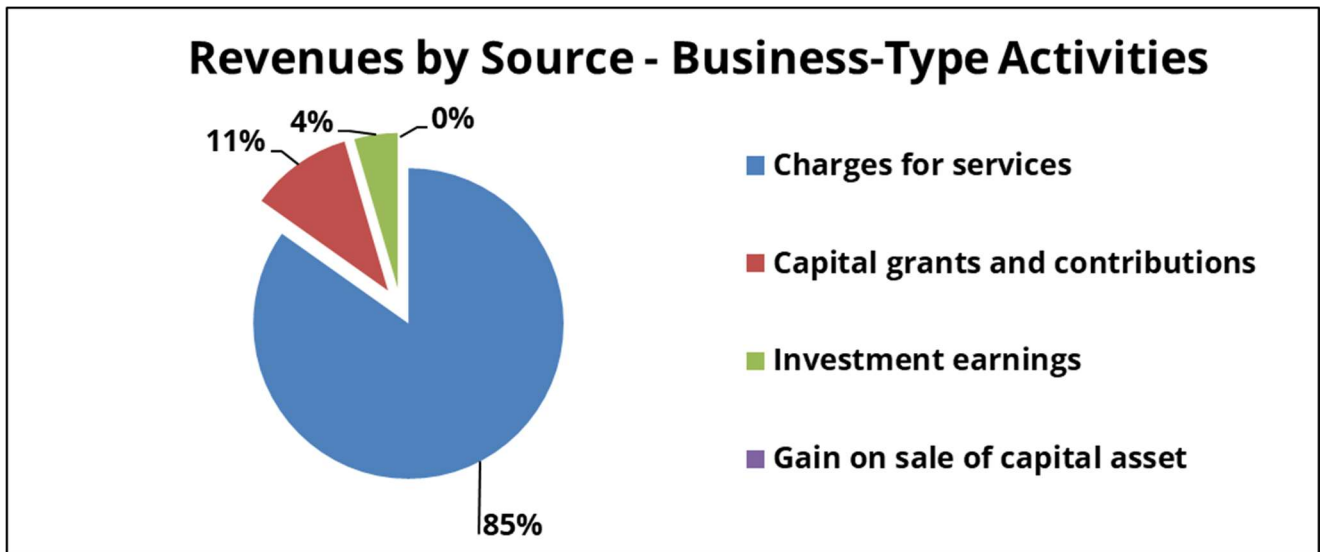
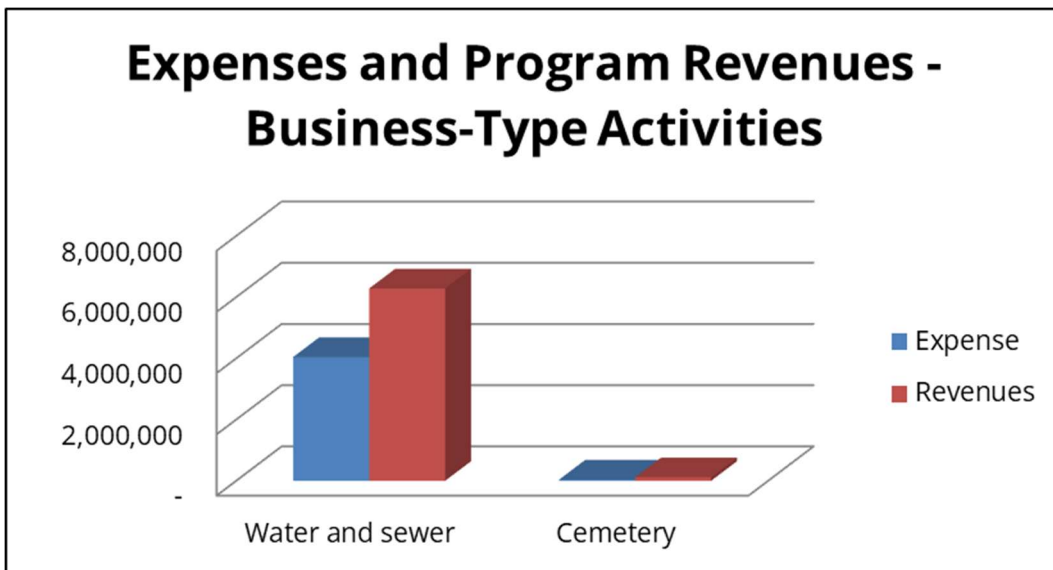
Net position for business-type activities increased by \$1,904,819. Key element of this change was increased collection of revenue earned and decreasing liabilities.

	<b>Statement of Activities</b>					
	<b>For the Fiscal Year Ended</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenues:						
Program revenues:						
Charges for services	\$ 2,969,128	\$ 2,915,400	\$ 5,683,015	\$ 4,716,919	\$ 8,652,143	\$ 7,632,319
Operating grants and contributions	-	1,076,686	-	-	-	1,076,686
Capital grants and contributions	111,433	-	714,229	2,886,791	825,662	2,886,791
General revenues:						
Property taxes	5,064,163	4,689,520	-	-	5,064,163	4,689,520
Other taxes	3,406,072	3,162,148	-	-	3,406,072	3,162,148
Intergovernmental	1,672,644	1,035,882	-	-	1,672,644	1,035,882
Other	1,097,996	781,600	303,178	286,395	1,401,174	1,067,995
<b>Total revenues</b>	<b>14,321,436</b>	<b>13,661,236</b>	<b>6,700,422</b>	<b>7,890,105</b>	<b>21,021,858</b>	<b>21,551,341</b>
Operating expenses:						
General government	2,542,282	2,426,883	-	-	2,542,282	2,426,883
Community development	1,159,342	1,156,598	-	-	1,159,342	1,156,598
Public safety	2,499,139	2,298,634	-	-	2,499,139	2,298,634
Physical environment	1,587,007	1,504,801	-	-	1,587,007	1,504,801
Roads and streets	1,606,632	1,496,955	-	-	1,606,632	1,496,955
Culture and recreation	2,518,607	2,543,268	-	-	2,518,607	2,543,268
Interest	387,168	403,821	-	-	387,168	403,821
Water and sewer	-	-	4,043,893	3,689,591	4,043,893	3,689,591
Cemetery	-	-	39,835	82,103	39,835	82,103
<b>Total operating expenses</b>	<b>12,300,177</b>	<b>11,830,960</b>	<b>4,083,728</b>	<b>3,771,694</b>	<b>16,383,905</b>	<b>15,602,654</b>
Increase in net position before transfers	2,021,259	1,830,276	2,616,694	4,118,411	4,637,953	5,948,687
Transfers	711,875	612,500	(711,875)	(752,500)	-	-
<b>Change in net position</b>	<b>2,733,134</b>	<b>2,442,776</b>	<b>1,904,819</b>	<b>3,365,911</b>	<b>4,637,953</b>	<b>5,948,687</b>
Net position, beginning	50,408,035	47,965,259	33,234,649	29,868,738	83,642,684	77,833,997
<b>Net position, ending</b>	<b>\$ 53,141,169</b>	<b>\$ 50,408,035</b>	<b>\$ 35,139,468</b>	<b>\$ 33,234,649</b>	<b>\$ 88,280,637</b>	<b>\$ 83,782,684</b>

Management’s Discussion and Analysis



Management's Discussion and Analysis



## Management's Discussion and Analysis

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### Financial Analysis of the Government's Funds

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

### Governmental Funds

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

As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$27,357,199 an increase of \$1,577,936. Approximately 27.42% or \$7,500,911 of this total constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7,500,911 while total fund balance reached \$22,333,474. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55.57% of total General Fund expenditures and transfers out, compared to 65.91% for last year. Total fund balance represents 165.46% of total general fund expenditures and transfers out, compared to 264.95% for last year.

Fund balance of the City's General Fund increased by \$7,519,959 due to allocation of funds to reserve balances from previously budgeted capital improvement projects that were completed.

The Community Redevelopment Special Revenue Fund is considered a major fund. This fund was created in 1990 as a dependent taxing district. The incremental annual increase in tax over the base years is used to fund projects. As of September 30, 2025, the fund balance was \$2,634,830 an increase of \$128,054. This increase is a result of decreased expenditures and increased revenues.

The fund balance of the Capital Projects Fund decreased \$6,203,744 as a result of increased completion of projects during the fiscal year and allocation of funds back into the General Fund reserves.

### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$9,368,795 and unrestricted net position for the Cemetery Fund amounted to \$808,165. The total increase in Water and Sewer Utility Fund was \$1,856,985 and the increase in the Cemetery Fund was \$47,834. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities on page 6.

## Management’s Discussion and Analysis

### General Fund Budgetary Highlights

Overall, the functional areas experienced a total positive variance of \$1,475,054 due to underspending in operations and maintenance and increased collection of revenues.

### Capital Asset and Debt Administration

#### Capital Assets

The City’s investment in capital assets for its governmental and business type activities as of September 30, 2025 amounts to \$70,120,673 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment.

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

#### Governmental Activities

- Road and sidewalk repaving \$1,136,558
- Pine Ave Stormwater \$84,812
- Downtown Landscaping \$279,063

#### Business type Activities

- Master Lift Station Rehab \$379,766
- Wastewater Treatment Plant Generator \$169,834
- County Interconnection \$137,540

Additional information on the City’s capital assets can be found in Note 5 on pages 41 and 42 of this report.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 3,967,758	\$ 3,967,758	\$ 651,855	\$ 651,855	\$ 4,619,613	\$ 4,619,613
Construction in progress	3,572,031	1,935,448	2,706,016	2,086,160	6,278,047	4,021,608
Buildings	11,376,626	11,582,724	11,825,519	12,183,284	23,202,145	23,766,008
Improvements	18,924,020	19,628,298	13,788,057	13,786,983	32,712,077	33,415,281
Machinery and equipment	2,108,428	2,292,089	1,192,925	1,116,073	3,301,353	3,408,162
Intangibles	7,438	12,741	-	-	7,438	12,741
Total capital assets	\$ 39,956,301	\$ 39,419,058	\$ 30,164,372	\$ 29,824,355	\$ 70,120,673	\$ 69,243,413

#### Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$17,391,627.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Total OPEB liability	\$ 71,256	\$ 63,429	\$ -	\$ -	\$ 71,256	\$ 63,429
Net pension liability	3,724,406	3,962,292	395,625	420,895	4,120,031	4,383,187
Bonds payable	11,073,654	11,443,417	-	-	11,073,654	11,443,417
Notes payable	-	-	2,013,761	2,172,941	2,013,761	2,172,941
Financed purchase	-	-	112,925	331,177	112,925	331,177
Total debt	\$ 14,869,316	\$ 15,469,138	\$ 2,522,311	\$ 2,925,013	\$ 17,391,627	\$ 18,394,151

## Management's Discussion and Analysis

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During fiscal year 2005, the City executed a State Revolving Loan agreement through the Department of Environmental Protection State Revolving Fund program for the purpose of constructing a Wastewater Treatment Plant and Reclamation Facility. The Loan amount of \$16,052,561 included grant funding of amount of \$10,000,000 which offset debt principal and interest payments for a period of twenty years from January 1, 2011 through July 1, 2030. However, on January 15, 2017, the Department transferred the balance of Grant Funds in amount of \$6,024,340 and reduced the SRF loan balance. The City's semiannual loan payment will be \$104,123.98, which is the Local Government share.

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

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

Additional information on the City's long-term debt can be found in Note 6 on pages 43 through 44 of this report.

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

On April 1, 2025, the Budget Overview Workshop presented facts, market trends, a local analysis of economic and social conditions, and items that potentially would require policy changes to keep the community moving forward. The focus of the workshop was the current approach to fiscal policies regarding the City's restricted and unrestricted fund balances. We focused on the need to invest in our people and the captivation of cost efficiencies and operational efficacy from a more modern departmental structure of the City. With the rising complexity of the City's parks and recreational activities footprint, the need to better utilize existing facilities and modernize departmental structure has been essential to the successes we are realizing today. Discussions were also had regarding legislative changes that were proposed and how to plan for the structure of the City moving forward.

On May 6, 2025, a workshop was held to discuss the Five-Year Capital Plan. A summary of completed projects, plus a discussion of pending projects that are scheduled for the five-year period, was made. This presentation featured continued focus on strategic infrastructure investment. This included the continuation of the ambitious annual road resurfacing program, in concert with the development of capital projects that offered a return on investment by way of expanding/increasing the tax base (shared parking, regional stormwater, multi-modal connectivity). The City will continue to be an attractive location for retirees and families seeking an affordable, high quality of life. The need to revitalize current, and develop new facilities in the parks systems to continue to maintain the standards set by the City was a large focus during that discussion.

## Management's Discussion and Analysis

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The City Council, at its July 15, 2025, meeting, set the tentative millage rate in the ensuing fiscal year at the present year's rate of 7.66 capturing a 5.4% increase in valuation over the previous year. Discussion was had regarding the desire to lower the millage during the budget adoption process. A City-Wide Budget presentation was made at a public workshop on August 5, 2025, at 5:30pm, to discuss budget figures that were structured to lower the millage rate to 7.56 for final adoption. The meeting presented all findings and fully disclosed spending, service levels, projects, staffing and related cost, planning mechanisms, utility system operations, and Inverness Community Redevelopment Agency (CRA) activity. The Tax Increment Financing program (TIF revenues) that are derived through increased valuations via the Community Redevelopment District are complex but beneficial. These funds are targeted to fund improvement projects and meet debt service commitments of bonds for a 30-year period that funded deficiencies on a large scale to improve blighted conditions. This discussion of findings led to the decision to develop a budget structured to maintain a lowered millage of 7.56 for final adoption.

Final adoption of the Fiscal 2026 budget, that spans October 1st, 2025 through September 30th, 2026, was accomplished in two Public Hearings at 5:30 pm on September 3, 2025 and September 16, 2025. The budget was finalized using the lowered millage of 7.56 as had been discussed in the July meeting. In closing, the City's financial position is strong and stable showing positive effects of maintaining positive bond ratings as well as increases in net position absent the need for millage increases. Our guiding principle of Plan-Fund-Execute through annual budget development process presents balanced budgets that reflect the current community economic conditions and continues to provide great service to our community.

### **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,815,879	\$ 3,983,675	\$ 11,799,554
Investments	20,732,331	5,830,258	26,562,589
Accounts receivables, net	588,774	922,676	1,511,450
Accrued income	-	-	-
Notes receivable	-	-	-
Due from other governments	111,433	706,864	818,297
Internal balances	562	(562)	-
Prepaid items	48,267	515,812	564,079
Inventory	1,200	489,280	490,480
Restricted assets, cash and cash equivalents	-	412,567	412,567
Capital assets			
Non-depreciable	7,539,789	3,357,871	10,897,660
Depreciable, net	32,416,512	26,806,501	59,223,013
<b>Total assets</b>	<b>69,254,747</b>	<b>43,024,942</b>	<b>112,279,689</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	1,434,789	202,483	1,637,272
<b>Total deferred outflows</b>	<b>1,434,789</b>	<b>202,483</b>	<b>1,637,272</b>
<b>Liabilities</b>			
Accounts payable	1,334,834	353,568	1,688,402
Accrued liabilities	194,807	-	194,807
Due to other governments	10,089	-	10,089
Accrued interest payable	157,306	10,666	167,972
Customer deposits payable	95,982	387,949	483,931
Unearned revenue	159,327	1,229,811	1,389,138
Noncurrent liabilities			
Due within one year	370,000	275,788	645,788
Due in more than one year	14,499,316	2,246,523	16,745,839
<b>Total liabilities</b>	<b>16,821,661</b>	<b>4,504,305</b>	<b>21,325,966</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	691,931	73,501	765,432
Deferred inflows - lease	34,775	-	34,775
<b>Total deferred inflows</b>	<b>726,706</b>	<b>73,501</b>	<b>800,207</b>
<b>Net position</b>			
Net investment in capital assets	28,882,647	28,037,686	56,920,333
Restricted for			
Capital improvements	903,691	-	903,691
Community development	2,762,884	-	2,762,884
Perpetual care	-	420,871	420,871
Debt service	-	14,102	14,102
Unrestricted	20,591,947	10,176,960	30,768,907
<b>Total net position</b>	<b>\$ 53,141,169</b>	<b>\$ 38,649,619</b>	<b>\$ 91,790,788</b>

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,542,282	\$ 782,333	\$ -	\$ -	\$ (1,759,949)	\$ -	\$ (1,759,949)
Community development services	1,159,342	-	-	-	(1,159,342)	-	(1,159,342)
Public safety	2,499,139	81,584	-	111,433	(2,306,122)	-	(2,306,122)
Physical environment	1,587,007	1,605,702	-	-	18,695	-	18,695
Highways and streets	1,606,632	77,672	-	-	(1,528,960)	-	(1,528,960)
Culture and recreation	2,518,607	421,837	-	-	(2,096,770)	-	(2,096,770)
Interest on long-term debt	387,168	-	-	-	(387,168)	-	(387,168)
Total governmental activities	<u>12,300,177</u>	<u>2,969,128</u>	<u>-</u>	<u>111,433</u>	<u>(9,219,616)</u>	<u>-</u>	<u>(9,219,616)</u>
<b>Business-type activities:</b>							
Water and sewer	4,043,893	5,569,890	-	714,229	-	2,240,226	2,240,226
Cemetery	39,835	113,125	-	-	-	73,290	73,290
Total business-type activities	<u>4,083,728</u>	<u>5,683,015</u>	<u>-</u>	<u>714,229</u>	<u>-</u>	<u>2,313,516</u>	<u>2,313,516</u>
Total primary government	<u>\$ 16,383,905</u>	<u>\$ 8,652,143</u>	<u>\$ -</u>	<u>\$ 825,662</u>	<u>(9,219,616)</u>	<u>2,313,516</u>	<u>(6,906,100)</u>
General revenues							
Property taxes					5,064,163	-	5,064,163
Other taxes					3,406,072	-	3,406,072
Unrestricted state revenue sharing					1,672,644	-	1,672,644
Investment earnings					964,016	302,832	1,266,848
Miscellaneous					133,980	-	133,980
Gain on sale of capital asset					-	346	346
Transfers					711,875	(711,875)	-
Total general revenues and transfers					<u>11,952,750</u>	<u>(408,697)</u>	<u>11,544,053</u>
Change in net position					<u>2,733,134</u>	<u>1,904,819</u>	<u>4,637,953</u>
Net position, beginning of year					<u>50,408,035</u>	<u>36,744,800</u>	<u>87,152,835</u>
Net position, end of year					<u>\$ 53,141,169</u>	<u>\$ 38,649,619</u>	<u>\$ 91,790,788</u>

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

**BALANCE SHEET -  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	General Fund	Community Redevelopment	Capital Projects Fund	Nonmajor Special Revenue Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,775,479	\$ 1,780,477	\$ 2,419,350	\$ 840,573	\$ 7,815,879
Investments	19,651,068	1,014,401	-	66,862	20,732,331
Accounts receivable, net	588,774	-	-	-	588,774
Due from other funds	562	-	-	-	562
Due from other governments	-	-	111,433	-	111,433
Inventory	1,200	-	-	-	1,200
Prepaid items	48,267	-	-	-	48,267
Total assets	<u>\$ 23,065,350</u>	<u>\$ 2,794,878</u>	<u>\$ 2,530,783</u>	<u>\$ 907,435</u>	<u>\$ 29,298,446</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 268,890	\$ -	\$ 1,062,200	\$ 3,744	\$ 1,334,834
Accrued liabilities	162,813	31,994	-	-	194,807
Unearned revenue	159,327	-	-	-	159,327
Due to other governments	10,089	-	-	-	10,089
Deposits payable	95,982	-	-	-	95,982
Total liabilities	<u>697,101</u>	<u>31,994</u>	<u>1,062,200</u>	<u>3,744</u>	<u>1,795,039</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	-	111,433	-	111,433
Lease	34,775	-	-	-	34,775
Total deferred inflows of resources	<u>34,775</u>	<u>-</u>	<u>111,433</u>	<u>-</u>	<u>146,208</u>
<b>Fund balances</b>					
Nonspendable	49,467	-	-	-	49,467
<b>Restricted</b>					
Capital improvements	-	-	-	903,691	903,691
Community redevelopment	-	2,762,884	-	-	2,762,884
<b>Committed</b>					
Capital equipment replacement	1,585,364	-	-	-	1,585,364
Land acquisition	795,395	-	-	-	795,395
Building	3,525,000	-	-	-	3,525,000
Tort litigation	200,000	-	-	-	200,000
Fire services	1,000,000	-	-	-	1,000,000
Infrastructure	7,677,337	-	-	-	7,677,337
<b>Assigned</b>					
Capital improvements	-	-	1,357,150	-	1,357,150
Emergency reserves	-	-	-	-	-
<b>Unassigned</b>					
	7,500,911	-	-	-	7,500,911
Total fund balances	<u>22,333,474</u>	<u>2,762,884</u>	<u>1,357,150</u>	<u>903,691</u>	<u>27,357,199</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,065,350</u>	<u>\$ 2,794,878</u>	<u>\$ 2,530,783</u>	<u>\$ 907,435</u>	<u>\$ 29,298,446</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

Total fund balances - governmental funds	\$	27,357,199	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets	\$	59,634,618	
Accumulated depreciation		<u>(19,678,317)</u>	39,956,301
Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds.			
			111,433
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.			
Deferred outflows - pension		1,434,789	
Deferred inflows - pension		(691,931)	
Total OPEB liability		(71,256)	
Net pension liability		<u>(3,724,406)</u>	(3,052,804)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Accrued interest		(157,306)	
Note payable		<u>(11,073,654)</u>	(11,230,960)
Net position of governmental activities	\$		<u><u>53,141,169</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>General Fund</b>	<b>Community Redevelopment Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes and special assessments	\$ 7,621,499	\$ 848,736	\$ -	\$ -	\$ 8,470,235
Licenses and permits	462,471	-	-	-	462,471
Intergovernmental revenues	1,652,155	-	20,489	-	1,672,644
Charges for services	2,312,475	-	-	-	2,312,475
Fines and forfeitures	73,105	-	-	-	73,105
Impact fees	-	-	-	121,077	121,077
Investment earnings	855,484	61,560	34,275	12,697	964,016
Miscellaneous revenues	133,980	-	-	-	133,980
Total revenues	<u>13,111,169</u>	<u>910,296</u>	<u>54,764</u>	<u>133,774</u>	<u>14,210,003</u>
<b>Expenditures</b>					
Current					
General government	2,283,878	-	-	-	2,283,878
Community development services	436,613	51,024	-	107	487,744
Public safety	2,435,774	-	-	-	2,435,774
Highways and streets	1,267,698	-	-	-	1,267,698
Physical environment	1,597,004	-	-	-	1,597,004
Culture and recreation	2,235,934	-	9,955	-	2,245,889
Debt service					
Principal retirement	-	355,000	-	-	355,000
Interest	-	394,050	-	-	394,050
Capital outlay	-	535,809	1,741,096	-	2,276,905
Total expenditures	<u>10,256,901</u>	<u>1,335,883</u>	<u>1,751,051</u>	<u>107</u>	<u>13,343,942</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,854,268</u>	<u>(425,587)</u>	<u>(1,696,287)</u>	<u>133,667</u>	<u>866,061</u>
<b>Other financing sources (uses)</b>					
Transfers in	7,906,970	848,736	2,392,543	-	11,148,249
Transfers out	(3,241,279)	(295,095)	(6,900,000)	-	(10,436,374)
Total other financing sources (uses)	<u>4,665,691</u>	<u>553,641</u>	<u>(4,507,457)</u>	<u>-</u>	<u>711,875</u>
<b>Change in fund balances</b>	7,519,959	128,054	(6,203,744)	133,667	1,577,936
<b>Fund balances, beginning of year</b>	14,813,515	2,634,830	7,560,894	770,024	25,779,263
<b>Fund balances, end of year</b>	<u>\$ 22,333,474</u>	<u>\$ 2,762,884</u>	<u>\$ 1,357,150</u>	<u>\$ 903,691</u>	<u>\$ 27,357,199</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<b>Net change in fund balances – total governmental funds</b>		\$ 1,577,936
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 2,276,906	
Less current year depreciation	<u>(1,739,663)</u>	537,243
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Amortization of bond premium	14,763	
Principal repayment of long-term debt	<u>355,000</u>	369,763
<p>Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds.</p>		
		111,433
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in accrued interest	6,882	
OPEB expense	(7,827)	
Pension expense	<u>137,704</u>	<u>136,759</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 2,733,134</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes and special assessments	\$ 7,412,744	\$ 7,412,744	\$ 7,621,499	\$ 208,755
Licenses and permits	458,000	458,000	462,471	4,471
Intergovernmental revenues	1,604,194	1,604,194	1,652,155	47,961
Charges for services	2,294,000	2,423,096	2,312,475	(110,621)
Fines and forfeitures	38,215	38,215	73,105	34,890
Investment earnings	676,070	676,070	855,484	179,414
Miscellaneous revenues	49,000	49,000	133,980	84,980
Total revenues	<u>12,532,223</u>	<u>12,661,319</u>	<u>13,111,169</u>	<u>449,850</u>
<b>Expenditures</b>				
Current				
General government	2,782,257	2,689,690	2,283,878	405,812
Community development services	554,554	554,554	436,613	117,941
Public safety	2,394,234	2,430,456	2,435,774	(5,318)
Highways and streets	1,457,015	1,487,845	1,267,698	220,147
Physical environment	1,575,767	1,687,630	1,597,004	90,626
Culture and recreation	2,389,182	2,431,930	2,235,934	195,996
Total expenditures	<u>11,153,009</u>	<u>11,282,105</u>	<u>10,256,901</u>	<u>1,025,204</u>
<b>Excess of revenues over expenditures</b>	<u>1,379,214</u>	<u>1,379,214</u>	<u>2,854,268</u>	<u>1,475,054</u>
<b>Other financing sources (uses)</b>				
Transfers in	7,906,970	7,906,970	7,906,970	-
Transfers out	(2,738,314)	(3,241,279)	(3,241,279)	-
Total other financing sources, net	<u>5,168,656</u>	<u>4,665,691</u>	<u>4,665,691</u>	<u>-</u>
<b>Change in fund balance</b>	<u>6,547,870</u>	<u>6,044,905</u>	<u>7,519,959</u>	<u>1,475,054</u>
<b>Fund balance, beginning of year</b>	<u>14,813,515</u>	<u>14,813,515</u>	<u>14,813,515</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 21,361,385</u>	<u>\$ 20,858,420</u>	<u>\$ 22,333,474</u>	<u>\$ 1,475,054</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 848,736	\$ 848,736	\$ 848,736	\$ -
Intergovernmental revenues	-	1,000,000	-	(1,000,000)
Investment earnings	50,000	50,000	61,560	11,560
Total revenues	<u>898,736</u>	<u>1,898,736</u>	<u>910,296</u>	<u>(988,440)</u>
<b>Expenditures</b>				
Current				
Community development services	77,550	74,044	51,024	23,020
Debt service				
Principal retirement	355,000	355,000	355,000	-
Interest	394,050	394,050	394,050	-
Capital outlay	675,000	3,029,606	535,809	2,493,797
Total expenditures	<u>1,501,600</u>	<u>3,852,700</u>	<u>1,335,883</u>	<u>2,516,817</u>
<b>Excess (deficiency) of revenues over(under) expenditures</b>	<u>(602,864)</u>	<u>(1,953,964)</u>	<u>(425,587)</u>	<u>1,528,377</u>
<b>Other financing sources (uses)</b>				
Transfers in	848,736	848,736	848,736	-
Transfers out	(295,095)	(295,095)	(295,095)	-
Total other financing sources, net	<u>553,641</u>	<u>553,641</u>	<u>553,641</u>	<u>-</u>
<b>Change in fund balance</b>	<u>(49,223)</u>	<u>(1,400,323)</u>	<u>128,054</u>	<u>1,528,377</u>
<b>Fund balance, beginning of year</b>	<u>2,634,830</u>	<u>2,634,830</u>	<u>2,634,830</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,585,607</u>	<u>\$ 1,234,507</u>	<u>\$ 2,762,884</u>	<u>\$ 1,528,377</u>

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

**STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2025**

	<b>Major Funds</b>		
	<b>Water and Sewer</b>	<b>Cemetery</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 3,860,463	\$ 123,212	\$ 3,983,675
Investments	5,213,564	616,694	5,830,258
Restricted cash and cash equivalents	412,567	-	412,567
Accounts receivable, net	563,761	-	563,761
Other receivables	356,680	-	356,680
Due from other governments	706,864	-	706,864
Accrued interest receivable	2,235	-	2,235
Prepays	515,812	-	515,812
Inventory	-	489,280	489,280
Total current assets	<u>11,631,946</u>	<u>1,229,186</u>	<u>12,861,132</u>
Noncurrent assets			
Capital assets, non-depreciable	3,357,871	-	3,357,871
Capital assets, net	26,782,847	23,654	26,806,501
Total noncurrent assets	<u>30,140,718</u>	<u>23,654</u>	<u>30,164,372</u>
<b>Total assets</b>	<u>41,772,664</u>	<u>1,252,840</u>	<u>43,025,504</u>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	202,483	-	202,483
<b>Total deferred outflows of resources</b>	<u>202,483</u>	<u>-</u>	<u>202,483</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	353,568	-	353,568
Due to other funds	562	-	562
Notes payable	162,863	-	162,863
Financed purchase payable	112,925	-	112,925
Unearned revenue	1,229,811	-	1,229,811
Liabilities payable from restricted assets			
Accrued interest	10,666	-	10,666
Customer deposits payable	387,799	150	387,949
Total current liabilities	<u>2,258,194</u>	<u>150</u>	<u>2,258,344</u>
Noncurrent liabilities			
Notes payable, net of current portion	1,850,898	-	1,850,898
Net pension liability	395,625	-	395,625
Total non-current liabilities	<u>2,246,523</u>	<u>-</u>	<u>2,246,523</u>
Total liabilities	<u>4,504,717</u>	<u>150</u>	<u>4,504,867</u>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	73,501	-	73,501
<b>Net position</b>			
Net investment in capital assets	28,014,032	23,654	28,037,686
Restricted for debt service	14,102	-	14,102
Restricted for perpetual care	-	420,871	420,871
Unrestricted	9,368,795	808,165	10,176,960
Total net position	<u>\$ 37,396,929</u>	<u>\$ 1,252,690</u>	<u>\$ 38,649,619</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Major Funds</b>		
	<b>Water and Sewer</b>	<b>Cemetery</b>	<b>Total</b>
<b>Operating revenues</b>			
Charges for services	\$ 5,425,880	\$ 93,125	\$ 5,519,005
Miscellaneous	144,010	20,000	164,010
Total operating revenues	<u>5,569,890</u>	<u>113,125</u>	<u>5,683,015</u>
<b>Operating expenses</b>			
Salaries and benefits	450,412	34,305	484,717
Contractual services	1,544,820	-	1,544,820
Utilities	241,936	1,286	243,222
Other operating expenses	492,072	3,751	495,823
Depreciation	1,260,388	493	1,260,881
Total operating expenses	<u>3,989,628</u>	<u>39,835</u>	<u>4,029,463</u>
<b>Operating income</b>	<u>1,580,262</u>	<u>73,290</u>	<u>1,653,552</u>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	264,683	38,149	302,832
Gain on disposal of capital assets	346	-	346
Interest expense	(54,265)	-	(54,265)
Total nonoperating revenues, net	<u>210,764</u>	<u>38,149</u>	<u>248,913</u>
Income before capital contributions and transfers	1,791,026	111,439	1,902,465
<b>Capital contributions</b>			
Intergovernmental capital grants	714,229	-	714,229
Total capital contributions	<u>714,229</u>	<u>-</u>	<u>714,229</u>
<b>Transfers out</b>	<u>(648,270)</u>	<u>(63,605)</u>	<u>(711,875)</u>
<b>Changes in net position</b>	1,856,985	47,834	1,904,819
<b>Total net position</b> , beginning of year	35,539,944	1,204,856	36,744,800
<b>Total net position</b> , end of year	<u>\$ 37,396,929</u>	<u>\$ 1,252,690</u>	<u>\$ 38,649,619</u>

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

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Major Funds</b>		
	<b>Water and Sewer</b>	<b>Cemetery</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 5,213,393	\$ 113,125	\$ 5,326,518
Cash paid to suppliers for goods and services	(2,453,648)	(2,480)	(2,456,128)
Cash paid to employees for services and benefits	(458,837)	(34,305)	(493,142)
Net cash provided by operating activities	<u>2,300,908</u>	<u>76,340</u>	<u>2,377,248</u>
<b>Cash flows from noncapital financing activities</b>			
Transfer to other funds	(648,270)	(63,605)	(711,875)
Net cash used in noncapital financing activities	<u>(648,270)</u>	<u>(63,605)</u>	<u>(711,875)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(1,600,898)	-	(1,600,898)
Cash received from sale of capital assets	346	-	346
Principal paid on notes payable	(159,180)	-	(159,180)
Principal paid on financed purchase	(218,252)	-	(218,252)
Capital grants received	3,168,404	-	3,168,404
Interest paid	(56,815)	-	(56,815)
Net cash provided by capital and related financing activities	<u>1,133,605</u>	<u>-</u>	<u>1,133,605</u>
<b>Cash flows from investing activities</b>			
Purchase of investments	(118,704)	68,272	(50,432)
Interest received	264,683	38,149	302,832
Net cash provided by investing activities	<u>145,979</u>	<u>106,421</u>	<u>252,400</u>
<b>Net change in cash and cash equivalents</b>	2,932,222	119,156	3,051,378
<b>Cash and cash equivalents, beginning of year</b>	<u>1,340,808</u>	<u>4,056</u>	<u>1,344,864</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,273,030</u>	<u>\$ 123,212</u>	<u>\$ 4,396,242</u>
<b>Cash and cash equivalents classified as</b>			
Cash and cash equivalents	\$ 3,860,463	\$ 123,212	\$ 3,983,675
Restricted cash and cash equivalents	412,567	-	412,567
Total cash and cash equivalents	<u>\$ 4,273,030</u>	<u>\$ 123,212</u>	<u>\$ 4,396,242</u>

(Continued)

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Major Funds</b>		
	<b>Water and Sewer</b>	<b>Cemetery</b>	<b>Total</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 1,580,262	\$ 73,290	\$ 1,653,552
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,260,388	493	1,260,881
Change in operating assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(30,173)	-	(30,173)
Notes receivable	(340,314)	-	(340,314)
Prepays	(1,264)	-	(1,264)
Deferred outflows - pension	(37,951)	-	(37,951)
Inventory	-	3,342	3,342
Increase (decrease) in liabilities:			
Accounts payable	(142,740)	(785)	(143,525)
Accrued liabilities	(7,365)	-	(7,365)
Due to other funds	562	-	562
Compensated absences payable	(8,425)	-	(8,425)
Net pension liability	(25,270)	-	(25,270)
Deferred inflows - pension	39,208	-	39,208
Customer deposits	13,990	-	13,990
Net cash provided by operating activities	<u>\$ 2,300,908</u>	<u>\$ 76,340</u>	<u>\$ 2,377,248</u>

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

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

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

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

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

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

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

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

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

The City also reports the following fund type:

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

The following are reported as major proprietary funds:

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

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

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

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

#### **Deposits and Investments**

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

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

#### **Receivables**

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

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Inventory and Prepaid Items**

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

#### **Interfund Receivables/Payables**

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

#### **Leases**

The City is a lessor for noncancellable leases of buildings. The City recognizes a lease receivable and deferred inflow of resources in the government-wide financial statements.

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

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

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

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

## Notes To The Financial Statements

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended September 30, 2025, no interest was capitalized.

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

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

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

**Deferred Outflows/Inflows of Resources**

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

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Deferred Outflows/Inflows of Resources (Continued)**

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

#### **Long-Term Obligations**

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

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Compensated Absences**

It is the City's policy to grant employees consolidated leave on the first day of the fiscal year. Since the City's policy is to pay accumulated personal leave when employees separate from service, all leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City pays employees any unused leave balances at the end of the fiscal year. For governmental funds, compensated absences, net pension liability and other post-employment benefits are generally liquidated by the General Fund.

#### **Net Position/Fund Balance Classification**

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

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

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

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

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

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

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

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

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Net Position/Fund Balance Classification (Continued)**

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

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

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

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

#### **Property Taxes**

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

The value of all taxable property is assessed as of January 1. The City Council levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the City, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2025. No accrual for the property tax levy becoming due in November of 2025, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

## Notes To The Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of Estimates

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

#### Pension

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

### NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### Budgetary Information

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

1. Prior to August 1<sup>st</sup>, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers comments.
3. On or before September 30th of year, public hearings are completed and the Council adopts the final budget and establishes the ad valorem tax millage.
4. The City cannot legally exceed the budget; however, the City Manager is authorized to transfer budgeted amounts within departments within any fund unless the transfer affects a budgeted reserve. The City Council must approve revisions that alter the total expenditures of any department. The legal level of budgetary control is department.
5. Budgetary comparisons are not presented for Enterprise Funds since not required under generally accepted accounting principles.

## Notes To The Financial Statements

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### NOTE 3. DEPOSITS AND INVESTMENTS

#### Deposits

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

#### Investments

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

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

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

**Notes To The Financial Statements**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

At September 30, 2025, the City had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Florida Prime	39 days	AAAm	\$ 49,443
Florida SAFE Money Market	N/A	AAAm	23,130,304
0-2 Year High Quality Bond	0.88 years	AAAf/S1	79,906
Certificate of Deposit	138 days	Not Rated	3,302,936
			<u>\$ 26,562,589</u>

**Fair Value**

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

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

The City has the following recurring fair value measurements as of September 30, 2025:

<u>Investments Valued by Fair Value Level</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
0-2 Year High Quality Bond	\$ 79,906	\$ -	\$ 79,906
	<u>\$ 79,906</u>	<u>\$ -</u>	<u>\$ 79,906</u>

## Notes To The Financial Statements

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### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

#### **Credit Risk**

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

#### **Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2025, all of the City's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. At September 30, 2025, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

#### **Concentration of Credit Risk**

The policy has no limitations on portfolio composition.

**Notes To The Financial Statements**

**NOTE 4. RECEIVABLES**

**Interest Rate Risk**

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

Receivables as of September 30, 2025 including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
Receivables				
Accounts	\$ 553,999	\$ -	\$ 668,534	\$ 1,222,533
Leases	34,775	-	-	34,775
Other	-	-	358,915	358,915
Due from other governments	-	111,433	706,864	818,297
Less allowance for uncollectible receivables	-	-	(104,773)	(104,773)
	<u>\$ 588,774</u>	<u>\$ 111,433</u>	<u>\$ 1,629,540</u>	<u>\$ 2,329,747</u>

**Lease Receivable**

In February 2014, the City entered into a lease as lessor for the use of office space in the City's Government Center. This lease was extended on February 1, 2021, for an additional five years. An initial lease receivable was recorded in the amount of \$433,413. The lessee is required to make monthly payments of \$8,270, with annual increases. The lease has an interest rate of 0%. As of September 30, 2025, the value of the lease receivable and deferred inflow of resources is \$34,775 and the City recognized lease revenue of \$88,412 during the fiscal year.

The following is a schedule of minimum future revenues from non-cancellable agreements as of September 30, 2025:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 34,775	\$ -	\$ 34,775
	<u>\$ 34,775</u>	<u>\$ -</u>	<u>\$ 34,775</u>

Notes To The Financial Statements

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2025 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Net Transfers</b>	<b>Ending Balance</b>
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 3,967,758	\$ -	\$ -	\$ -	\$ 3,967,758
Construction in progress	1,935,448	1,818,359	-	(181,776)	3,572,031
Total assets not being depreciated	<u>5,903,206</u>	<u>1,818,359</u>	<u>-</u>	<u>(181,776)</u>	<u>7,539,789</u>
Capital assets being depreciated					
Buildings	16,334,792	93,448	-	110,635	16,538,875
Improvements	29,219,293	171,193	-	46,850	29,437,336
Machinery and equipment	5,227,691	193,906	-	24,291	5,445,888
Intangibles	672,730	-	-	-	672,730
Total assets being depreciated	<u>51,454,506</u>	<u>458,547</u>	<u>-</u>	<u>181,776</u>	<u>52,094,829</u>
Less accumulated depreciation					
Buildings	(4,752,068)	(410,181)	-	-	(5,162,249)
Improvements	(9,590,995)	(922,321)	-	-	(10,513,316)
Machinery and equipment	(2,935,602)	(401,858)	-	-	(3,337,460)
Intangibles	(659,989)	(5,303)	-	-	(665,292)
Total accumulated depreciation	<u>(17,938,654)</u>	<u>(1,739,663)</u>	<u>-</u>	<u>-</u>	<u>(19,678,317)</u>
Total assets depreciated, net	<u>33,515,852</u>	<u>(1,281,116)</u>	<u>-</u>	<u>181,776</u>	<u>32,416,512</u>
Governmental activities, net	<u>\$ 39,419,058</u>	<u>\$ 537,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,956,301</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 651,855	\$ -	\$ -	\$ -	\$ 651,855
Construction in progress	2,086,160	970,640	-	(350,784)	2,706,016
Total assets not being depreciated	<u>2,738,015</u>	<u>970,640</u>	<u>-</u>	<u>(350,784)</u>	<u>3,357,871</u>
Capital assets being depreciated					
Buildings	17,750,340	-	-	-	17,750,340
Improvements	22,014,387	387,340	-	350,784	22,752,511
Machinery and equipment	8,388,992	242,918	-	-	8,631,910
Total assets being depreciated	<u>48,153,719</u>	<u>630,258</u>	<u>-</u>	<u>350,784</u>	<u>49,134,761</u>
Less accumulated depreciation					
Buildings	(5,567,056)	(357,765)	-	-	(5,924,821)
Improvements	(8,227,404)	(737,050)	-	-	(8,964,454)
Machinery and equipment	(7,272,919)	(166,066)	-	-	(7,438,985)
Total accumulated depreciation	<u>(21,067,379)</u>	<u>(1,260,881)</u>	<u>-</u>	<u>-</u>	<u>(22,328,260)</u>
Total assets depreciated, net	<u>27,086,340</u>	<u>(630,623)</u>	<u>-</u>	<u>350,784</u>	<u>26,806,501</u>
Business-type activities, net	<u>\$ 29,824,355</u>	<u>\$ 340,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,164,372</u>

Notes To The Financial Statements

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**NOTE 5. CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities**

General government	\$ 307,083
Community development services	686,361
Public safety	98,307
Highways and streets	352,457
Culture and recreation	295,455
Total depreciation expense, governmental activities	<u>\$ 1,739,663</u>

**Business-Type Activities**

Water and sewer	\$ 1,260,388
Cemetery	493
Total depreciation expense, business-type activities	<u>\$ 1,260,881</u>

Notes To The Financial Statements

**NOTE 6. LONG-TERM DEBT**

Long-term debt payable as of September 30, 2025 is composed of the following issues:

**Bonds Payable Public Offering**

In 2017, the City issued Tax Increment Revenue Refunding Bonds, Series 2017. These Bonds were issued to fund various City-wide projects and upgrades managed by the Inverness Community Development District. The agreement provided total funding of \$12,980,000. The loan period is 27 years with an interest rate of 4%. The bonds are secured by Ad Valorem revenues from the Community Development District and supplemented by General fund ad valorem revenues. Total principal and interest remaining was \$14,957,288. For the fiscal year, principal and interest paid was \$749,050 and total pledged revenue was \$1,697,472.

Total bonds payable	\$ 10,795,000
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**Notes Payable from Direct Borrowings**

In 2005, the City executed a State Revolving Loan agreement for various water and wastewater system upgrades. The amended agreement provides total funding of \$16,052,561, including grant funding of \$10,000,000 that was funded by the state through a Small Community Wastewater Grant. The loan period is 26 years with an interest rate of 2.3%. The loan is secured by the gross revenues from the water and sewer utility net of operation and maintenance costs. Total principal and interest remaining was \$2,290,727. For the fiscal year, principal and interest paid was \$208,248 and total pledged revenue was \$2,840,650.

In the event of default on the State Revolving Fund Loan, the Florida Department of Environmental Protection may cause to establish rates and collect fees, require the City to account for all moneys received and used, appoint a receiver to manager the water and sewer systems, intercept delinquent amounts plus a penalty due to the City under State Revenue Sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule or increase the interest rate by a factor of up to 1.667.

	\$ 2,013,761
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The City has entered into a financed purchase agreement for financing the acquisition and installation of water meter equipment. Payments are due semiannually. Total principal and interest remaining on the loan was \$114,500. For the fiscal year, principal and interest paid was \$226,000.

	112,925
Total business-type notes payable from direct borrowings	\$ 2,126,686

Notes To The Financial Statements

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2025:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Governmental activities					
ICRA refunding					
revenue bonds	\$ 11,150,000	\$ -	\$ (355,000)	\$ 10,795,000	\$ 370,000
Bond premium	293,417	-	(14,763)	278,654	-
Total OPEB liability	63,429	12,859	(5,032)	71,256	-
Net pension liability	3,962,292	2,417,267	(2,655,153)	3,724,406	-
<b>Total governmental activities</b>	<b>\$ 15,469,138</b>	<b>\$ 2,430,126</b>	<b>\$ (3,029,948)</b>	<b>\$ 14,869,316</b>	<b>\$ 370,000</b>
Business-type activities					
SRF note payable	\$ 2,172,941	\$ -	\$ (159,180)	\$ 2,013,761	\$ 162,863
Financed purchase	331,177	-	(218,252)	112,925	112,925
Net pension liability	420,895	256,775	(282,045)	395,625	-
<b>Total business-type activities</b>	<b>\$ 2,925,013</b>	<b>\$ 256,775</b>	<b>\$ (659,477)</b>	<b>\$ 2,522,311</b>	<b>\$ 275,788</b>

The annual debt service payments required on outstanding debt at September 30, 2025 are as follows:

Fiscal Year	Revenue Bonds, Series 2017			State Revolving Fund Loan			Financed Purchase		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 370,000	\$ 376,300	\$ 746,300	\$ 162,863	\$ 45,385	\$ 208,248	\$ 112,925	\$ 1,575	\$ 114,500
2027	390,000	357,800	747,800	166,630	41,618	208,248	-	-	-
2028	410,000	338,300	748,300	170,484	37,763	208,247	-	-	-
2029	430,000	317,800	747,800	174,428	33,820	208,248	-	-	-
2030	450,000	296,300	746,300	178,463	29,785	208,248	-	-	-
2031-2035	2,475,000	1,270,000	3,745,000	956,183	85,057	1,041,240	-	-	-
2036-2040	2,880,000	857,388	3,737,388	204,710	3,538	208,248	-	-	-
2041-2045	3,390,000	348,400	3,738,400	-	-	-	-	-	-
	<b>\$ 10,795,000</b>	<b>\$ 4,162,288</b>	<b>\$ 14,957,288</b>	<b>\$ 2,013,761</b>	<b>\$ 276,966</b>	<b>\$ 2,290,727</b>	<b>\$ 112,925</b>	<b>\$ 1,575</b>	<b>\$ 114,500</b>

**NOTE 7. INTERFUND BALANCES AND TRANSFERS**

Interfund transfers for the year ended September 30, 2025 consisted of the following:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 7,906,970	\$ 3,241,279
Community redevelopment fund	848,736	295,095
Capital projects fund	2,392,543	6,900,000
Water and sewer fund	-	648,270
Cemetery fund	-	63,605
	<b>\$ 11,148,249</b>	<b>\$ 11,148,249</b>

## Notes To The Financial Statements

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### NOTE 8. PENSION PLANS

#### Defined Benefit Plans

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

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

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

#### Benefits Provided

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

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

Notes To The Financial Statements

**NOTE 8. PENSION PLANS (CONTINUED)**

**Contributions**

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2024 through June 30, 2025, and July 1, 2025 through September 30, 2025, were as follows: Regular Class 14.03% and 13.63%, Senior Management 33.24% and 34.52%, Elected Officials 62.66% and 62.97%, and DROP Participants 22.02% and 21.13%.

The City's contributions for the year ended September 30, 2025 were \$655,259 to FRS and \$68,901 to HIS.

**Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2025, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2025, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2025. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS	Total
Net pension liability	\$ 3,182,156	\$ 937,875	\$ 4,120,031
Proportion at:			
Current measurement date	0.010253398%	0.007317173%	
Prior measurement date	0.008773100%	0.006595161%	
Pension expense	\$ 499,791	\$ 62,649	\$ 562,440

As of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS		Totals	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 339,888	\$ -	\$ 5,596	\$ 1,488	\$ 345,484	\$ 1,488
Change of assumptions	369,531	-	8,301	226,848	377,832	226,848
Net difference between projected and actual earnings on Pension Plan investments	-	531,293	-	781	-	532,074
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	538,317	3,170	159,496	1,852	697,813	5,022
City Pension Plan contributions subsequent to the measurement date	196,294	-	19,849	-	216,143	-
Total	\$ 1,444,030	\$ 534,463	\$ 193,242	\$ 230,969	\$ 1,637,272	\$ 765,432

Notes To The Financial Statements

**NOTE 8. PENSION PLANS (CONTINUED)**

**Pension Liabilities and Pension Expense (Continued)**

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2026. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	FRS	HIS
2026	\$ 2,064,969	\$ (12,701)
2027	(366,890)	(15,207)
2028	(549,064)	(12,803)
2029	(435,742)	(10,260)
2030	-	(6,605)
Thereafter	-	-

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2025, was determined by an actuarial valuation dated July 1, 2025, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	5.20%

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2025, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

## Notes To The Financial Statements

### NOTE 8. PENSION PLANS (CONTINUED)

#### Actuarial Assumptions (Continued)

The following changes in key actuarial assumptions occurred in 2025:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.93% to 5.20%.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
	100.0%			
Assumed Inflation - Mean			2.4%	1.5%

#### Discount Rate

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

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 5.20% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Notes To The Financial Statements

**NOTE 8. PENSION PLANS (CONTINUED)**

**Sensitivity Analysis**

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

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
City's proportionate share of the net pension liability	\$ 6,244,932	\$ 3,182,156	\$ 614,369	\$ 1,057,605	\$ 937,875	\$ 837,460

**Pension Plan Fiduciary Net Position**

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

**Payables to the Pension Plan**

At September 30, 2025, there were no payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

**Investment Plan**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

## Notes To The Financial Statements

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### **NOTE 8. PENSION PLANS (CONTINUED)**

#### **Investment Plan (Continued)**

Allocations to the investment member's accounts during the 2024-25 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.57%, Special Risk Administrative Support class 37.76%, Special Risk class 30.73%, Senior Management Service class 32.46% and City Elected Officers class 56.62%.

The City's Investment Plan pension expense totaled \$146,465 for the fiscal year ended September 30, 2025.

#### **General Employees Defined Contribution Pension Plan**

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

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

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

At September 30, 2025, there were no plan members or City contributions to the plan.

#### **Deferred Compensation Plan**

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

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

**Notes To The Financial Statements**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

**Plan Membership**

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

Active participants	53
Retirees, beneficiaries and disabled members	-
Covered spouses	-
	53
	53

**Benefits Provided**

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

**Total OPEB Liability of the City**

The City’s total OPEB liability was measured as of September 30, 2025, and was determined by an actuarial valuation as of September 30, 2023 with the actuary using standard techniques to roll forward the liability to the measurement date.

## Notes To The Financial Statements

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**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, updated to September 30, 2025, using the following actuarial assumptions:

Inflation:	2.50%
Salary increases:	2.50%
Discount rate:	4.50%
Initial trend rate:	7.00%
Ultimate trend rate:	4.00%
Years to ultimate:	51
Participation rate:	20% participation assumed, with 50% electing spouse coverage.

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

**Discount Rate**

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.50%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Index as published by S&P Dow Jones Indices. The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**OPEB Expense**

For the year ended September 30, 2025, the City will recognize OPEB Expense of \$11,699.

Notes To The Financial Statements

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability of the City**

The changes in the total OPEB liability of the City for the year ended September 30, 2025 were as follows:

	<b>Total OPEB Liability</b>
<b>Balances at September 30, 2024</b>	\$ 63,429
<b>Changes for the year:</b>	
Service cost	9,914
Interest	2,945
Assumption changes	(3,410)
Benefit payments	(1,622)
Net changes	<u>7,827</u>
<b>Balance at September 30, 2025</b>	<u>\$ 71,256</u>

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

Changes of assumptions reflect a change in the discount rate from 4.06% for the fiscal year ending September 30, 2023, to 4.50% for the fiscal year ending September 30, 2025. Updated healthcare costs and premiums are also reflected as assumption changes.

**Sensitivity of the Total OPEB Liability to changes in the Discount Rate**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.50%) or 1-percentage point higher (5.50%) than the current discount rate:

	<b>1% Decrease 3.50%</b>	<b>Discount Rate 4.50%</b>	<b>1% Increase 5.50%</b>
Total OPEB liability	\$ 799,366	\$ 71,256	\$ 56,855

Notes To The Financial Statements

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

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

	<b>1% Decrease (6% decreasing to 3%)</b>	<b>Discount Rate (7% decreasing to 4%)</b>	<b>1% Increase (8% decreasing to 5%)</b>
Total OPEB liability	\$ 62,078	\$ 71,256	\$ 82,429

**NOTE 10. RISK MANAGEMENT**

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

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

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

**Litigation**

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

**Grants**

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

**NOTE 12. SUBSEQUENT EVENTS**

The City has evaluated subsequent events through March 27, 2026 the date which the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

Reporting period ending Measurement date	<b>9/30/2025</b> <b>6/30/2025</b>	<b>9/30/2024</b> <b>6/30/2024</b>	<b>9/30/2023</b> <b>6/30/2023</b>	<b>9/30/2022</b> <b>6/30/2022</b>	<b>9/30/2021</b> <b>6/30/2021</b>
City's proportion of the FRS net pension liability	0.01025340%	0.00877310%	0.00824220%	0.00792617%	0.00765012%
City's proportionate share of the FRS net pension liability	\$ 3,182,156	\$ 3,393,848	\$ 3,284,256	\$ 2,949,174	\$ 577,879
City's covered payroll	3,318,682	2,792,753	2,510,676	2,278,136	2,013,052
City's proportionate share of the pension liability as a percentage of its covered payroll	95.89%	121.52%	130.81%	129.46%	28.71%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%
Reporting period ending Measurement date	<b>9/30/2020</b> <b>6/30/2020</b>	<b>9/30/2019</b> <b>6/30/2019</b>	<b>9/30/2018</b> <b>6/30/2018</b>	<b>9/30/2017</b> <b>6/30/2017</b>	<b>9/30/2016</b> <b>6/30/2016</b>
City's proportion of the FRS net pension liability	0.00773270%	0.00754651%	0.007301884%	0.007850393%	0.006162172%
City's proportionate share of the FRS net pension liability	\$ 3,351,466	\$ 2,598,912	\$ 2,199,365	\$ 2,322,094	\$ 1,555,953
City's covered payroll	1,962,133	1,935,226	1,709,056	1,805,362	1,615,922
City's proportionate share of the pension liability as a percentage of its covered payroll	170.81%	134.30%	128.69%	128.62%	96.29%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS -  
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Contractually required FRS contribution	\$ 655,259	\$ 530,607	\$ 414,590	\$ 368,321	\$ 296,126
FRS contributions in relation to the contractually required FRS contribution	<u>655,259</u>	<u>530,607</u>	<u>414,590</u>	<u>368,321</u>	<u>296,126</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,491,920	\$ 2,909,820	\$ 2,572,160	\$ 2,438,759	\$ 2,049,004
FRS contributions as a percentage of covered payroll	18.77%	18.24%	16.12%	15.10%	14.45%
Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Contractually required FRS contribution	\$ 265,171	\$ 239,744	\$ 213,550	\$ 203,914	\$ 161,581
FRS contributions in relation to the contractually required FRS contribution	<u>265,171</u>	<u>239,744</u>	<u>213,550</u>	<u>203,914</u>	<u>161,581</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,947,377	\$ 1,987,097	\$ 1,748,067	\$ 1,747,095	\$ 1,615,922
FRS contributions as a percentage of covered payroll	13.62%	12.07%	12.22%	11.67%	10.00%

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

Reporting period ending Measurement date	<b>9/30/2025</b> <b>6/30/2025</b>	<b>9/30/2024</b> <b>6/30/2024</b>	<b>9/30/2023</b> <b>6/30/2023</b>	<b>9/30/2022</b> <b>6/30/2022</b>	<b>9/30/2021</b> <b>6/30/2021</b>
City's proportion of the HIS net pension liability	0.00731717%	0.00659516%	0.00632917%	0.00619440%	0.00568625%
City's proportionate share of the HIS net pension liability	\$ 937,875	\$ 989,339	\$ 1,005,156	\$ 656,086	\$ 697,504
City's covered payroll	3,318,682	2,792,753	2,510,676	2,278,136	2,013,052
City's proportionate share of the pension liability as a percentage of its covered payroll	28.26%	35.43%	40.04%	28.80%	34.65%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.54%	4.54%	4.12%	4.81%	3.56%
Reporting period ending Measurement date	<b>9/30/2020</b> <b>6/30/2020</b>	<b>9/30/2019</b> <b>6/30/2019</b>	<b>9/30/2018</b> <b>6/30/2018</b>	<b>9/30/2017</b> <b>6/30/2017</b>	<b>9/30/2016</b> <b>6/30/2016</b>
City's proportion of the HIS net pension liability	0.00569690%	0.00523520%	0.005235197%	0.005627769%	0.004954573%
City's proportionate share of the HIS net pension liability	\$ 697,504	\$ 647,441	\$ 554,099	\$ 601,647	\$ 577,435
City's covered payroll	1,962,133	1,935,226	1,709,056	1,805,362	1,615,922
City's proportionate share of the pension liability as a percentage of its covered payroll	35.55%	33.46%	32.42%	33.33%	35.73%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%

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

Reporting period ending	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Contractually required HIS contribution	\$ 68,901	\$ 58,516	\$ 44,721	\$ 40,028	\$ 34,022
HIS contributions in relation to the contractually required HIS contribution	<u>68,901</u>	<u>58,516</u>	<u>44,721</u>	<u>40,028</u>	<u>34,022</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,491,920	\$ 2,909,820	\$ 2,572,160	\$ 2,438,759	\$ 2,049,004
HIS contributions as a percentage of covered payroll	1.97%	2.01%	1.74%	1.64%	1.66%
Reporting period ending	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Contractually required HIS contribution	\$ 32,584	\$ 32,992	\$ 29,038	\$ 28,851	\$ 26,098
HIS contributions in relation to the contractually required HIS contribution	<u>32,584</u>	<u>32,992</u>	<u>29,038</u>	<u>28,851</u>	<u>26,098</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,947,377	\$ 1,987,097	\$ 1,748,067	\$ 1,747,095	\$ 1,615,922
HIS contributions as a percentage of covered payroll	1.67%	1.66%	1.66%	1.65%	1.62%

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

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 9,914	\$ 7,465	\$ 5,031	\$ 6,865	\$ 7,186	\$ 8,164	\$ 5,874	\$ 6,137
Interest	2,945	2,341	2,299	1,412	1,198	1,974	1,927	1,689
Experience differences	-	(8,127)	-	(3,337)	-	(1,330)	-	-
Assumption changes	(3,410)	13,564	(541)	(15,384)	(1,930)	(7,838)	3,335	(2,704)
Benefit payments	(1,622)	(1,294)	(942)	(946)	(442)	(565)	(5,416)	(4,992)
<b>Net change in total OPEB liability</b>	<b>7,827</b>	<b>13,949</b>	<b>5,847</b>	<b>(11,390)</b>	<b>6,012</b>	<b>405</b>	<b>5,720</b>	<b>130</b>
<b>Total OPEB liability - beginning</b>	<b>63,429</b>	<b>49,480</b>	<b>43,633</b>	<b>55,023</b>	<b>49,011</b>	<b>48,606</b>	<b>42,886</b>	<b>42,756</b>
<b>Total OPEB liability - ending</b>	<b>\$ 71,256</b>	<b>\$ 63,429</b>	<b>\$ 49,480</b>	<b>\$ 43,633</b>	<b>\$ 55,023</b>	<b>\$ 49,011</b>	<b>\$ 48,606</b>	<b>\$ 42,886</b>
<b>Covered-employee payroll</b>	<b>\$ 2,555,703</b>	<b>\$ 2,493,369</b>	<b>\$ 1,951,335</b>	<b>\$ 1,903,742</b>	<b>\$ 1,894,691</b>	<b>\$ 1,848,479</b>	<b>\$ 1,589,353</b>	<b>\$ 1,550,588</b>
<b>Total OPEB liability as a percentage of covered employee payroll</b>	<b>2.79%</b>	<b>2.54%</b>	<b>2.54%</b>	<b>2.29%</b>	<b>2.90%</b>	<b>2.65%</b>	<b>3.06%</b>	<b>2.77%</b>

**Notes to the Schedule:**

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

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

**Covered Payroll:**

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

**Changes of assumptions:**

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

Fiscal Year Ending September 30, 2025:	4.50%
Fiscal Year Ending September 30, 2024:	4.06%
Fiscal Year Ending September 30, 2023:	4.87%
Fiscal Year Ending September 30, 2022:	4.77%

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

**Benefit Payments:**

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2025. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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## **SUPPLEMENTARY INFORMATION**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ 1,554,299	\$ 1,574,788	\$ 20,489	\$ (1,554,299)
Investment earnings	-	-	34,275	34,275
Total revenues	<u>1,554,299</u>	<u>1,574,788</u>	<u>54,764</u>	<u>(1,520,024)</u>
<b>Expenditures</b>				
Current				
Culture and recreation	-	35,000	9,955	25,045
Capital outlay	3,408,877	4,321,127	1,741,096	2,580,031
Total expenditures	<u>3,408,877</u>	<u>4,356,127</u>	<u>1,751,051</u>	<u>2,605,076</u>
<b>Deficiency of revenues under expenditures</b>	<u>(1,854,578)</u>	<u>(2,781,339)</u>	<u>(1,696,287)</u>	<u>1,085,052</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,889,578	2,392,543	2,392,543	-
Transfers out	(6,900,000)	(6,900,000)	(6,900,000)	-
Total other financing uses, net	<u>(5,010,422)</u>	<u>(4,507,457)</u>	<u>(4,507,457)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>(6,865,000)</u>	<u>(7,288,796)</u>	<u>(6,203,744)</u>	<u>1,085,052</u>
<b>Fund balance, beginning of year</b>	<u>7,560,894</u>	<u>7,560,894</u>	<u>7,560,894</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 695,894</u>	<u>\$ 272,098</u>	<u>\$ 1,357,150</u>	<u>\$ 1,085,052</u>

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

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## **STATISTICAL SECTION**

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City of Inverness, Florida

**NET POSITION BY COMPONENT**  
**(accrual basis of accounting)**  
**Last Ten Fiscal Years**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 22,077,718	\$ 25,627,519	\$ 26,324,918	\$ 30,785,660	\$ 26,897,660	\$ 26,605,972	\$ 27,010,028	\$ 27,978,652	\$ 27,975,641	\$ 28,882,647
Restricted	228,167	1,291,447	687,932	156,217	566,192	1,390,659	1,042,339	637,849	3,404,359	3,666,575
Unrestricted	11,007,831	8,070,354	9,991,821	8,090,911	13,765,784	16,402,287	18,044,218	19,348,758	19,028,035	20,591,947
Total governmental activities net position	<u>\$ 33,313,716</u>	<u>\$ 34,989,320</u>	<u>\$ 37,004,671</u>	<u>\$ 39,032,788</u>	<u>\$ 41,229,636</u>	<u>\$ 44,398,918</u>	<u>\$ 46,096,585</u>	<u>\$ 47,965,259</u>	<u>\$ 50,408,035</u>	<u>\$ 53,141,169</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 14,020,308	\$ 20,307,722	\$ 19,912,434	\$ 19,677,396	\$ 20,024,898	\$ 20,306,256	\$ 20,030,222	\$ 22,942,665	\$ 27,320,237	\$ 28,037,686
Restricted	553,627	531,118	465,792	409,427	331,821	367,011	401,849	355,415	401,310	434,973
Unrestricted	5,864,526	5,768,321	6,690,379	7,477,667	8,072,869	8,774,831	9,436,667	9,936,569	9,023,253	10,176,960
Total business-type activities net position	<u>\$ 20,438,461</u>	<u>\$ 26,607,161</u>	<u>\$ 27,068,605</u>	<u>\$ 27,564,490</u>	<u>\$ 28,429,588</u>	<u>\$ 29,448,098</u>	<u>\$ 29,868,738</u>	<u>\$ 33,234,649</u>	<u>\$ 36,744,800</u>	<u>\$ 38,649,619</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 36,098,026	\$ 45,935,241	\$ 46,237,352	\$ 50,463,056	\$ 46,922,558	\$ 46,912,228	\$ 47,040,250	\$ 50,921,317	\$ 55,295,878	\$ 56,920,333
Restricted	781,794	1,822,565	1,153,724	565,644	898,013	1,757,670	1,444,188	993,264	3,805,669	4,101,548
Unrestricted	16,872,357	13,838,675	16,682,200	15,568,578	21,838,653	25,177,118	27,480,885	29,285,327	28,051,288	30,768,907
Total primary government net position	<u>\$ 53,752,177</u>	<u>\$ 61,596,481</u>	<u>\$ 64,073,276</u>	<u>\$ 66,597,278</u>	<u>\$ 69,659,224</u>	<u>\$ 73,847,016</u>	<u>\$ 75,965,323</u>	<u>\$ 81,199,908</u>	<u>\$ 87,152,835</u>	<u>\$ 91,790,788</u>

Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.

City of Inverness, Florida

**CHANGES IN NET POSITION**  
**(accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Program expenses</b>										
Governmental activities										
General government	\$ 1,948,334	\$ 2,195,022	\$ 2,150,642	\$ 2,639,020	\$ 2,697,761	\$ 1,725,271	\$ 1,909,948	\$ 2,395,941	\$ 2,426,883	\$ 2,542,282
Community development services	763,444	703,442	640,314	422,348	795,557	1,288,082	1,117,366	1,263,532	1,156,598	1,159,342
Public safety	1,497,784	1,224,275	1,362,675	1,322,253	1,398,052	1,309,064	1,682,431	2,046,270	2,298,634	2,499,139
Physical environment	1,016,307	1,006,308	1,021,659	1,069,751	1,140,574	1,179,297	1,199,331	1,361,330	1,504,801	1,587,007
Highways and streets	822,395	822,629	1,028,481	929,926	974,150	1,230,571	1,403,363	1,342,593	1,496,955	1,606,632
Culture and recreation	1,500,092	1,577,504	1,780,750	1,802,708	1,664,850	1,687,261	2,032,215	2,415,427	2,543,268	2,518,607
Interest on long-term debt	-	504,192	437,156	449,837	441,312	431,320	419,270	405,370	403,821	387,168
Total governmental activities expenses	7,548,356	8,033,372	8,421,677	8,635,843	9,112,256	8,850,866	9,763,924	11,230,463	11,830,960	12,300,177
Business-type activities										
Water and sewer	3,060,309	3,057,753	2,985,761	3,037,503	3,046,383	3,367,793	3,518,326	3,689,591	3,786,209	4,043,893
Cemetery	55,830	50,602	57,489	111,773	105,530	76,193	81,344	82,103	79,869	39,835
Total business-type activities expenses	3,116,139	3,108,355	3,043,250	3,149,276	3,151,913	3,443,986	3,599,670	3,771,694	3,866,078	4,083,728
Total primary government net position	10,664,495	11,141,727	11,464,927	11,785,119	12,264,169	12,294,852	13,363,594	15,002,157	15,697,038	16,383,905
<b>Program revenues</b>										
Governmental activities										
Charges for services										
General government	491,112	408,960	610,891	612,881	671,525	567,797	681,596	742,585	2,659,158	782,333
Community development services	-	-	-	-	-	-	-	-	105,005	-
Public safety	28,711	41,914	45,451	72,016	100,316	79,257	77,754	55,170	151,237	81,584
Physical environment	687,179	692,448	702,763	729,303	761,325	1,131,290	1,181,593	1,326,131	-	1,605,702
Highways and streets	71,663	55,020	55,599	76,786	157,101	126,208	84,853	81,922	-	77,672
Culture and recreation	337,921	330,237	551,966	535,632	481,331	484,561	534,692	643,969	-	421,837
Operating grants and contributions	349,225	342,234	535,444	581,322	505,065	1,325,830	353,535	388,956	1,689,186	-
Capital grants and contributions	46,291	577,786	-	208,838	628,394	-	-	-	-	111,433
Total governmental activities program revenues	2,012,102	2,448,599	2,502,114	2,816,778	3,305,057	3,714,943	2,914,023	3,238,733	4,604,586	3,080,561
Business-type activities										
Charges for services										
Water and sewer	3,387,659	3,606,561	3,895,870	3,846,089	4,474,987	4,538,412	4,497,280	4,648,842	4,734,148	5,569,890
Cemetery	19,307	14,252	25,326	61,569	56,319	64,477	61,075	68,077	70,103	113,125
Operating grants and contributions	501,676	5,990,698	-	-	-	-	-	-	-	-
Capital grants and contributions	-	315,151	-	-	-	-	-	2,886,791	2,750,402	714,229
Total business-type activities program revenues	3,908,642	9,926,662	3,921,196	3,907,658	4,531,306	4,602,889	4,558,355	7,603,710	7,554,653	6,397,244
Total primary government program revenues	5,920,744	12,375,261	6,423,310	6,724,436	7,836,363	8,317,832	7,472,378	10,842,443	12,159,239	9,477,805
<b>Net (expenses)/revenue</b>										
Governmental activities	(5,536,254)	(5,584,773)	(5,919,563)	(5,819,065)	(5,807,199)	(5,135,923)	(6,849,901)	(7,991,730)	(7,226,374)	(9,219,616)
Business-type activities	792,503	6,818,307	877,946	758,382	1,379,393	1,158,903	958,685	3,832,016	3,688,575	2,313,516
Total primary government expenses	(4,743,751)	1,233,534	(5,041,617)	(5,060,683)	(4,427,806)	(3,977,020)	(5,891,216)	(4,159,714)	(3,537,799)	(6,906,100)

Sources: Information derived from the annual financial reports for the relevant year.

(Continued)

City of Inverness, Florida

**CHANGES IN NET POSITION**  
**(accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General revenues and other changes in net position</b>										
Governmental activities										
Property taxes	\$ 3,426,838	\$ 3,683,228	\$ 4,178,227	\$ 4,177,767	\$ 4,405,859	\$ 4,583,569	\$ 4,604,768	\$ 4,918,289	\$ 4,689,520	\$ 5,064,163
Other taxes	1,734,427	1,728,894	1,757,618	1,866,798	1,941,964	2,031,279	2,155,051	2,359,020	3,162,148	3,406,072
Intergovernmental	859,563	776,650	785,880	819,298	811,890	878,632	1,022,378	984,470	1,035,882	1,672,644
Investment earnings	90,487	116,344	431,162	533,722	224,216	70,739	95,879	729,607	169,100	964,016
Miscellaneous revenues	464,452	230,520	269,077	71,097	41,618	180,486	91,992	116,518	-	133,980
Transfers in (out)	528,500	724,741	528,500	378,500	578,500	560,500	577,500	792,500	612,500	711,875
Total governmental activities	7,104,267	7,260,377	7,950,464	7,847,182	8,004,047	8,305,205	8,547,568	9,900,404	9,669,150	11,952,750
Business-type activities										
Unrestricted investment earnings	29,126	41,403	100,419	114,553	64,205	9,307	39,455	245,056	403,361	302,832
Miscellaneous	60,094	33,731	11,579	1,450	-	4,352	-	41,339	30,715	346
Transfers in (out)	(528,500)	(724,741)	(528,500)	(378,500)	(578,500)	(560,500)	(577,500)	(752,500)	(612,500)	(711,875)
Total business-type activities	(439,280)	(649,607)	(416,502)	(262,497)	(514,295)	(546,841)	(538,045)	(466,105)	(178,424)	(408,697)
Total primary government	6,664,987	6,610,770	7,533,962	7,584,685	7,489,752	7,758,364	8,009,523	9,434,299	9,490,726	11,544,053
<b>Change in net position</b>										
Governmental activities	1,568,013	1,675,604	2,030,901	2,028,117	2,196,848	3,169,282	1,697,667	1,908,674	2,442,776	2,733,134
Business-type activities	353,223	6,168,700	461,444	495,885	865,098	612,062	420,640	3,365,911	3,510,151	1,904,819
Total primary government	\$ 1,921,236	\$ 7,844,304	\$ 2,492,345	\$ 2,524,002	\$ 3,061,946	\$ 3,781,344	\$ 2,118,307	\$ 5,274,585	\$ 5,952,927	\$ 4,637,953

Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.

## City of Inverness, Florida

### FUND BALANCES, GOVERNMENTAL FUNDS (modified accrual basis of accounting) Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Fund</b>										
Nonspendable	\$ 205,828	\$ 189,929	\$ 192,867	\$ 163,311	\$ 11,991	\$ 9,246	\$ 12,979	\$ 18,664	\$ 14,247	\$ 49,467
Restricted	-	-	-	-	-	690,866	551,450	98,137	-	-
Committed	2,827,032	2,208,606	2,208,606	2,208,606	2,208,606	2,208,606	5,813,001	5,763,001	8,386,061	14,783,096
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	4,403,858	2,975,445	4,722,189	6,122,958	6,823,140	8,789,990	6,666,741	8,266,626	6,413,207	7,500,911
Total General Fund	<u>\$ 7,436,718</u>	<u>\$ 5,373,980</u>	<u>\$ 7,123,662</u>	<u>\$ 8,494,875</u>	<u>\$ 9,043,737</u>	<u>\$ 11,698,708</u>	<u>\$ 13,044,171</u>	<u>\$ 14,146,428</u>	<u>\$ 14,813,515</u>	<u>\$ 22,333,474</u>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ 11,880	\$ 851	\$ -	\$ -	\$ -	\$ -	\$ 495	\$ -
Restricted	390,948	14,727,110	14,140,912	4,806,281	2,359,875	2,619,870	249,225	2,667,529	3,404,359	3,666,575
Committed	4,767,198	4,419,562	4,979,928	6,209,608	7,506,529	7,708,688	7,786,013	7,935,446	7,560,894	-
Assigned	-	-	-	-	-	-	-	-	-	1,357,150
Unassigned	-	-	-	-	-	(96,994)	-	-	-	-
Total all other governmental funds	<u>\$ 5,158,146</u>	<u>\$ 19,146,672</u>	<u>\$ 19,132,720</u>	<u>\$ 11,016,740</u>	<u>\$ 9,866,404</u>	<u>\$ 10,231,564</u>	<u>\$ 10,278,264</u>	<u>\$ 10,602,975</u>	<u>\$ 10,965,748</u>	<u>\$ 5,023,725</u>

Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.

City of Inverness, Florida

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

(modified accrual basis of accounting)

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes and special assessments	\$ 5,211,156	\$ 5,468,452	\$ 5,991,864	\$ 6,105,545	\$ 6,408,480	\$ 6,687,168	\$ 6,822,703	\$ 7,340,309	\$ 7,851,668	\$ 8,470,235
Licenses and permits	283,246	218,778	419,174	374,357	427,015	323,469	458,873	496,252	430,127	462,471
Intergovernmental revenues	1,665,008	1,704,170	1,630,518	1,768,652	2,104,543	2,363,470	1,684,714	1,682,614	1,689,186	1,672,644
Impact Fees	139,859	38,673	32,253	63,839	207,949	125,047	70,530	57,878	2,229,031	121,077
Charges for services	1,059,632	1,046,079	980,382	1,161,446	1,114,170	1,508,771	1,596,926	1,883,058	105,005	2,312,475
Fines and forfeitures	26,748	29,907	37,066	56,802	52,613	50,312	61,931	40,395	151,237	73,105
Investment earnings	90,487	116,344	431,162	533,722	224,216	70,739	95,879	729,607	1,035,882	964,016
Miscellaneous revenues	618,662	361,832	401,659	221,097	191,618	330,672	92,535	116,524	169,100	133,980
Total revenues	9,094,798	8,984,235	9,924,078	10,285,460	10,730,604	11,459,648	10,884,091	12,346,637	13,661,236	14,210,003
<b>Expenditures</b>										
General government	1,735,702	1,673,876	1,719,465	1,825,446	1,920,053	1,833,865	1,557,459	1,967,103	2,214,629	2,283,878
Community development services	662,830	1,712,474	2,056,589	10,246,228	3,863,294	608,901	893,006	750,708	492,821	487,744
Public safety	1,357,335	1,189,351	1,214,324	1,269,042	1,286,072	1,308,943	1,623,072	1,865,768	2,187,881	2,435,774
Physical environment	672,739	621,372	797,533	679,762	701,178	946,973	1,163,854	1,089,696	1,155,545	1,597,004
Highways and streets	1,016,307	1,006,308	1,021,659	1,069,751	1,140,574	1,179,297	1,199,331	1,361,330	1,491,735	1,267,698
Culture and recreation	1,241,011	1,244,540	1,449,971	1,459,096	1,376,724	1,503,520	1,751,954	1,999,851	2,257,117	2,245,889
Capital outlay	946,637	3,281,228	127,036	111,302	872,983	872,518	1,131,552	1,890,913	2,698,348	2,276,905
Debt service										
Principal retirement	-	3,000,000	-	280,000	290,000	295,000	310,000	320,000	335,000	355,000
Interest and fiscal charges	-	432,643	330,271	468,100	459,700	451,000	439,200	426,800	410,800	394,050
Total expenditures	7,632,561	14,161,792	8,716,848	17,408,727	11,910,578	9,000,017	10,069,428	11,672,169	13,243,876	13,343,942
Excess of revenues over (under) expenditures	1,462,237	(5,177,557)	1,207,230	(7,123,267)	(1,179,974)	2,459,631	814,663	674,468	417,360	866,061
<b>Other financing sources (uses)</b>										
Transfers in	3,623,619	5,987,055	2,054,298	2,378,475	2,979,036	1,988,250	2,043,930	2,902,078	3,451,213	11,148,249
Transfers out	(3,095,119)	(5,262,314)	(1,525,798)	(1,999,975)	(2,400,536)	(1,427,750)	(1,466,430)	(2,149,578)	(2,838,713)	(10,436,374)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	15,980,000	-	-	-	-	-	-	-	-
Premium on debt	-	398,604	-	-	-	-	-	-	-	-
Total other financing sources (uses)	528,500	17,103,345	528,500	378,500	578,500	560,500	577,500	752,500	612,500	711,875
Net change in fund balances	\$ 1,990,737	\$ 11,925,788	\$ 1,735,730	\$ (6,744,767)	\$ (601,474)	\$ 3,020,131	\$ 1,392,163	\$ 1,426,968	\$ 1,029,860	\$ 1,577,936
Debt service as a percentage of non-capital expenditures	0.00%	35.13%	4.67%	10.01%	9.64%	9.24%	8.84%	7.84%	7.20%	6.77%

Sources: Information derived from the Annual Comprehensive Financial Report or annual financial reports for the relevant year.

## City of Inverness, Florida

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

<b>Fiscal Year-End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Tangible Personal Property (TPP)</b>	<b>Taxable Value Total</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value <sup>(1)</sup></b>	<b>Factor of Taxable Value <sup>(1)</sup></b>	<b>Assessed Value as a Percentage of Actual</b>
2016	\$ 163,764,815	\$161,017,089	\$ 3,799,020	\$ 90,522,688	\$ 58,371,861	\$ 477,475,473	7.5729	\$ 615,851,685	1.289808	77.53%
2017	172,814,507	158,954,754	4,286,803	97,795,632	58,520,031	492,371,727	8.0729	622,053,577	1.263382	79.15%
2018	192,698,424	154,282,585	4,335,532	79,646,332	56,695,626	487,658,499	8.2729	661,434,142	1.356347	73.73%
2019	206,179,387	159,799,517	4,232,298	94,100,965	62,623,297	526,935,464	8.2729	698,117,300	1.324863	75.48%
2020	222,491,978	166,199,338	4,593,964	92,049,502	66,235,434	551,570,216	7.9730	689,461,115	1.249997	80.00%
2021	243,975,576	165,156,145	4,671,552	91,995,461	64,881,025	570,679,759	7.8211	718,008,728	1.258164	79.48%
2022	294,731,692	171,825,725	5,093,650	89,619,023	65,698,933	626,969,023	7.7600	778,474,207	1.241647	80.54%
2023	349,995,148	184,428,616	5,743,660	90,899,426	72,847,807	703,914,657	7.7600	854,161,721	1.213445	82.41%
2024	376,878,551	194,573,942	6,081,790	95,534,106	83,253,350	756,321,739	7.6600	915,305,863	1.210207	82.63%
2025	397,009,287	202,927,607	7,217,093	94,264,982	85,960,755	787,379,724	7.5600	976,194,957	1.239802	80.66%

Source: Avenu Insights & Analytics

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

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

## City of Inverness, Florida

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

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential	\$ 163,764,815	\$ 172,814,507	\$ 192,698,424	\$ 206,179,387	\$ 222,491,978	\$ 243,975,576	\$ 294,731,692	\$ 349,995,148	\$ 376,878,551	\$ 397,009,287
Commercial	161,017,089	158,954,754	154,282,585	159,799,517	166,199,338	165,156,145	171,825,725	184,428,616	194,573,942	202,927,607
Miscellaneous	88,899,951	95,485,114	77,365,183	90,603,187	88,960,119	88,921,050	83,916,518	87,379,915	89,768,738	88,215,716
Industrial	3,799,020	4,286,803	4,335,532	4,232,298	4,593,964	4,671,552	5,093,650	5,743,660	6,081,790	7,217,093
Agriculture	1,622,737	2,310,518	2,281,149	3,497,778	3,089,383	3,074,411	5,702,505	3,519,511	5,765,368	6,049,266
Taxable Value of Real Property	419,103,612	433,851,696	430,962,873	464,312,167	485,334,782	505,798,734	561,270,090	631,066,850	673,068,389	701,418,969
Tangible Personal Property	58,371,861	58,520,031	56,695,626	62,623,297	66,235,434	64,881,025	65,698,933	72,847,807	95,534,106	85,930,755
Total School Taxable Value	<u>\$ 477,475,473</u>	<u>\$ 492,371,727</u>	<u>\$ 487,658,499</u>	<u>\$ 526,935,464</u>	<u>\$ 551,570,216</u>	<u>\$ 570,679,759</u>	<u>\$ 626,969,023</u>	<u>\$ 703,914,657</u>	<u>\$ 768,602,495</u>	<u>\$ 787,349,724</u>

Source: Citrus County Assessor data, Avenu Insights & Analytics

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

## City of Inverness, Florida

### Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

<b>Fiscal Year-End</b>	<b>City of Inverness</b>	<b>Citrus County</b>	<b>Citrus County School Board</b>	<b>Hospital Board</b>	<b>Mosquito Control</b>	<b>SWFWMD General</b>	<b>Total</b>
2016	7.5729	7.6652	6.9250	0.0000	0.4478	0.3317	22.9426
2017	8.0729	7.4407	6.5810	0.0000	0.4478	0.3131	22.8555
2018	8.2729	7.3561	6.3380	0.0000	0.4478	0.2955	22.7103
2019	8.2729	7.2032	6.1250	0.0000	0.4478	0.2801	22.3290
2020	7.9730	7.2032	5.9300	0.0000	0.4478	0.2669	21.8209
2021	7.8211	7.1742	5.8170	0.0000	0.4307	0.2535	21.4965
2022	7.7600	7.6678	5.5230	0.0000	0.4307	0.2260	21.6075
2023	7.7600	8.3522	5.4440	0.0000	0.3958	0.2043	22.1563
2024	7.6600	8.3469	5.3440	0.0000	0.3708	0.1909	21.9126
2025	7.5600	8.3469	5.3510	0.0000	0.3708	0.1831	21.8118

Sources: Citrus County Property Appraiser , Avenu Insights & Analytics

# City of Inverness, Florida

## Principal Property Taxpayers Current and Nine Fiscal Years Ago

Taxpayer	2025		2016	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Citrus County Hospital Board	\$ 90,239,522	11.46%	\$ 88,976,473	18.63%
Duke Energy Florida	18,032,058	2.29%	12,321,077	2.58%
95 FLRPT LLC	8,529,660	1.08%	6,609,630	1.38%
Sembler Gregory S	7,312,470	0.93%	6,017,110	1.26%
Sumter Electric Cooperative Inc.	7,774,118	0.99%	4,891,841	1.02%
Citrus Hospitality LLC	5,042,810	0.64%		
Signet Investments	6,067,118	0.77%	3,819,160	0.80%
701 Medical Court East LLC	4,725,447	0.60%	4,525,990	0.95%
Adams Homes Of Northwest Florida	4,144,155	0.53%		
Brannen Bank	4,173,605	0.53%	3,860,874	0.81%
FL Arbor Trail Holdings LLC	4,171,390	0.53%	3,363,620	0.70%
White Cap Of Florida Inc.	3,472,650	0.44%	2,607,110	0.55%
Colonnade Park Ltd.	3,042,836	0.39%		
Rosenberg Peter Michael	3,098,360	0.39%	2,309,600	0.48%
Citrus Plaza Commons LLC	3,053,770	0.39%	2,611,050	0.55%
Aem Anfang LLC	2,982,500	0.38%	2,141,390	0.45%
Williams Ltc Inc.	2,806,150	0.36%		
Inverness Regional LLC	2,819,980	0.36%		
Osceola Inc.	2,567,114	0.33%		
Nolette Joseph H	2,767,934	0.35%		
Embarq Florida Inc.	2,329,700	0.30%		
Fitzgerald Way LLC	2,531,850	0.32%		
Bobchad Holdings Inc.	2,564,632	0.33%		
Spectrum Sunshine State LLC	2,800,092	0.36%		
Wells Fargo Bank			7,307,029	1.53%
First Baptist Church Of Inverness			5,141,205	1.08%
Centurylink			4,887,645	1.02%
Wyld Palms Holdings LLC			4,804,180	1.01%
Lynch Robert N As Bishop Of			4,157,820	0.87%
Cornerstone Baptist Church			3,541,647	0.74%
Inverness Church Of God Inc.			2,992,032	0.63%
First Presbyterian Church			2,962,575	0.62%
Publix Super Market #1448	2,463,568	0.31%	2,443,013	0.51%
Highland Terrace Aid Propco			2,292,432	0.48%
RKM Crystal LLC			2,245,830	0.47%
First Christian Church Of			2,060,298	0.43%
<b>Total Top 25 Taxpayers</b>	<b>199,513,489</b>	<b>25.34%</b>	<b>188,890,631</b>	<b>39.56%</b>
<b>Total Taxable Value</b>	<b>\$ 787,379,724</b>	<b>100.00%</b>	<b>\$ 477,475,473</b>	<b>100.00%</b>

Source: Citrus County Assessor data, Avenu Insights & Analytics

## City of Inverness, Florida

### Demographic and Economic Statistics Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income <sup>(1)</sup></b>	<b>Median Age <sup>(2)</sup></b>	<b>Public School Enrollment <sup>(3)</sup></b>	<b>County Unemployment Rate <sup>(4)</sup></b>	<b>City Unemployment Rate <sup>(4)</sup></b>	<b>County Population <sup>(1)</sup></b>
2016	7,233	\$ 136,667,535	18,895	51.0	14,881	6.9%	6.9%	141,058
2017	7,347	142,496,314	19,395	55.0	14,991	6.0%	6.0%	143,621
2018	7,304	150,673,778	20,629	55.1	15,083	4.7%	4.7%	145,647
2019	7,390	160,799,749	21,759	58.6	15,098	4.3%	4.3%	147,929
2020	7,414	167,784,825	22,631	57.3	15,611	10.2%	10.2%	149,657
2021	7,543	184,260,404	24,428	58.1	15,413	7.2%	7.2%	153,843
2022	7,624	213,918,156	28,059	58.5	15,663	4.4%	4.4%	158,083
2023	7,602	248,793,923	32,727	56.7	16,070	4.2%	4.2%	162,529
2024	7,543	276,179,327	36,614	56.0	15,691	4.5%	4.2%	153,843
2025	7,887	311,352,733	39,477	56.0	16,558	5.8%	3.2%	170,174

Source: Avenu Insights & Analytics

<sup>(1)</sup> Data is provided by the U.S. Census Bureau.

<sup>(2)</sup> Median Age reflects the U.S. Census data estimation table.

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

<sup>(4)</sup> Unemployment rates data from [www.homefacts.com](http://www.homefacts.com).

## City of Inverness, Florida

### Principal Employers Current and Nine Years Ago

Employer	2025		2016	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Citrus County School District *	2,280	33.75%	2,234	38.52%
Citrus County	1,331	19.70%	1,416	24.41%
HCA Florida - Citrus Hospital	1,028	15.22%	878	15.14%
Publix Super Market	212	3.14%	170	2.93%
Citrus Health & Rehabilitation	174	2.58%	130	2.24%
Winn-Dixie - 2 locations	169	2.50%	184	3.17%
Lowe's Home Improvement	175	2.59%	185	3.19%
Avante At Inverness	149	2.21%		
Arbor Trail Rehab & Nursing	125	1.85%	130	2.24%
Nick Nicholas Ford	111	1.64%		
Walmart Supercenter			388	6.69%
Brannen Bank			110	1.90%
<b>Total Top 10 Employers</b>	<b>5,754</b>	<b>85.18%</b>	<b>5,825</b>	<b>100.43%</b>
Total City Labor Force <sup>(1)</sup>	6,755		5,800	

Source: Avenu Insights & Analytics

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

<sup>(1)</sup> Labor Force data is provided by the U.S. Census Bureau.

Notes:

\* District-Wide employee count.

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## **OTHER REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Inverness, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2026.

### **Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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



Bradenton, Florida  
March 27, 2026

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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**SECTION I  
SUMMARY OF AUDIT RESULTS**

**Financial Statements**

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

Internal control over financial reporting:  
Material weaknesses identified?  yes  no

Significant deficiencies identified not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal and State Award Programs**

There was not an audit of major federal programs for the fiscal year ended September 30, 2025 due to the total amount expended being less than \$1,000,000. There was not an audit of major state programs for the fiscal year ended September 30, 2025 due to the total amount expended being less than \$750,000.

**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None.

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

Not applicable.

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

None.

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## Independent Auditor's Management Letter

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

### **Report on the Financial Statements**

We have audited the financial statements of the City of Inverness, Florida's (the "City"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 27, 2026.

### **Auditor's Responsibility**

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

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated March 27, 2026, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Inverness, Florida was incorporated in 1919. Additional information on the City's creation and the City's component units is disclosed within the City's footnotes.

## Financial Condition and Management

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

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

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

## Property Assessed Clean Energy (PACE) Programs

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

## Additional Matters

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

## Purpose of this Letter

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



Bradenton, Florida  
March 27, 2026



## Independent Accountant's Report

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

We have examined the City of Inverness, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 27, 2026

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