

CITY OF TAVARES, FLORIDA
Annual Comprehensive Financial Report
FISCAL YEAR 2020-2021



LAND AND SEE OUR SEAPLANE CITY!





This page intentionally left blank

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

CITY OF TAVARES, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

PREPARED BY:
FINANCE DEPARTMENT

INTRODUCTORY SECTION

	<u>Page</u>
INTRODUCTORY SECTION:	
Table of Contents	i
Letter of Transmittal	iii
GFOA Certificate of Achievement	ix
List of Principal Officials	x
Organizational Chart	xi
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Pavilion Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Infrastructure Surtax Special Revenue Fund	20
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Statement of Fiduciary Net Position - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	26
Notes to Financial Statements	27
Required Supplementary Information	
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	72
Schedule of Changes in the City's Net Pension Liability and Related Ratios - Police Officers' Pension Plan	73
Schedule of City Contributions - Police Officers' Pension Plan	75
Schedule of Investment Returns - Police Officers' Pension Plan	76
Schedule of Changes in the City's Net Pension Liability and Related Ratios - Firefighters' Pension Plan	77
Schedule of City Contributions - Firefighters' Pension Plan	79
Schedule of Investment Returns - Firefighters' Pension Plan	80
Schedule of City's Proportionate Share of Net Pension Liability - FRS	81
Schedule of City's Contributions - FRS	82
Combining and Individual Fund Statements and Schedules:	
Budgetary Comparison Schedule - Capital Projects Fund	83
Combining Balance Sheet - Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	86

	<u>Page</u>
Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Budget and Actual:	
Police Training Special Revenue Fund	88
Grant Fund	89
Police Services Impact Special Revenue Fund	90
Fire/Rescue Services Impact Special Revenue Fund	91
Police Forfeitures Special Revenue Fund	92
Parks and Recreation Impact Special Revenue Fund	93
Greater Downtown TIF District Special Revenue Fund	94
Fire Assessment Special Revenue Fund	95
Flag Pole Fund	96
Debt Service Fund	97
Combining Statement of Fiduciary Net Position - Fiduciary Funds	98
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	99
 STATISTICAL SECTION:	
Net Position by Component	100
Changes in Net Position	101
Governmental Activities Tax Revenues by Source	104
Fund Balances of Governmental Funds	105
Changes in Fund Balances of Governmental Funds	107
Assessed Value and Estimated Actual Value of Taxable Property	109
Property Tax Rates, Direct and Overlapping Governments	111
Principal Property Taxpayers	112
Property Tax Levies and Collections	113
Ratio of Outstanding Debt by Type	114
Ratios and General Bonded Debt Outstanding	115
Direct and Overlapping Governmental Activities Debt	116
Legal Debt Margin Information	117
Pledged-Revenue Bond Coverage	118
Demographic and Economic Statistics	119
Principal Employers	120
Full-time Equivalent City Government Employees by Function/Program	121
Operating Indicators by Function/Program	122
 OTHER REPORTS:	
Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	123
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance In Accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	125
Schedule of Expenditures of State Financial Assistance	127
Notes to Schedule of State Financial Assistance	128
Schedule of Findings and Questioned Costs	129
Management Letter	130
Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	132
Impact Fee Affidavit	133



June 30, 2022

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP) and that they be audited in accordance with Generally Accepted Auditing Standards in the United States of America by a firm of licensed Certified Public Accountants (CPAs). Pursuant to that requirement, it is with great pleasure that we present to you the City of Tavares, Florida Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021.

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

McDermitt Davis & Company, LLC, a firm of licensed Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Tavares's financial statements for the fiscal year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Tavares, incorporated in 1880, is located in central Lake County. The City currently has a land area of 13.93 square miles and serves a population of approximately 17,749. The City is located in the center of Lake County which contains more than 1,000 lakes within its 1,156 square mile border. It is one of the few places within Florida that contains rolling hills making it a natural challenge for those who enjoy golfing, hiking or

bicycling. Location is another key element that makes Tavares so unique. The City's downtown waterfront on Lake Dora provides an exceptional experience for residents and visitors alike. Probably the most unique aspect of this Florida city is its designation as "America's Seaplane City", accommodating thousands of seaplane visits each year. The City is the County Seat, housing the Lake County government campus, courthouse, criminal justice complex and jail. At the northern most tip of the county sits the Ocala National Forest. At the southern border, one is only a short 16 miles to all the major central Florida attractions including Disney theme parks, Universal Studios, and Sea World. Further, the City is within a 90 minute drive to either the Gulf of Mexico beaches to the west, or the Atlantic Coast beaches to the east. The City of Tavares is empowered to levy a property tax on both real and personal property located within its boundaries. The City is also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

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

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

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

Local economy

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

Aerodyne, a designer, manufacturer and supplier of SeaRey seaplanes, and the Jones Brothers, a seaplane flight training and scenic tour operator. The Jones Brothers are licensed to operate and offer air passenger service.

Although the local economy was impacted by the effects of the COVID19 Pandemic, business tax receipts for new businesses exceeded expectations, and permit activity increased thus indicating the local economy has rebounded.

The City's total assessed valuation for real and personal property increased by approximately 7.18% from the prior year. The increase in valuation was primarily due to improvements in the real estate markets as a result of improvements in the economic environment, and new construction. The millage rate was decreased from 6.95 in the prior fiscal year to 6.90 mills in fiscal year 2021 (tax roll 2020). The millage rate decrease can be attributed to increased property valuations.

The unemployment rate for Lake County at September 30, 2021 was reported at 4.3%, a reduction from the prior year. This compares to the state unemployment rate of 4.9% and the national rate of 4.7%. There were 15 new business tax receipt applications processed in fiscal year 2021 indicating steady new business growth for the year ended September 30, 2021.

The total number of new construction permits increased in fiscal year 2021, indicating a steady local economy for new construction; permits were steady as the City issued 132 permits for new home construction, an increase of 22 permits over the prior year. Although other permit types issued experienced some decreases, permit activity remained steady with 230 permits issued for home alterations and additions, three permits issued for new commercial construction, 27 permits issued for commercial alterations, and 1,150 permits issued for other permitted activity. Although Impact fee waivers for new construction are not offered for new development, the City provides Impact Fee waivers on a case by case basis for new manufacturing related to the seaplane industry. No case by case waivers were issued for the current year.

Local economic indicators such as those described above indicate steady growth and a stable economic environment, as well as the City's ability to weather continued effects of the COVID19 Pandemic. The City continues to work with builders, developers, manufacturers, and residents for both commercial and residential development.

Long-term financial planning

As spendable fund balance in the General Fund is approximately 18.3% of total General Fund expenditures (excluding debt service), the City included replenishment for reserves in the adopted budget for fiscal year 2022, and will continue to include a focus toward replenishing reserves as part of the annual budgeting process. Total Fund balance is within the policy guidelines set by the City Council for budgetary and planning purposes (i.e., between 5 and 20 percent of total General Fund revenues/expenditures). The City Council does not envision changing the current fund balance reserve range of between 5 and 20 percent.

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

economic development within the City.

Major initiatives

In April 2010 the City opened the Wooton Park Seaplane Base located on the Lake Dora downtown waterfront, and America's Seaplane City was born. The Seaplane Base and Marina includes a Train Station Depot with a passenger rail platform. In March 2012, a special referendum was held for issuance of General Obligation Debt to provide funding to expand the Wooton Park Seaplane Base and Marina on the downtown waterfront. The referendum was approved by the citizens of Tavares and provided for the expansion of the Seaplane Base and Marina. The expansion included new restrooms to service the park, a railroad crossing for the west park entrance, and a continuation of the Tav-Lee Trail. The referendum provided for a separate debt service millage for repayment of the debt for the project.

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

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

Ongoing initiatives to stimulate downtown revitalization include a campaign to showcase Tavares as the premiere waterfront Central Florida Capital City for special events. The natural historical waterfront and designated entertainment district provides an ideal setting for various water-oriented community events. Some events that the City has been successful in securing for the downtown include: Sunnyland Antique Classic Boat Festival, Planes-Music-Barbeque event, and the Classic Boat Regatta. An air show for the Planes, Tunes and Barbeque event has added a unique experience for this event, bringing many new visitors to Tavares each year. A new initiative to replace the wayfinding signs downtown began in fiscal year 2021. The new signage will provide enhanced design and improved as well as expanded information to visitors of the downtown and the waterfront. The initiative is expected to be completed in fiscal year 2022. The new signs are expected to draw more visitors to the downtown and the waterfront. Upon completion the initiative

will contribute to revitalization efforts.

As the effects of the COVID-19 Pandemic decreased, attendance at waterfront events have increased to near pre-pandemic levels. To celebrate the decrease in COVID-19 cases in the area, and to stimulate the local economy, a new street festival event was hosted in the downtown and waterfront area using savings from events that were canceled due to the pandemic. The street festival occurred in spring 2021 and enjoyed record breaking attendance.

The City started two major downtown renovation projects in 2021. One project will completely rebuild and replace the City's signature waterfront playground known as Wooton Wonderland. The new playground will provide ADA friendly playground components. A second project to the downtown provides renovations to the train station to provide a history museum for local residents and visitors to the downtown. In addition to the downtown initiatives, the City also designed and constructed a restroom facility at the City Cemetery located in the northwest quadrant of the City. The history museum project was completed in December 2021. The Wooton Wonderland project is ongoing and expected to finish in FY 2023. The new restroom facility at the Cemetery was completed in 2021. The projects were funded with debt proceeds and grant funding.

Additionally, funds were secured from the Lake County Impact Fee Fund for expansion of the City of Tavares downtown Library. Design for the project began in the fiscal year 2019, and construction for the project commenced in the fall of 2020. The Project expanded Library services to serve a growing community of residents of all ages. The project is expected to be completed in December 2021.

The City is currently in the process of designing a new Public Works Operation Center. The project includes participation with Lake Technical College, Inc. as the project will include a training component so that students of Lake Technical College may train with certified City tradesmen and tradeswomen. The facility is currently under design to include two buildings, one at 8,530 sq. ft. and a second at 8,474 sq. ft. One building will provide administration and shop work areas for Public Works staff, and the second building will provide a shop and education facility for the Lake Technical College Diesel School. The Project is anticipated to be funded through grants, a bank loan, and funding from the college.

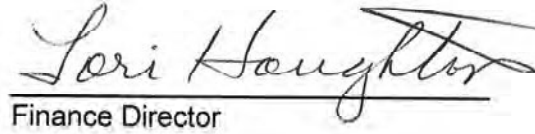
The preparation of this report would not have been possible without the efficient and dedicated services of the staff in the Finance Department. We would like to express our appreciation to all members of the staff who assisted and contributed to the preparation of this report. Credit also must be given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

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tavares for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,


City Administrator


Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Tavares
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF TAVARES, FLORIDA

LIST OF PRINCIPAL OFFICIALS

Year Ended September 30, 2021

MAYOR

Amanda Boggus

CITY COUNCIL

Lou Buigas, Vice Mayor

Troy Singer

Lori Pfister

Walter Price

CITY ADMINISTRATOR

John Drury

CITY CLERK

Susie Novack

CITY ATTORNEY

Robert Q. Williams

FINANCE DIRECTOR

Lori Houghton



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Tavares, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tavares, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness accounting policies used and significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, and the respective changes in financial position, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, pavilion fund, and infrastructure surtax fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefits disclosures on pages 3 through 12 and 72 through 82, respectively, 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.

Other 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 introductory section, combining and individual fund financial statements and schedules, statistical section, and the Schedule of Expenditures of State Financial Assistance, as required by the audit requirements of Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules of budgetary comparison information and the Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Orlando, Florida
June 30, 2022

As management of the City of Tavares, Florida we offer readers of the City of Tavares's financial statements this narrative overview and analysis of the financial activities of the City of Tavares for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of the City of Tavares exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$88,638,502 (net position). Of this amount, \$16,358,137 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6,837,483.
- As of the close of the current fiscal year, the City of Tavares governmental funds reported combined ending fund balances of \$5,608,089, a decrease of \$6,172,028 in comparison with the prior year. This decrease resulted primarily from capital outlay of prior insurance recoveries and debt proceeds.
- The General Fund experienced a decrease of \$232,717 in fund balance for the fiscal year and ended the year with a fund balance of \$4,017,877 with \$3,793,466 in unassigned fund balance and available for spending at the City's discretion.
- The Water and Sewer Fund issued \$3,600,000 in bonds payable and \$2,620,685 in notes payable to finance the construction of various improvements within the City.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Tavares that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tavares include general government, public safety, physical environment, economic environment, and culture and recreation. The business-type activities of the City of Tavares include water, sewer, solid waste, and stormwater management, and seaplane base operations.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The City of Tavares maintains sixteen (16) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, the pavilion fund, and the infrastructure surtax fund, all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Tavares adopts an annual appropriated budget for all of its governmental funds except for the permanent funds. Budgetary comparison statements have been provided for the general fund, the pavilion special revenue fund, and the infrastructure surtax fund to demonstrate compliance with this budget at pages 18 - 20. Budgetary comparison schedules have been provided for the capital projects fund on page 83 and nonmajor funds at pages 88 - 97.

The basic governmental fund financial statements can be found on pages 15 - 16 of this report.

Proprietary funds

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

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

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

Fiduciary funds

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

The basic fiduciary fund financial statements can be found on pages 25 - 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 financial statements can be found on pages 27 - 71 of this report.

Other Information

In addition to the basic financial statements and accompanying notes this report also presents certain required supplementary information concerning the City of Tavares progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found starting on page 72.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84 - 99.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Tavares, assets and deferred outflows exceeded liabilities and deferred inflows by \$88,638,502 at the close of the most recent fiscal year. The following table reflects a comparison of the condensed statement of net position for the current year to the prior year. For more detail see the Statement of Net Position on page 13.

City of Tavares
Statement of Net Position

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 9,876,049	\$ 16,375,796	\$ 34,446,379	\$ 29,592,952	\$ 44,322,428	\$ 45,968,748
Capital assets	61,394,877	54,077,744	63,522,265	61,514,502	124,917,142	115,592,246
Total assets	71,270,926	70,453,540	97,968,644	91,107,454	169,239,570	161,560,994
Total Deferred Outflows of Resources						
	3,877,251	3,101,375	978,710	1,074,582	4,855,961	4,175,957
Liabilities:						
Long-term liabilities outstanding	26,942,490	34,664,365	44,251,814	41,547,687	71,194,304	76,212,052
Other liabilities	2,977,148	4,227,512	2,133,845	1,963,895	5,110,993	6,191,407
Total liabilities	29,919,638	38,891,877	46,385,659	43,511,582	76,305,297	82,403,459
Total Deferred Inflows of Resources						
	7,494,932	1,441,287	1,656,800	91,186	9,151,732	1,532,473
Net Position:						
Net investment in capital assets	40,682,650	32,064,811	24,641,521	23,493,373	65,324,171	55,558,184
Restricted	2,012,797	7,301,862	4,943,397	4,900,393	6,956,194	12,202,255
Unrestricted	(4,961,840)	(6,144,922)	21,319,977	20,185,502	16,358,137	14,040,580
Total net position	\$ 37,733,607	\$ 33,221,751	\$ 50,904,895	\$ 48,579,268	\$ 88,638,502	\$ 81,801,019

The largest portion of the City's net position, \$65,324,171, reflects its investments in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt that is outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tavares's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Tavares's net position, \$6,956,194, represents resources that are subject to external restriction on how they may be used. The remaining unrestricted net position of \$16,358,137 may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased \$6,837,483 during the current fiscal year for current activities. The following table reflects the condensed Statement of Activities for the current year compared to the prior year. For more detail see the Statement of Activities on page 14.

City of Tavares
Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,482,911	\$ 3,395,476	\$ 16,279,835	\$ 15,628,516	\$ 19,762,746	\$ 19,023,992
Operating grants and contributions	915,825	2,462,441	-	18,139	915,825	2,480,580
Capital grants and contributions	909,973	1,523,195	977,945	1,409,287	1,887,918	2,932,482
General revenues:						
Property taxes	7,454,007	6,995,761	-	-	7,454,007	6,995,761
Franchise and utility taxes	3,624,500	3,511,536	-	-	3,624,500	3,511,536
Intergovernmental	3,893,281	3,363,341	-	-	3,893,281	3,363,341
Investment income and miscellaneous	251,980	255,806	98,976	99,355	350,956	355,161
Total revenues	20,532,477	21,507,556	17,356,756	17,155,297	37,889,233	38,662,853
Expenses:						
General government	3,823,113	4,337,617	-	-	3,823,113	4,337,617
Public safety	7,181,650	7,722,446	-	-	7,181,650	7,722,446
Physical environment	2,945,305	2,848,128	-	-	2,945,305	2,848,128
Economic environment	516,772	522,862	-	-	516,772	522,862
Culture and recreation	3,351,437	3,972,217	-	-	3,351,437	3,972,217
Interest on long-term debt	642,875	721,920	-	-	642,875	721,920
Water and sewer	-	-	8,286,951	8,390,496	8,286,951	8,390,496
Solid waste	-	-	2,386,957	2,247,012	2,386,957	2,247,012
Stormwater	-	-	1,256,655	825,328	1,256,655	825,328
Seaplane base	-	-	660,035	789,538	660,035	789,538
Total expenses	18,461,152	20,125,190	12,590,598	12,252,374	31,051,750	32,377,564
Increase (Decrease) in Net Position Before Transfers						
	2,071,325	1,382,366	4,766,158	4,902,923	6,837,483	6,285,289
Transfers	2,440,531	2,600,734	(2,440,531)	(2,600,734)	-	-
Increase in Net Position	4,511,856	3,983,100	2,325,627	2,302,189	6,837,483	6,285,289
Net position, beginning	33,221,751	29,238,651	48,579,268	46,277,079	81,801,019	75,515,730
Net position, ending	\$ 37,733,607	\$ 33,221,751	\$ 50,904,895	\$ 48,579,268	\$ 88,638,502	\$ 81,801,019

Governmental activities

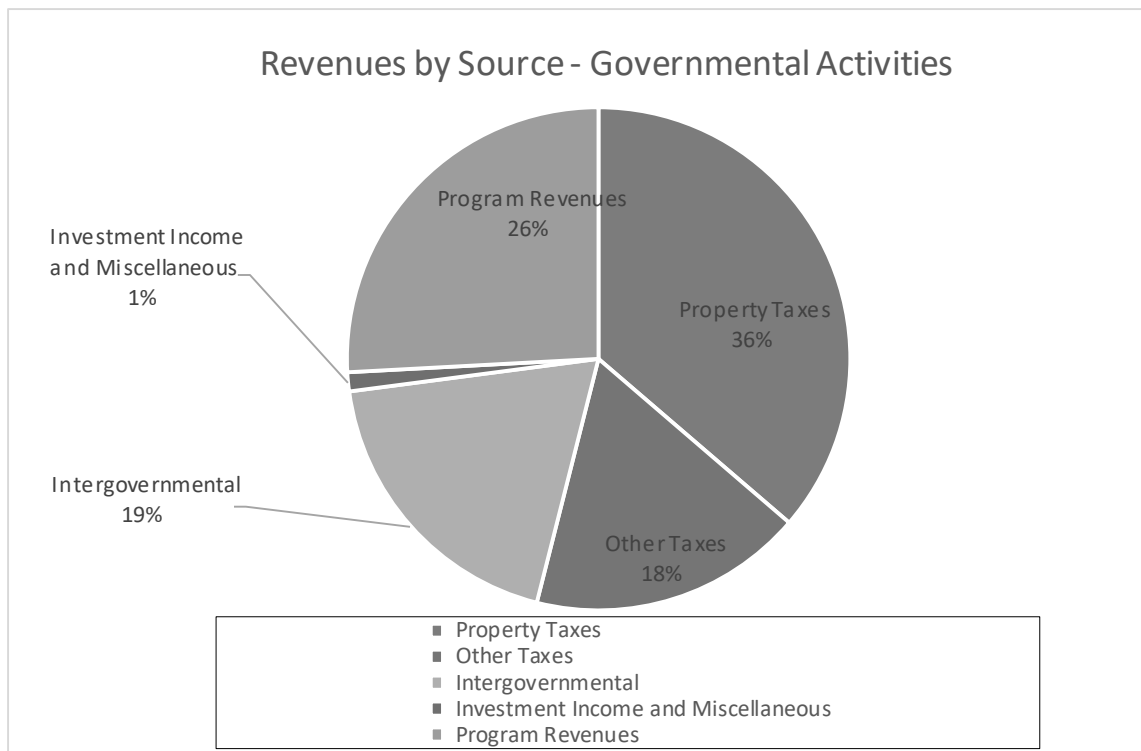
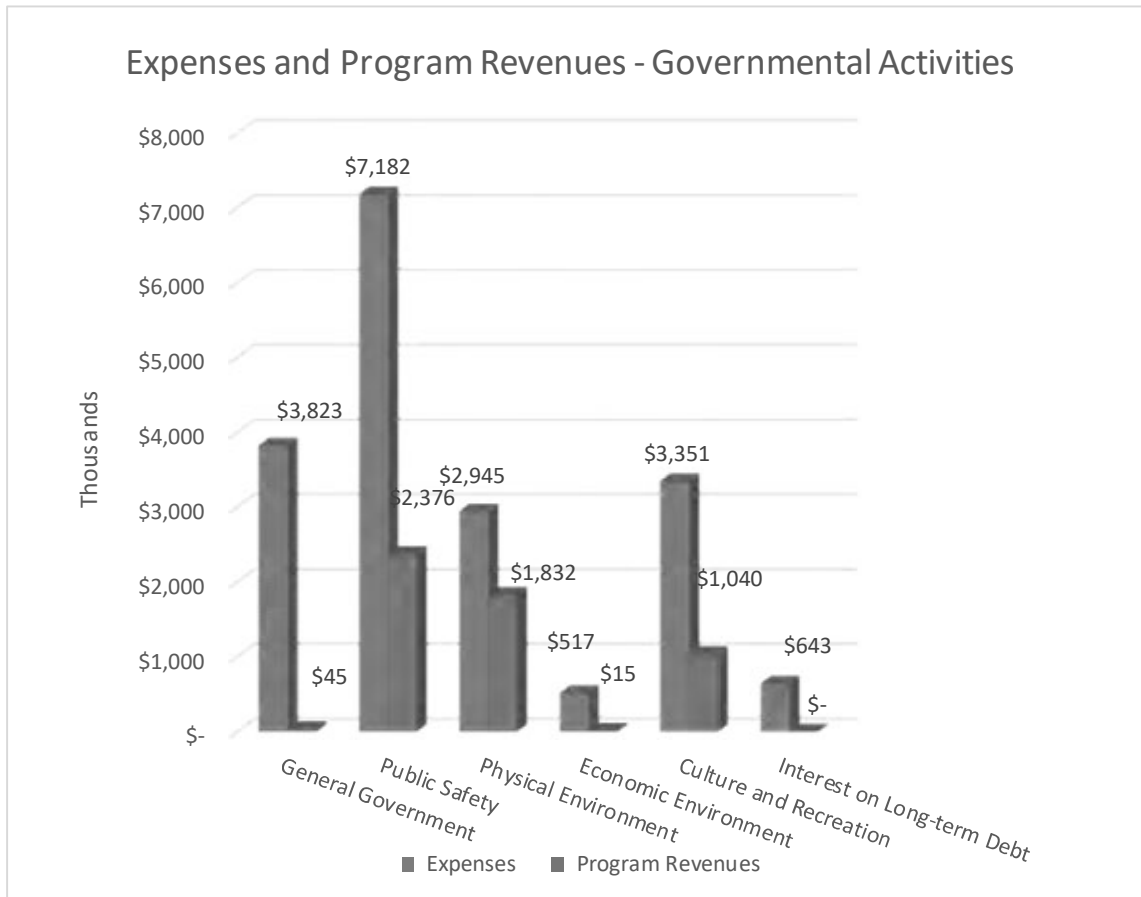
Governmental activities increased the City of Tavares's net position by \$4,511,856. Key elements of this increase are as follows:

- Intergovernmental revenues increased \$529,940 primarily due to increased sales tax collections.
- Property taxes increased by \$458,246 primarily due to increased property values.

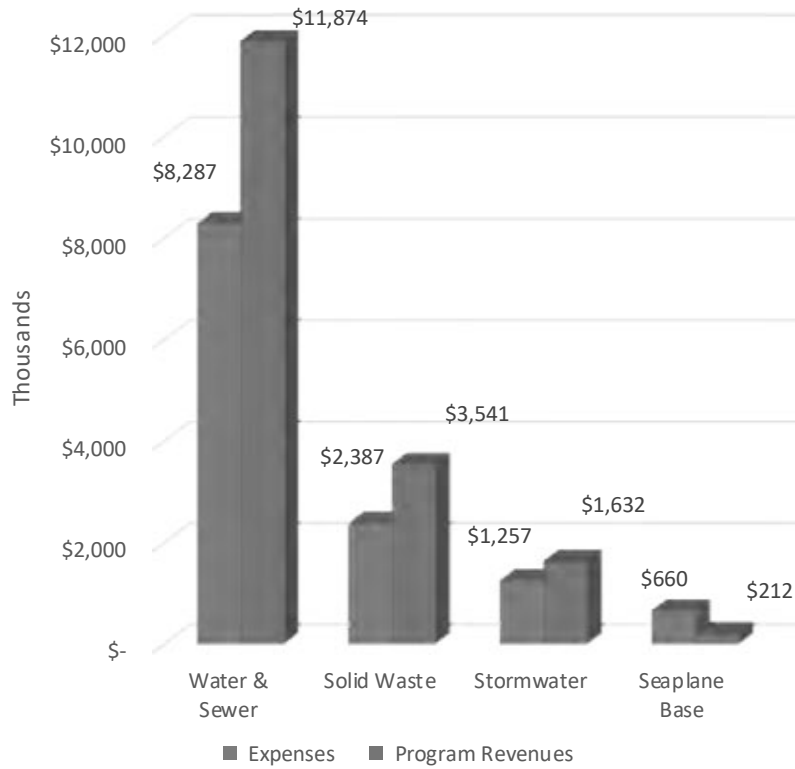
Business-type activities

Overall, net position increased by \$2,325,627 (5%) from business-type activities during the current year. Unrestricted net position of the business-type activities at the end of the year amounted to \$21,319,977. Key highlights for business activities during the current year were as follows:

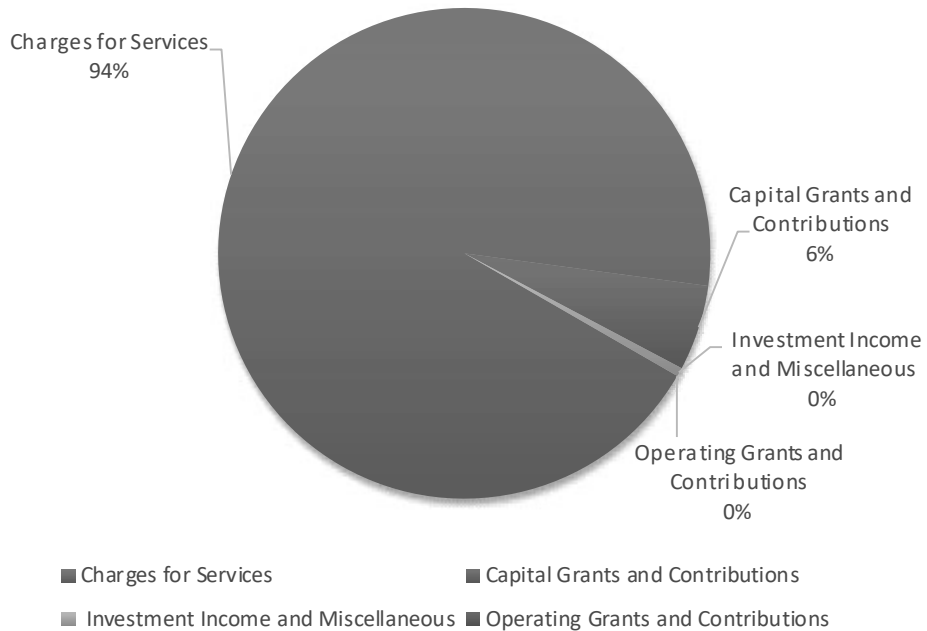
- Total revenues for all business-type activities increased by \$201,459 (1%), primarily in charges for services.
- Operating expenses for all business-type activities increased over the prior fiscal year by \$338,224 (3%).



Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Tavares's governmental funds reported combined ending fund balances of \$5,608,089, a decrease of \$6,172,028 in comparison with the prior year. The decrease is primarily attributable to capital outlay of previously received insurance recoveries and proceeds from notes payable. Unassigned fund balance is \$1,295,356. The remainder of fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been assigned or restricted: 1) debt service (\$490,384), 2) to fund public safety expansion projects (\$786,122), 3) to fund various capital projects (\$2,564,547), and 4) to fund culture and recreation expansion projects (\$217,974). In addition, fund balance includes nonspendable amounts (\$224,411), and non-expendable trusts (\$29,295). The majority of the nonspendable balance, \$215,229, relates to long term advances to other funds.

The general fund is the chief operating fund of the City of Tavares. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,793,466 while total fund balance was \$4,017,877. 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 20% of total general fund expenditures, while total fund balance represents 21% of that same amount.

The fund balance of the general fund decreased by \$232,717 during the current fiscal year. Key factors attributing to the decrease are as follows:

- Increase in physical environment expenditures of \$935,915 due to capital outlay activity.
- Increase in public safety expenditures of \$445,050 due to increased wages and benefits.

The capital projects fund had \$6,649,055 in expenditures primarily related to the reconstruction of the Seaplane Base.

The fund deficit of the pavilion fund was \$2,324,547, which is an increase of \$15,390. The revenues of the fund continue to increase as the economy recovers from the COVID-19 pandemic.

The fund balance in the infrastructure surtax fund increased by \$287,464. This increase is primarily due to increased infrastructure sales tax collections.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$21,319,977. Total net position for proprietary funds increased by \$2,325,627 (5%). Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Tavares's business-type activities.

General Fund Budgetary Highlights

Increases from original budget appropriations and final amended budget appropriations were \$2,438,765 while original estimated revenues increased by \$973,505. The increase in budgeted expenditures was primarily in the public safety and physical environment functions. During the year, actual revenues were more than budgetary estimates by \$549,747, and expenditures were less than budgetary estimates by \$462,492. The reasons for the increase in appropriations can be briefly summarized as follows:

- \$641,702 in increased public safety costs primarily related to salaries and benefits.
- \$827,877 in increased costs primarily related to capital outlay.

Capital Asset and Debt Administration

Capital Assets

The City of Tavares's investment in capital assets for its governmental and business-type activities as of September 30, 2021 amounts to \$124,917,142 (net of accumulated depreciation/amortization). This investment in capital assets includes land, intangible assets, buildings, improvements/infrastructure, and machinery and equipment. An increase of 8.07% in the City's investment in capital assets was experienced for the current fiscal year due to several ongoing major capital projects. Major capital asset events during the current fiscal year included the following:

- Construction of water and sewer capacity increases.
- Reconstruction of the seaplane base which was destroyed by Hurricane Irma.

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

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 6,594,102	\$ 6,594,092	\$ 533,788	\$ 533,788	\$ 7,127,890	\$ 7,127,880
Software/licenses	586,221	274,684	435,968	359,897	1,022,189	634,581
Buildings & improvements	25,248,066	8,687,998	54,656,554	54,832,580	79,904,620	63,520,578
Improvements/infrastructure	25,222,019	17,424,243	-	-	25,222,019	17,424,243
Machinery and equipment	2,701,378	2,070,887	2,394,872	2,418,580	5,096,250	4,489,467
Construction in progress	1,043,091	19,025,840	5,501,083	3,369,657	6,544,174	22,395,497
Total	\$ 61,394,877	\$ 54,077,744	\$ 63,522,265	\$ 61,514,502	\$ 124,917,142	\$ 115,592,246

Additional information on the City of Tavares's capital assets can be found in Note 6 on pages 38 - 39 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Tavares had total debt outstanding of \$64,471,472. This debt includes bonds payable, notes payable and capital leases payable. Additional information on long-term debt can be found in Note 7 on pages 40 - 47 of this report.

**City of Tavares
Long-Term Debt**

	Governmental		Business Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Bonds payable	\$ -	\$ -	\$ 7,695,000	\$ 4,490,000	\$ 7,695,000	\$ 4,490,000
Notes payable	21,777,000	23,939,000	34,757,720	33,555,853	56,534,720	57,494,853
Capital lease obligations	241,752	270,728	-	-	241,752	270,728
	<u>\$22,018,752</u>	<u>\$24,209,728</u>	<u>\$42,452,720</u>	<u>\$38,045,853</u>	<u>\$64,471,472</u>	<u>\$62,255,581</u>

The City of Tavares's total debt increased by \$2,215,891 (4%) during the current fiscal year, primarily because of the issuance of notes and bonds payable.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Lake County at September 30, 2021 was reported at 4.3%, a decrease over the prior fiscal year. The decrease can be attributed to the return to pre-COVID19 activities in the business environment. This compares with the state unemployment rate of 4.9% a significant decrease over the prior fiscal year.
- During the reporting period new construction permits for residential and commercial construction increased by 5.5% over the prior fiscal year. The increase in new construction permits indicate a steady growth in new construction for the City of Tavares. Remodeling and reconstruction permits increased by 12.7%. New construction permits included single family homes, multi-family complexes, storage facilities, medical facilities, and office buildings. In addition to increased new construction permitting over the prior year, the city approved several annexations, site plans, and future land use amendments; all indicators for continued growth and expansion for the local economy.
- As reported in the prior fiscal year, the second phase of a multi-family development to Tavares providing housing to the growing local economy was permitted in the current fiscal year. The complex was completed in fiscal year 2021. Impact fee deferrals were key in keeping the project timeline during the COVID19 pandemic.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Tavares, Florida
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 10,516,546	\$ 14,522,683	\$ 25,039,229
Investments	229,672	3,839,102	4,068,774
Receivables, net	904,828	1,985,791	2,890,619
Inventories	6,682	335,358	342,040
Internal balances	(4,490,896)	4,490,896	-
Due from other governments	360,669	-	360,669
Prepaid costs	2,500	-	2,500
Restricted assets:			
Cash and cash equivalents	962,871	7,161,294	8,124,165
Investments	27,434	2,092,852	2,120,286
Special assessments receivable	-	18,403	18,403
Net pension asset	1,355,743	-	1,355,743
Capital assets not being depreciated	7,637,193	6,034,871	13,672,064
Capital assets being depreciated, net of accumulated depreciation	53,757,684	57,487,394	111,245,078
Total assets	71,270,926	97,968,644	169,239,570
Deferred Outflows of Resources:			
Deferred charge on refunding	-	21,976	21,976
Deferred outflows of OPEB earnings	175,861	75,505	251,366
Deferred outflows of pension earnings	3,701,390	881,229	4,582,619
Total deferred outflows of resources	3,877,251	978,710	4,855,961
Liabilities:			
Accounts payable and other current liabilities	1,645,589	1,098,189	2,743,778
Matured bonds and interest payable	926,683	-	926,683
Accrued interest payable	64,931	245,736	310,667
Unearned revenues	312,676	26,189	338,865
Customer deposits payable	27,269	763,731	791,000
Noncurrent liabilities:			
Due within one year	2,528,580	2,415,815	4,944,395
Due in more than one year	24,413,910	41,835,999	66,249,909
Total liabilities	29,919,638	46,385,659	76,305,297
Deferred Inflows of Resources:			
Deferred inflows of OPEB earnings	7,170	3,077	10,247
Deferred inflows of pension earnings	7,487,762	1,653,723	9,141,485
Total deferred outflows of resources	7,494,932	1,656,800	9,151,732
Net Position:			
Net investment in capital assets	40,682,650	24,641,521	65,324,171
Restricted for:			
Capital projects	489,022	4,943,397	5,432,419
Culture and recreation	217,974	-	217,974
Public safety	786,122	-	786,122
Debt Service	490,384	-	490,384
Perpetual care-nonexpendable	29,295	-	29,295
Unrestricted	(4,961,840)	21,319,977	16,358,137
Total Net Position	\$ 37,733,607	\$ 50,904,895	\$ 88,638,502

City of Tavares, Florida
Statement of Activities
For the Year Ended September 30, 2021

	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:						
Governmental Activities:						
General government	\$ 3,823,113	\$ 44,795	\$ -	\$ (3,778,318)	\$ -	\$ (3,778,318)
Public safety	7,181,650	1,856,555	379,456	(4,805,763)	-	(4,805,763)
Physical environment	2,945,305	1,176,153	413,386	(1,113,035)	-	(1,113,035)
Economic environment	516,772	5,900	76	(501,296)	-	(501,296)
Culture and recreation	3,351,437	399,508	122,907	(2,311,156)	-	(2,311,156)
Interest on long-term debt	642,875	-	-	(642,875)	-	(642,875)
Total governmental activities	<u>18,461,152</u>	<u>3,482,911</u>	<u>915,825</u>	<u>(13,152,443)</u>	<u>-</u>	<u>(13,152,443)</u>
Business-type Activities:						
Water and sewer	8,286,951	10,895,658	-	-	3,586,652	3,586,652
Solid Waste	2,386,957	3,540,508	-	-	1,153,551	1,153,551
Stormwater	1,256,655	1,631,563	-	-	374,908	374,908
Seaplane Base	660,035	212,106	-	-	(447,929)	(447,929)
Total business-type activities	<u>12,590,598</u>	<u>16,279,835</u>	<u>-</u>	<u>-</u>	<u>4,667,182</u>	<u>4,667,182</u>
Total primary government	<u>\$ 31,051,750</u>	<u>\$ 19,762,746</u>	<u>\$ 915,825</u>	<u>(13,152,443)</u>	<u>4,667,182</u>	<u>(8,485,261)</u>
General Revenues:						
Taxes:						
Property taxes				7,454,007	-	7,454,007
Franchise fees and utility taxes				3,624,500	-	3,624,500
Intergovernmental-unrestricted				3,893,281	-	3,893,281
Investment income and miscellaneous				251,980	98,976	350,956
Transfers				2,440,531	(2,440,531)	-
Total general revenues and transfers				<u>17,664,299</u>	<u>(2,341,555)</u>	<u>15,322,744</u>
Change in net position				<u>4,511,856</u>	<u>2,325,627</u>	<u>6,837,483</u>
Net position, beginning				<u>33,221,751</u>	<u>48,579,268</u>	<u>81,801,019</u>
Net position, ending				<u>\$ 37,733,607</u>	<u>\$ 50,904,895</u>	<u>\$ 88,638,502</u>

City of Tavares, Florida
Balance Sheet
Governmental Funds
September 30, 2021

	<u>Special Revenue</u>					Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects Fund	Pavilion Fund	Infrastructure Surtax Fund			
Assets:							
Cash and cash equivalents	\$ 4,699,313	\$ 2,568,708	\$ 77,145	\$ 89,767	\$ 3,081,613	\$ 10,516,546	
Investments	50,249	-	-	144,798	62,059	257,106	
Receivables, net	724,565	-	-	-	180,263	904,828	
Inventories, at cost	6,682	-	-	-	-	6,682	
Due from other governments	147,610	-	-	203,059	10,000	360,669	
Prepaid items	2,500	-	-	-	-	2,500	
Advances to other funds	215,229	-	-	-	-	215,229	
Restricted assets:							
Cash and cash equivalents	-	-	-	962,871	-	962,871	
Total assets	<u>\$ 5,846,148</u>	<u>\$ 2,568,708</u>	<u>\$ 77,145</u>	<u>\$ 1,400,495</u>	<u>\$ 3,333,935</u>	<u>\$ 13,226,431</u>	
Liabilities and Fund Balances:							
Accounts payable	\$ 675,942	\$ 21,980	\$ 14,027	\$ -	\$ 9,733	\$ 721,682	
Accrued liabilities	899,652	-	17,870	-	814	918,336	
Retainage payable	-	5,571	-	-	-	5,571	
Due to other funds	-	1,420,922	2,307,201	-	978,002	4,706,125	
Customer deposits	-	-	27,019	-	-	27,019	
Unearned revenue	252,677	-	35,325	-	24,674	312,676	
Developer deposits	-	-	250	-	-	250	
Matured bonds payable	-	-	-	-	769,000	769,000	
Matured interest payable	-	-	-	-	157,683	157,683	
Total liabilities	<u>1,828,271</u>	<u>1,448,473</u>	<u>2,401,692</u>	<u>-</u>	<u>1,939,906</u>	<u>7,618,342</u>	
Fund Balances (Deficits):							
Nonspendable	224,411	-	-	-	29,295	253,706	
Restricted	-	1,120,235	-	1,400,495	1,538,297	4,059,027	
Assigned	-	-	-	-	-	-	
Unassigned	3,793,466	-	(2,324,547)	-	(173,563)	1,295,356	
Total fund balances	<u>4,017,877</u>	<u>1,120,235</u>	<u>(2,324,547)</u>	<u>1,400,495</u>	<u>1,394,029</u>	<u>5,608,089</u>	
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 5,846,148</u>	<u>\$ 2,568,708</u>	<u>\$ 77,145</u>	<u>\$ 1,400,495</u>	<u>\$ 3,333,935</u>		

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.	61,394,877
Net pension assets are not current financial resources and therefore are not reported in the funds.	1,355,743
Deferred inflows and outflows of resources related to pension and OPEB earnings are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting.	(3,617,681)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(64,931)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(26,942,490)
Net position of governmental activities	<u>\$ 37,733,607</u>

City of Tavares, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2021

	Special Revenue					Total Governmental Funds
	General	Capital Projects Fund	Pavilion Fund	Infrastructure Surtax Fund	Nonmajor Governmental Funds	
Revenues:						
Taxes	\$ 10,371,894	\$ -	\$ -	\$ -	\$ 706,613	\$ 11,078,507
Licenses and permits	1,205,996	-	-	-	-	1,205,996
Intergovernmental revenues	3,399,169	-	-	1,865,844	257,619	5,522,632
Special assessments	-	-	-	-	1,834,316	1,834,316
Charges for services	116,192	-	295,781	-	370,306	782,279
Fines and forfeitures	22,663	-	-	-	2,063	24,726
Investment income	73	-	-	271	97	441
Miscellaneous	241,338	-	10,201	-	-	251,539
Total revenues	15,357,325	-	305,982	1,866,115	3,171,014	20,700,436
Expenditures:						
Current:						
General government	4,215,564	-	-	1,632	-	4,217,196
Public safety	7,973,864	-	-	95,534	25,367	8,094,765
Physical environment	3,262,812	-	-	66,483	228,852	3,558,147
Economic environment	278,051	-	-	-	230,540	508,591
Culture and recreation	2,977,483	-	451,465	-	11,179	3,440,127
Debt Service:						
Principal	-	-	147,000	1,034,000	1,009,976	2,190,976
Interest and other fiscal charges	-	-	49,083	381,002	224,053	654,138
Capital Outlay	-	6,649,055	-	-	-	6,649,055
Total Expenditures	18,707,774	6,649,055	647,548	1,578,651	1,729,967	29,312,995
Excess (Deficiency) of Revenues Over Expenditures	(3,350,449)	(6,649,055)	(341,566)	287,464	1,441,047	(8,612,559)
Other Financing Sources (Uses):						
Transfers in	5,131,502	-	356,956	-	922,087	6,410,545
Transfers out	(2,013,770)	-	-	-	(1,956,244)	(3,970,014)
Total other financing sources (uses)	3,117,732	-	356,956	-	(1,034,157)	2,440,531
Net change in fund balances	(232,717)	(6,649,055)	15,390	287,464	406,890	(6,172,028)
Fund balances, beginning	4,250,594	7,769,290	(2,339,937)	1,113,031	987,139	11,780,117
Fund balances, ending	\$ 4,017,877	\$ 1,120,235	\$ (2,324,547)	\$ 1,400,495	\$ 1,394,029	\$ 5,608,089

The accompanying Notes to Financial Statements are an integral part of these statements.

**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, 2021

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

Net Change in Fund Balances - total governmental funds:	\$ (6,172,028)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,317,715
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(582)
Governmental funds report cash contributions to pensions as expenditures because they consume current financial resources. The Statement of Activities reports the change in pension liability and related deferrals as pension expense. This is the amount of the difference between the two amounts.	1,364,810
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,190,976
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.	(21,076)
Revenues recognized in a prior period in the statement of activities that did not provide current financial resources were not recognized in the funds until such resources were provided.	(167,959)
Change in net position of governmental activities	\$ 4,511,856

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 10,656,671	\$ 10,122,020	\$ 10,371,894	\$ 249,874
Licenses and permits	751,172	859,614	1,205,996	346,382
Intergovernmental revenues	2,095,211	3,471,023	3,399,169	(71,854)
Charges for services	164,225	116,193	116,192	(1)
Fines and forfeitures	36,425	22,663	22,663	-
Investment income	1,094	78	73	(5)
Miscellaneous	129,275	215,987	241,338	25,351
Total revenues	13,834,073	14,807,578	15,357,325	549,747
Expenditures:				
Current:				
General government	4,162,398	4,339,681	4,215,564	124,117
Public safety	7,148,699	7,790,401	7,973,864	(183,463)
Physical environment	2,625,187	3,453,064	3,262,812	190,252
Economic environment	280,136	281,173	278,051	3,122
Culture and recreation	2,515,081	3,305,947	2,977,483	328,464
Total expenditures	16,731,501	19,170,266	18,707,774	462,492
Excess (deficiency) of revenues over expenditures	(2,897,428)	(4,362,688)	(3,350,449)	1,012,239
Other financing sources (uses)				
Transfers in	5,130,464	5,131,504	5,131,502	(2)
Transfers out	(2,062,415)	(2,138,770)	(2,013,770)	125,000
Total other financing sources and uses	3,068,049	2,992,734	3,117,732	124,998
Net change in fund balances	170,621	(1,369,954)	(232,717)	1,137,237
Fund balances, beginning	4,250,594	4,250,594	4,250,594	-
Fund balances, ending	\$ 4,421,215	\$ 2,880,640	\$ 4,017,877	\$ 1,137,237

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 453,371	\$ 290,162	\$ 295,781	\$ 5,619
Miscellaneous	16,962	10,202	10,201	(1)
Total revenues	<u>470,333</u>	<u>300,364</u>	<u>305,982</u>	<u>5,618</u>
Expenditures:				
Current:				
Culture and recreation	486,538	455,505	451,465	4,040
Debt Service:				
Principal	147,000	147,000	147,000	-
Interest and other charges	49,084	49,084	49,083	1
Total Expenditures	<u>682,622</u>	<u>651,589</u>	<u>647,548</u>	<u>4,041</u>
Excess (deficiency) of revenues Over expenditures	<u>(212,289)</u>	<u>(351,225)</u>	<u>(341,566)</u>	<u>9,659</u>
Other Financing Sources (Uses)				
Transfers in	214,779	331,956	356,956	25,000
Total other financing sources and uses	<u>214,779</u>	<u>331,956</u>	<u>356,956</u>	<u>25,000</u>
Net change in fund balances	2,490	(19,269)	15,390	34,659
Fund balances, beginning	(2,339,937)	(2,339,937)	(2,339,937)	-
Fund balances, ending	<u>\$ (2,337,447)</u>	<u>\$ (2,359,206)</u>	<u>\$ (2,324,547)</u>	<u>\$ 34,659</u>

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 1,345,725	\$ 1,345,725	\$ 1,865,844	\$ 520,119
Investment income	8,959	8,959	271	(8,688)
Total revenues	<u>1,354,684</u>	<u>1,354,684</u>	<u>1,866,115</u>	<u>511,431</u>
Expenditures:				
Current:				
General government	19,300	19,300	1,632	17,668
Public Safety	-	141,771	95,534	46,237
Physical environment	130,000	228,427	66,483	161,944
Debt Service:				
Principal	1,050,692	1,027,127	1,034,000	(6,873)
Interest and other charges	421,749	431,528	381,002	50,526
Total Expenditures	<u>1,621,741</u>	<u>1,848,153</u>	<u>1,578,651</u>	<u>269,502</u>
Excess (deficiency) of revenues over expenditures	<u>(267,057)</u>	<u>(493,469)</u>	<u>287,464</u>	<u>780,933</u>
Net change in fund balances	<u>(267,057)</u>	<u>(493,469)</u>	<u>287,464</u>	<u>780,933</u>
Fund balances, beginning	<u>1,113,031</u>	<u>1,113,031</u>	<u>1,113,031</u>	<u>-</u>
Fund balances, ending	<u>\$ 845,974</u>	<u>\$ 619,562</u>	<u>\$ 1,400,495</u>	<u>\$ 780,933</u>

City of Tavares, Florida
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-Type Activities - Enterprise Funds				Total
	Water and Sewer	Solid Waste	Stormwater	Seaplane Base	
Assets:					
Current assets:					
Cash and cash equivalents	\$ 10,896,187	\$ 2,467,353	\$ 1,092,803	\$ 66,340	\$ 14,522,683
Investments	3,828,699	730	9,673	-	3,839,102
Receivables, net	1,448,978	348,295	156,809	31,709	1,985,791
Inventories, at cost	265,240	-	-	70,118	335,358
Total current assets	16,439,104	2,816,378	1,259,285	168,167	20,682,934
Noncurrent assets:					
Restricted cash and cash equivalents	7,161,294	-	-	-	7,161,294
Restricted investments	2,092,852	-	-	-	2,092,852
Due from other funds	4,490,896	-	-	-	4,490,896
Special assessments receivable - long-term	18,403	-	-	-	18,403
Capital assets:					
Land, buildings and equipment	99,856,186	2,219,005	3,885,555	250,969	106,211,715
Construction in progress	5,186,248	255,685	59,150	-	5,501,083
Less: accumulated depreciation	(44,900,548)	(1,696,755)	(1,490,914)	(102,316)	(48,190,533)
Total capital assets (net of accumulated depreciation)	60,141,886	777,935	2,453,791	148,653	63,522,265
Total non-current assets	73,905,331	777,935	2,453,791	148,653	77,285,710
Total assets	90,344,435	3,594,313	3,713,076	316,820	97,968,644
Deferred Outflows of Resources:					
Deferred charge on refunding	21,976	-	-	-	21,976
Deferred outflows of pension and OPEB earnings	641,996	148,373	84,224	82,141	956,734
	663,972	148,373	84,224	82,141	978,710
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	880,298	118,501	43,696	55,694	1,098,189
Customer deposits payable	763,731	-	-	-	763,731
Compensated absences - current	46,508	8,931	15,001	5,731	76,171
Notes payable - current	1,784,644	-	-	-	1,784,644
Revenue bonds payable - current	555,000	-	-	-	555,000
Unearned revenue	-	26,189	-	-	26,189
Accrued interest payable	245,736	-	-	-	245,736
Total current liabilities	4,275,917	153,621	58,697	61,425	4,549,660
Noncurrent liabilities:					
Compensated absences	186,031	35,725	60,006	22,925	304,687
Notes payable	32,973,076	-	-	-	32,973,076
Revenue bonds payable	7,140,000	-	-	-	7,140,000
Net OPEB liability	131,894	36,181	32,998	21,492	222,565
Net pension liability	810,363	184,662	99,088	101,558	1,195,671
Total noncurrent liabilities	41,241,364	256,568	192,092	145,975	41,835,999
Total liabilities	45,517,281	410,189	250,789	207,400	46,385,659
Deferred Inflows of Resources:					
Deferred inflows of pension and OPEB earnings	1,122,631	255,905	137,503	140,761	1,656,800
Net Position:					
Net investment in capital assets	21,261,142	777,935	2,453,791	148,653	24,641,521
Restricted for capital projects	4,943,397	-	-	-	4,943,397
Unrestricted	18,163,956	2,298,657	955,217	(97,853)	21,319,977
Total net position	\$ 44,368,495	\$ 3,076,592	\$ 3,409,008	\$ 50,800	\$ 50,904,895

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

For the Year Ended September 30, 2021

	Business-Type Activities - Enterprise Funds				Total
	Water and Sewer	Solid Waste	Stormwater	Seaplane Base	
Operating Revenues:					
User charges	\$ 10,876,816	\$ 3,514,775	\$ 1,625,085	\$ 212,106	\$ 16,228,782
Other revenue	18,842	25,733	6,478	-	51,053
Total operating revenues	10,895,658	3,540,508	1,631,563	212,106	16,279,835
Operating Expenses:					
Personal services	2,464,419	564,196	631,643	362,273	4,022,531
Utilities	650,829	1,308,795	-	59,694	2,019,318
Materials and supplies	453,094	137,085	50,020	129,960	770,159
Repairs and maintenance	300,656	69,413	46,752	18,306	435,127
Depreciation and amortization	3,100,160	144,382	178,784	15,408	3,438,734
Professional services	299,650	15,006	6,102	11,737	332,495
Other expenses	268,180	148,080	343,354	62,657	822,271
Total operating expenses	7,536,988	2,386,957	1,256,655	660,035	11,840,635
Operating income (loss)	3,358,670	1,153,551	374,908	(447,929)	4,439,200
Nonoperating Revenue (Expenses):					
Insurance recoveries	32,215	4,425	3,102	31,270	71,012
Investment income	27,948	1	15	-	27,964
Interest expense	(749,963)	-	-	-	(749,963)
Total nonoperating revenue (expenses)	(689,800)	4,426	3,117	31,270	(650,987)
Income (loss) before contributions and transfers	2,668,870	1,157,977	378,025	(416,659)	3,788,213
Impact fees	977,945	-	-	-	977,945
Transfers in	286,872	-	470,089	406,167	1,163,128
Transfers out	(2,065,219)	(860,642)	(677,798)	-	(3,603,659)
Change in net position	1,868,468	297,335	170,316	(10,492)	2,325,627
Total net position, beginning	42,500,027	2,779,257	3,238,692	61,292	48,579,268
Total net position, ending	\$ 44,368,495	\$ 3,076,592	\$ 3,409,008	\$ 50,800	\$ 50,904,895

City of Tavares, Florida
Statement of Cash Flows
Proprietary Funds
For The Year Ended September 30, 2021

	Enterprise Funds				Total
	Water and Sewer	Sanitation	Stormwater	Seaplane Base	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 11,886,803	\$ 3,563,126	\$ 1,633,759	\$ 180,648	\$ 17,264,336
Payments to suppliers	(1,909,195)	(1,614,691)	(481,102)	(322,349)	(4,327,337)
Payments to employees	(2,482,655)	(585,374)	(600,476)	(360,371)	(4,028,876)
Net cash provided (used) by operating activities	7,494,953	1,363,061	552,181	(502,072)	8,908,123
Cash Flows from Non-Capital Financing Activities:					
Transfers in	286,872	-	470,089	406,167	1,163,128
Transfers out	(2,065,219)	(860,642)	(677,798)	-	(3,603,659)
(Increase) decrease in due from other funds	640,000	-	-	-	640,000
Net cash provided (used) by non-capital financing activities	(1,138,347)	(860,642)	(207,709)	406,167	(1,800,531)
Cash Flows from Capital and Related Financing Activities:					
Proceeds from insurance recoveries	32,215	4,425	3,102	31,270	71,012
Proceeds of notes and bonds	6,220,685	-	-	-	6,220,685
Acquisition of capital assets	(4,810,122)	(252,285)	(306,047)	(78,043)	(5,446,497)
Principal paid on revenue bonds, notes and leases	(1,813,818)	-	-	-	(1,813,818)
Interest paid on revenue bonds, notes and leases	(896,538)	-	-	-	(896,538)
Impact fees received	977,945	-	-	-	977,945
Net cash provided (used) by capital and related financing activities	(289,633)	(247,860)	(302,945)	(46,773)	(887,211)
Cash Flows from Investing Activities:					
Purchase of investments	(9,824)	(1)	(15)	-	(9,840)
Investment income	27,948	1	15	-	27,964
Net cash provided (used) by investing activities	18,124	-	-	-	18,124
Net increase (decrease) in cash and cash equivalents	6,085,097	254,559	41,527	(142,678)	6,238,505
Cash and cash equivalents, beginning	11,972,384	2,212,794	1,051,276	209,018	15,445,472
Cash and cash equivalents, end	\$ 18,057,481	\$ 2,467,353	\$ 1,092,803	\$ 66,340	\$ 21,683,977
Classified As:					
Cash and cash equivalents	\$ 10,896,187	\$ 2,467,353	\$ 1,092,803	\$ 66,340	\$ 14,522,683
Restricted cash and cash equivalents	7,161,294	-	-	-	7,161,294
Total	\$ 18,057,481	\$ 2,467,353	\$ 1,092,803	\$ 66,340	\$ 21,683,977

	Enterprise Funds				Total
	Water and Wastewater Fund	Solid Waste Fund	Stormwater Fund	Seaplane Base	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 3,358,670	\$ 1,153,551	\$ 374,908	\$ (447,929)	\$ 4,439,200
Adjustments Not Affecting Cash:					
Depreciation and amortization	3,100,160	144,382	178,784	15,408	3,438,734
Change in Assets and Liabilities:					
(Increase) Decrease in accounts receivable	932,449	12,251	2,196	(31,458)	915,438
(Increase) Decrease in inventories	(118,047)	-	-	(42,473)	(160,520)
(Increase) Decrease in deferred outflows of pension and OPEB earnings	64,832	18,232	(315)	10,375	93,124
Increase (decrease) in accounts payable	181,261	63,688	(34,874)	2,478	212,553
Increase (decrease) in accrued liabilities	14,867	(311)	15,317	7,784	37,657
Increase (decrease) in customer deposits	58,696	-	-	-	58,696
Increase (decrease) in compensated absences	7,962	(4,134)	4,294	4,100	12,222
Increase (decrease) in unearned revenues	-	10,367	-	-	10,367
Increase (decrease) in net pension liability	(1,184,755)	(280,587)	(135,057)	(155,182)	(1,755,581)
Increase (decrease) in deferred inflows of pension and OPEB earnings	1,061,170	241,460	130,230	132,754	1,565,614
Increase (decrease) in OPEB liability	17,688	4,162	16,698	2,071	40,619
Total adjustments	<u>1,036,123</u>	<u>65,128</u>	<u>(1,511)</u>	<u>(69,551)</u>	<u>1,030,189</u>
Net cash provided (used) by operating activities	<u>\$ 7,494,953</u>	<u>\$ 1,363,061</u>	<u>\$ 552,181</u>	<u>\$ (502,072)</u>	<u>\$ 8,908,123</u>

City of Tavares, Florida
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2021

	Total Pension Funds
Assets:	
Cash and cash equivalents	\$ 199,239
Receivables:	
State contribution	254,806
Total receivables	<u>254,806</u>
Investments, at fair value:	
Mutual funds - fixed income	10,625,089
Mutual funds - equity	15,783,647
Common and collective funds	2,715,077
Total Investments	<u>29,123,813</u>
Total assets	<u>29,577,858</u>
Liabilities:	
Accounts payable	-
Total liabilities	-
Net Position:	
Net position restricted for pensions	<u>\$ 29,577,858</u>

City of Tavares, Florida

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

For the Year Ended September 30, 2021

	<u>Total Pension Funds</u>
Additions:	
Contributions:	
Employer	\$ 706,512
Plan members	177,240
State	<u>254,806</u>
Total contributions	<u>1,138,558</u>
Investment income:	
Net increase (decrease) in fair value	4,319,687
Interest	592,970
Less: investment expense	<u>(47,000)</u>
Net investment income (loss)	<u>4,865,657</u>
Total additions	6,004,215
Deductions:	
Benefits/distributions	834,901
Administrative expenses	<u>111,252</u>
Total deductions	<u>946,153</u>
Change in net position	5,058,062
Net position, beginning	<u>24,519,796</u>
Net position, ending	<u><u>\$ 29,577,858</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

The City of Tavares Greater Downtown TIF District

The City of Tavares created the Downtown Redevelopment Agency in June of 1995. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Resolution 95-09, which established the City of Tavares as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. Through Ordinance 95-14, the City established the Greater Downtown TIF District Fund to account for all transactions generated by this special revenue fund. In 2006, the City of Tavares expanded the TIF District in accordance with Chapter 163 of the Florida Statutes designating the expanded area and passed Ordinance Number 2006-24 which established the expanded Community Redevelopment Trust and obligating the trust to implement the City of Tavares Greater Downtown Redevelopment Plan Update.

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

Government-Wide and Fund Financial Statements

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The government reports the following funds:

Major Governmental Funds

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

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

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

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

Nonmajor Governmental Funds

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

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

Major Proprietary Funds

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Nonmajor Proprietary Funds

No proprietary funds were classified as nonmajor funds.

Other Fund Types

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

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

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

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

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

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

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

Deposits and Investments

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

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

Receivables and Payables

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Inventories and Prepaid Items

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

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

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

Restricted Assets

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

Capital Assets

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Post Retirement Benefits

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

Long-Term Obligations

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One such item is the deferred charge on refunding reported in the enterprise and government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items are the deferred outflows of pension and OPEB earnings.

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

Net position flow assumption

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

Fund balance flow assumption

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority. The City Commission is the highest level of decision making authority for the City that can, by adoption of an Ordinance or Resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken (the adoption of another ordinance or resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The commission may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily.

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

Estimates

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

New GASB Statement Implemented

In fiscal year 2021, the City has not implemented any new accounting standards with a material effect on the City's financial statements.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Capital outlay	\$ 9,140,485
Depreciation expense	<u>(1,822,770)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 7,317,715</u>

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

Principal repayment	<u>\$ 2,190,976</u>
Net Adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 2,190,976</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.” The details of this difference are as follows:

Compensated absences	\$ 8,533
Accrued interest payable (net change)	11,263
Other post employment benefits	<u>(40,872)</u>
Net Adjustment to Decrease <i>Net Changes in Fund Balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (21,076)</u>

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Appropriations in Excess of Funds Available

The Pavilion Fund, Capital Projects Fund, Grant Fund, and Greater Downtown TIF Fund contained appropriations in excess of revenues and available fund balance for the fiscal year ending September 30, 2021.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Balances

The Greater Downtown TIF District Special Revenue Fund and Pavilion Fund have deficit fund balances at September 30, 2021.

Expenditures and Transfers Out in Excess of Appropriations

The public safety department of the General Fund, and debt service of the Infrastructure Surtax and Debt Service Funds contained expenditures in excess of appropriations for the fiscal year ended September 30, 2021.

Budgetary Information

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

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

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

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

Investments

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

1. The State Board of Administration Local Government Surplus Funds Trust Fund

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

Investments made by the City of Tavares as of September 30, 2021 are summarized below. In accordance with GASB Statement No. 31, investments are reported at fair value, except for the investment in the SBA, which is carried at amortized cost and approximates fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Florida Prime	\$ 4,086,308	AAAm	49 days

Credit Risk

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

Interest Rate Risk

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

Concentration of Credit Risk

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

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that, in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2021, all the City's bank deposits were in qualified public depositories.

Custodial Credit Risk - Investments

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

Fair Value

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

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

** SECTION INTENTIONALLY LEFT BLANK **

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of September 30, 2021:

	9/30/2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Police Officers' Pension				
Measured by Fair Value Level				
Mutual Funds				
Large growth equity	\$ 2,425,988	\$ 2,425,988	\$ -	\$ -
Large value equity	2,523,644	2,523,644	-	-
Mid cap blend equity	1,047,404	1,047,404	-	-
Small blend equity	1,004,161	1,004,161	-	-
International growth equity	2,468,507	2,468,507	-	-
Convertible bond fund	2,106,438	2,106,438	-	-
Broad market bond fund	4,516,753	4,516,753	-	-
Total	16,092,895	\$ 16,092,895	\$ -	\$ -
Measured at Net Asset Value				
Common and collective funds				
Real estate	1,031,797			
Infrastructure	630,211			
Total	1,662,008			
Total investments	\$ 17,754,903			
Firefighters' Pension Plan				
Measured by Fair Value Level				
Mutual Funds				
Large growth equity	\$ 1,729,153	\$ 1,729,153	\$ -	\$ -
Large value equity	1,689,086	1,689,086	-	-
Mid cap blend equity	668,166	668,166	-	-
Small blend equity	645,747	645,747	-	-
International growth equity	1,581,791	1,581,791	-	-
Convertible bond fund	1,146,507	1,146,507	-	-
Broad market bond fund	2,855,391	2,855,391	-	-
Total	10,315,841	\$ 10,315,841	\$ -	\$ -
Measured at Net Asset Value				
Common and collective funds				
Real estate	666,213			
Infrastructure	386,856			
Total	1,053,069			
Total investments	\$ 11,368,910			

NOTE 5 RECEIVABLES

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

	<u>Accounts Receivable</u>	<u>Allowance for Uncollectible</u>	<u>Total</u>
General	\$ 797,493	\$ (72,928)	\$ 724,565
Nonmajor special revenue	222,287	(42,024)	180,263
Water & Sewer	2,092,466	(643,488)	1,448,978
Sanitation	401,267	(52,972)	348,295
Stormwater	184,239	(27,430)	156,809
Seaplane base	36,808	(5,099)	31,709
Total	<u>\$ 3,734,560</u>	<u>\$ (843,941)</u>	<u>\$ 2,890,619</u>

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 6,594,092	\$ 10	\$ -	\$ 6,594,102
Construction in progress	19,025,840	7,433,746	(25,416,495)	1,043,091
Total capital assets not being depreciated	<u>25,619,932</u>	<u>7,433,756</u>	<u>(25,416,495)</u>	<u>7,637,193</u>
Capital Assets, being depreciated:				
Buildings	12,365,834	16,913,334	(4,200)	29,274,968
Improvements/Infrastructure	25,104,394	8,745,429	-	33,849,823
Machinery and equipment	9,581,572	1,070,056	(407,288)	10,244,340
Software/licenses	558,616	394,405	-	953,021
Total capital assets being depreciated	<u>47,610,416</u>	<u>27,123,224</u>	<u>(411,488)</u>	<u>74,322,152</u>
Less Accumulated Depreciation for:				
Buildings	(3,677,836)	(353,265)	4,199	(4,026,902)
Improvements/Infrastructure	(7,680,151)	(947,653)	-	(8,627,804)
Machinery and equipment	(7,510,685)	(438,984)	406,707	(7,542,962)
Software/licenses	(283,932)	(82,868)	-	(366,800)
Total accumulated depreciation	<u>(19,152,604)</u>	<u>(1,822,770)</u>	<u>410,906</u>	<u>(20,564,468)</u>
Total Capital Assets, being amortized/depreciated:	<u>28,457,812</u>	<u>25,300,454</u>	<u>(582)</u>	<u>53,757,684</u>
Governmental Activities assets, net	<u>\$ 54,077,744</u>	<u>\$ 32,734,210</u>	<u>\$ (25,417,077)</u>	<u>\$ 61,394,877</u>

NOTE 6 CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital Assets not being depreciated:				
Land	\$ 533,788	\$ -	\$ -	\$ 533,788
Construction in progress	3,369,657	4,135,584	(2,004,158)	5,501,083
Total capital assets not being depreciated	<u>3,903,445</u>	<u>4,135,584</u>	<u>(2,004,158)</u>	<u>6,034,871</u>
Capital Assets being depreciated:				
Buildings & improvements	92,747,701	2,623,823	(47,100)	95,324,424
Machinery and equipment	9,722,560	520,144	(553,113)	9,689,591
Software/licenses	492,208	171,704	-	663,912
Total capital assets being depreciated	<u>102,962,469</u>	<u>3,315,671</u>	<u>(600,213)</u>	<u>105,677,927</u>
Less Accumulated Depreciation for:				
Buildings & improvements	(37,915,121)	(2,799,849)	47,100	(40,667,870)
Machinery and equipment	(7,303,980)	(543,252)	552,513	(7,294,719)
Software/licenses	(132,311)	(95,633)	-	(227,944)
Total accumulated depreciation	<u>(45,351,412)</u>	<u>(3,438,734)</u>	<u>599,613</u>	<u>(48,190,533)</u>
Total capital assets being depreciated, net	<u>57,611,057</u>	<u>(123,063)</u>	<u>(600)</u>	<u>57,487,394</u>
Business-type activities capital assets, net	<u>\$ 61,514,502</u>	<u>\$ 4,012,521</u>	<u>\$ (2,004,758)</u>	<u>\$ 63,522,265</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 155,622
Public safety	353,468
Physical environment	640,872
Economic Development	39,300
Culture and recreation	633,508
Total depreciation expense - governmental activities	<u>\$ 1,822,770</u>
Business-type activities:	
Water & sewer	3,100,160
Solid waste	144,382
Stormwater	178,784
Seaplane base & marina	15,408
Total depreciation expense - business-type activities	<u>\$ 3,438,734</u>

NOTE 7 LONG-TERM DEBT

Bonds Payable - Private Placement

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

	Interest Rates and Dates	Maturity	Original Amount	Balance September 30, 2021
Business-Type Activities				
Water and Sewer Revenue and Refunding Bonds, Series 2012A	2.69% (2/1 & 8/1)	8/1/2013 to 8/1/2030	\$ 4,720,000	\$ 2,640,000
Water and Sewer Revenue and Refunding Bonds, Series 2012B	2.69% (2/1 & 8/1)	8/1/2015 to 8/1/2030	\$ 2,370,000	1,455,000
Water and Sewer Revenue Bonds, Series 2021	2.07% (4/1 & 10/1)	10/1/2022 to 10/1/2041	\$ 3,600,000	3,600,000
			<u>\$ 7,695,000</u>	<u>\$ 7,695,000</u>

	Maximum Annual Debt Service	Fiscal Year Principal & Interest Paid	Principal & Interest Remaining	Total Pledged Revenues
Business-Type Activities				
Water and Sewer Revenue and Refunding Bonds, Series 2012A	\$ 336,561	\$ 332,876	\$ 3,007,454	\$ 7,436,775
Water and Sewer Revenue and Refunding Bonds, Series 2012B	\$ 186,204	\$ 182,905	\$ 1,657,557	\$ 7,436,775
Water and Sewer Revenue Bonds, Series 2021	\$ 223,901	\$ 4,347	\$ 4,433,490	\$ 7,436,775

NOTE 7 LONG-TERM DEBT (CONTINUED)

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

<u>Year ending September 30,</u>	Business -Type Activities	
	Principal	Interest
2022	\$ 555,000	\$ 184,676
2023	570,000	170,645
2024	585,000	156,243
2025	595,000	141,466
2026	615,000	126,423
2027-2031	2,790,000	391,068
2032-2036	940,000	167,256
2037-2041	1,045,000	65,724
	<u>\$ 7,695,000</u>	<u>\$ 1,403,501</u>

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

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets	
Machinery and equipment	\$ 391,776
Less: accumulated depreciation	(114,268)
Total	<u>\$ 277,508</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021 were as follows:

<u>Year Ending September 30,</u>	Governmental Activities
2022	\$ 37,953
2023	37,953
2024	37,953
2025	37,953
2026	37,953
2027-2028	75,902
Total minimum lease payments	265,667
Less: amount representing interest	(23,915)
	<u>\$ 241,752</u>

NOTE 7 LONG-TERM DEBT (CONTINUED)

Notes Payable - Direct Borrowing

Notes payable outstanding at year end are as follows:

	Interest Rates and Dates	Issue and Final Maturity Dates	Original Amount	Balance September 30, 2021
Governmental Activities				
Capital Improvement Revenue Note Series 2008	3.99% 10/1 & 4/1	5/23/2008 10/1/2027	\$ 1,500,000	\$ 600,000
Capital Improvement Revenue Refunding Note Series 2012	2.82% 2/1 & 8/1	6/14/2012 2/1/2028	\$ 6,530,000	3,246,000
General Obligation Series 2012	2.77% 1/1 & 7/1	6/18/2012 7/1/2027	\$ 3,300,000	1,486,000
Sales Tax Revenue Note Series 2016	2.95% 10/1 & 4/1	8/5/2016 10/1/2032	\$ 11,250,000	8,971,000
Capital Improvement Revenue Notes Series 2016	2.15% 5/1 & 11/1	3/9/2016 11/1/2026	\$ 1,525,000	875,000
Capital Improvement Revenue Refunding Note Series 2017	2.51% 2/1 & 8/1	11/27/2017 2/1/2032	\$ 5,484,000	4,345,000
Capital Improvement Revenue Note Series 2018	3.25% 5/1 & 11/1	10/19/2018 11/1/2025	\$ 837,000	559,000
Capital Improvement Revenue Note Series 2020	1.48% - 1.79% 3/1 & 9/1	7/17/2020 3/1/2030	\$ 1,915,000	1,695,000
Total				\$ 21,777,000
	Maximum Annual Debt Service	Fiscal Year Principal & Interest Paid	Principal & Interest Remaining	Total Pledged Revenues
Governmental Activities				
Capital Improvement Revenue Note Series 2008	\$ 114,688	\$ 114,411	\$ 686,582	N/A
Capital Improvement Revenue Refunding Note Series 2012	\$ 518,149	\$ 517,448	\$ 3,574,530	\$ 1,855,136
General Obligation Series 2012	\$ 272,487	\$ 272,395	\$ 1,633,393	\$ 262,579
Sales Tax Revenue Note Series 2016	\$ 967,607	\$ 966,765	\$ 10,635,595	\$ 1,865,844
Capital Improvement Revenue Notes Series 2016	\$ 157,308	\$ 155,264	\$ 932,566	N/A
Capital Improvement Revenue Refunding Note Series 2017	\$ 452,964	\$ 452,314	\$ 4,971,960	\$ 1,855,136
Capital Improvement Revenue Note Series 2018	\$ 135,330	\$ 134,963	\$ 605,443	N/A
Capital Improvement Revenue Note Series 2020	\$ 228,453	\$ 192,007	\$ 1,827,855	N/A

NOTE 7 LONG-TERM DEBT (CONTINUED)

	Interest Rates and Dates	Issue and Final Maturity Dates	Original Amount	Balance September 30, 2021
Business-Type Activities				
State Revolving Fund Loan WW78905P	2.15%-3.07% 6/15 & 12/15	4/2/2002 12/15/2035	\$ 14,706,596	\$ 8,128,983
State Revolving Fund Loan WW789060	2.82% 4/15 & 10/15	3/17/2009 4/15/2031	\$ 850,852	617,822
State Revolving Fund Loan DW350301	2.82% 5/15 & 11/15	9/21/2009 11/15/2030	\$ 370,412	190,788
State Revolving Fund Loan 350910	2.37% 3/15 & 9/15	5/11/2011 3/15/2032	\$ 2,571,438	1,646,172
State Revolving Fund Loan 350920	2.15% 4/15 & 10/15	4/5/2013 3/15/2032	\$ 2,957,044	2,084,556
State Revolving Fund Loan 350900	1.62%-2.06% 4/15 & 10/15	6/28/2013 4/15/2035	\$ 6,505,862	5,479,788
State Revolving Fund Loan 350930	2.00% 4/15 & 10/15	6/28/2013 10/1/2034	\$ 8,104,060	6,776,306
State Revolving Fund Loan 350940	2.06% 6/15 & 12/15	3/31/2014 1/15/2037	\$ 6,989,411	6,653,429
State Revolving Fund Loan 350950	1.38% 5/15 & 11/15	4/14/2016 11/15/2037	\$ 20,074	17,241
State Revolving Fund Loan 350951	0.57% 5/15 & 11/15	11/6/2018 11/15/2040	\$ 6,624,350	2,217,164
State Revolving Fund Loan 350960	2.01% 5/15 & 11/15	11/6/2018 11/15/2029	\$ 77,000	59,950
State Revolving Fund Loan 350961	1.01% 5/15 & 11/15	1/7/2019 11/15/2040	\$ 864,532	403,521
State Revolving Fund Loan 350980	1.08% 5/15 & 11/15	7/15/2021 11/15/2042	\$ 240,000	-
Special Assessment Note Series 2014	2.63% 4/1 & 10/1	12/5/2014 10/1/2024	\$ 1,100,000	482,000
Total				\$ 34,757,720

NOTE 7 LONG-TERM DEBT (CONTINUED)

	<u>Maximum Annual Debt Service</u>	<u>Fiscal Year Principal & Interest Paid</u>	<u>Principal & Interest Remaining</u>	<u>Total Pledged Revenues</u>
Business-Type Activities				
State Revolving Fund Loan WW78905P	\$ 678,854	\$ 678,855	\$ 9,503,955	\$ 6,948,942
State Revolving Fund Loan WW789060	\$ 57,456	\$ 57,456	\$ 746,931	\$ 6,270,087
State Revolving Fund Loan DW350301	\$ 24,166	\$ 24,166	\$ 217,498	\$ 6,212,631
State Revolving Fund Loan 350910	\$ 164,942	\$ 164,942	\$ 1,896,837	\$ 6,188,464
State Revolving Fund Loan 350920	\$ 188,631	\$ 188,631	\$ 2,452,204	\$ 6,023,521
State Revolving Fund Loan 350900	\$ 278,153	\$ 278,153	\$ 6,675,680	\$ 5,834,890
State Revolving Fund Loan 350930	\$ 361,297	\$ 362,527	\$ 8,494,489	\$ 5,556,736
State Revolving Fund Loan 350940	\$ 247,128	\$ 107,399	\$ 6,919,575	\$ 5,194,209
State Revolving Fund Loan 350950	\$ 1,175	\$ 1,175	\$ 19,338	\$ 5,086,810
State Revolving Fund Loan 350951	\$ 359,486	\$ -	\$ 2,264,249	\$ 5,085,635
State Revolving Fund Loan 350960	\$ 8,150	\$ 8,150	\$ 65,199	\$ 5,085,635
State Revolving Fund Loan 350961	\$ 49,540	\$ -	\$ 414,710	\$ 5,077,485
State Revolving Fund Loan 350980	\$ -	\$ -	\$ -	\$ 5,077,485
Special Assessment Note Series 2014	\$ 128,679	\$ 127,163	\$ 514,086	\$ 7,436,775

NOTE 7 LONG-TERM DEBT (CONTINUED)

Revenues pledged as security for notes payable are as follows:

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

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

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

NOTE 7 LONG-TERM DEBT (CONTINUED)

Debt service requirements for general obligation notes payable at September 30, 2021 are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2022	\$ 231,000	\$ 41,162
2023	237,000	34,764
2024	244,000	28,199
2025	251,000	21,440
2026	258,000	14,487
2027	265,000	7,341
	<u>\$ 1,486,000</u>	<u>\$ 147,393</u>

Debt service requirements for direct borrowing notes payable at September 30, 2021 are as follows:

Year Ending September 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 2,027,000	\$ 541,864	\$ 1,784,644	\$ 558,496
2023	2,079,000	486,369	2,018,875	528,728
2024	2,136,000	429,059	2,052,617	494,856
2025	2,192,000	370,161	2,086,994	460,270
2026	2,179,000	309,696	1,994,020	424,956
2027-2031	8,293,000	773,087	9,217,466	1,630,162
2032-2036	1,385,000	33,295	7,313,580	826,264
2037-2041	-	-	4,043,437	391,214
2042-2046	-	-	3,508,836	107,956
2047-2049	-	-	737,251	4,129
	<u>\$ 20,291,000</u>	<u>\$ 2,943,531</u>	<u>\$ 34,757,720</u>	<u>\$ 5,427,031</u>

** SECTION INTENTIONALLY LEFT BLANK **

NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	\$ 270,728	\$ -	\$ (28,976)	\$ 241,752	\$ 31,666
Notes payable - direct borrowing:					
Capital improvement 2008	687,000	-	(87,000)	600,000	90,000
Capital improvement 2012	3,666,000	-	(420,000)	3,246,000	433,000
General obligation 2012	1,711,000	-	(225,000)	1,486,000	231,000
Sales tax 2016	9,653,000	-	(682,000)	8,971,000	702,000
Capital improvement 2016	1,010,000	-	(135,000)	875,000	140,000
Capital improvement 2017	4,684,000	-	(339,000)	4,345,000	348,000
Capital improvement 2018	673,000	-	(114,000)	559,000	117,000
Capital improvement 2020	1,855,000	-	(160,000)	1,695,000	197,000
Total notes payable	23,939,000	-	(2,162,000)	21,777,000	2,258,000
Net pension liability	8,804,528	-	(5,593,735)	3,210,793	-
Net OPEB liability	447,007	71,369	-	518,376	-
Compensated absences	1,203,102	775,639	(784,172)	1,194,569	238,914
Governmental activity long-term liabilities	\$ 34,664,365	\$ 847,008	\$ (8,568,883)	\$ 26,942,490	\$ 2,528,580
Business-type Activities:					
Revenue bonds - private placement	\$ 4,490,000	\$ 3,600,000	\$ (395,000)	\$ 7,695,000	\$ 555,000
Notes payable - direct borrowing:					
State revolving fund loans	32,960,853	2,620,685	(1,305,818)	34,275,720	1,668,644
Special assessment note	595,000	-	(113,000)	482,000	116,000
Total notes payable	33,555,853	2,620,685	(1,418,818)	34,757,720	1,784,644
Net pension liability	2,951,252	-	(1,755,581)	1,195,671	-
Net OPEB liability	181,946	40,619	-	222,565	-
Compensated absences	368,636	295,216	(282,994)	380,858	76,171
Business-type activity long term liabilities	\$ 41,547,687	\$ 6,556,520	\$ (3,852,393)	\$ 44,251,814	\$ 2,415,815

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

NOTE 8 CONDUIT DEBT

The City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The City is not obligated in any manner for repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2021 there was an aggregate principal amount of \$1,000,000,000 authorized to be issued; however, no bonds have been issued.

The City of Tavares approved the issuance of Industrial Development Bonds to provide financial assistance to the private-sector entity, Lifestream Behavioral Center, Inc., in an amount not to exceed \$7,000,000 for the purpose of financing the acquisition and construction of a residential treatment facility deemed to be in the public interest. No amount is outstanding at September 30, 2021. The City is not obligated in any manner for the repayment of the bonds.

NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of due to/from other funds at September 30, 2021 is as follows:

	Receivable Fund		Total
	General Fund	Water and Sewer Fund	
Payable Fund:			
Capital projects fund	\$ -	\$ 1,420,922	\$ 1,420,922
Pavilion fund	215,229	2,091,972	2,307,201
Nonmajor governmental funds	-	978,002	978,002
Total	\$ 215,229	\$ 4,490,896	\$ 4,706,125

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

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

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

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

NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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

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

Interfund transfers for the year ended September 30, 2021 consisted of the following:

	Transfer out					Total
	General Fund	Water & Sewer Fund	Sanitation Fund	Stormwater Fund	Nonmajor Governmental Funds	
Transfer In:						
General fund	\$ -	\$ 2,065,219	\$ 860,642	\$ 390,926	\$ 1,814,715	\$ 5,131,502
Stormwater fund	470,089	-	-	-	-	470,089
Water & sewer fund	-	-	-	286,872	-	286,872
Seaplane base	264,638	-	-	-	141,529	406,167
Pavilion fund	356,956	-	-	-	-	356,956
Nonmajor governmental funds	922,087	-	-	-	-	922,087
Total	\$ 2,013,770	\$ 2,065,219	\$ 860,642	\$ 677,798	\$ 1,956,244	\$ 7,573,673

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

NOTE 10 RETIREMENT PLANS

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plans

Funding Policy

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

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

Basis of accounting

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

Method used to value investments

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

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

	Pension Trust Funds		
	Police Officers	Firefighters	Totals
Assets:			
Cash and cash equivalents	\$ 92,090	\$ 107,149	\$ 199,239
Receivables:			
State contribution	145,048	109,758	254,806
Total receivables	145,048	109,758	254,806
Investments, at fair value:			
Mutual funds - fixed income	6,623,191	4,001,898	10,625,089
Mutual funds - equity	9,469,704	6,313,943	15,783,647
Common and collective funds	1,662,008	1,053,069	2,715,077
Total Investments	17,754,903	11,368,910	29,123,813
Total assets	17,992,041	11,585,817	29,577,858
Net Position:			
Net position restricted for pensions	\$ 17,992,041	\$ 11,585,817	\$ 29,577,858

NOTE 10 RETIREMENT PLANS (CONTINUED)

	Pension Trust Funds		
	Police Officers	Firefighters	Total Pension Funds
Additions:			
Contributions:			
Employer	\$ 361,417	\$ 345,095	\$ 706,512
Plan members	142,400	34,840	177,240
State	145,048	109,758	254,806
Total contributions	648,865	489,693	1,138,558
Investment income:			
Net increase (decrease) in fair value	2,683,640	1,636,047	4,319,687
Interest	363,710	229,260	592,970
Less: investment expense	(26,000)	(21,000)	(47,000)
Net investment income (loss)	3,021,350	1,844,307	4,865,657
Total additions	3,670,215	2,334,000	6,004,215
Deductions:			
Benefits/distributions	633,223	201,678	834,901
Administrative expenses	57,219	54,033	111,252
Total deductions	690,442	255,711	946,153
Change in net position	2,979,773	2,078,289	5,058,062
Net position, beginning	15,012,268	9,507,528	24,519,796
Net position, ending	\$ 17,992,041	\$ 11,585,817	\$ 29,577,858

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

1. Police Officers' Pension Plan

Plan description

The Police Officers' Pension Plan is a single employer defined benefit plan that covers certain police officers of the City of Tavares. All full-time sworn police officers employed before April 1, 2018 are eligible to participate in the plan upon employment. The plan is closed to new hires. The plan's board of trustees is comprised of two legal residents appointed by the City Commission, two plan members as elected by other covered members, and one member elected by the previous four trustees and appointed by the City Commission. As of September 30, 2021 active plan membership was 19, with 18 inactive plan members or beneficiaries receiving benefits and 3 inactive plan members entitled to but not yet receiving benefits.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits

Normal Retirement

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

Early Retirement

Eligibility: Age 50 and 10 years of Credited Service.

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

Vesting (Termination)

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

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

Disability

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

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

Pre-Retirement Death Benefits

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

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

Cost-of-Living Adjustment

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

Contributions

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

Concentrations

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

Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on plan investments, net of investment expense, was 20.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Members are eligible for the program after satisfaction of normal retirement requirements stated above. Participation is not to exceed 60 months. The rate of return is at the member's election and is a) the actual rate of investment return, net of expenses, or b) 6.0% fixed interest. The DROP balance at September 30, 2021 is \$589,496.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2021 were as follows:

Total Pension Liability	\$ 18,218,610
Plan Fiduciary Net Position*	(17,881,373)
Sponsor's Net Pension Liability	<u>\$ 337,237</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>98.15%</u>

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following assumptions:

Inflation	2.70%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rates

The Plan uses the following mortality tables:

Healthy Active Lives

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

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

Healthy Inactive Lives

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

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

Disabled Lives

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

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35%	8.3%
International Equity	15%	4.1%
Bonds	30%	3.1%
Convertibles	10%	7.8%
Private Real Estate	5%	5.5%
Infrastructure	5%	7.0%

Discount Rate

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

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability (Asset)	\$ 2,904,312	\$ 337,237	\$ (1,751,422)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at September 30, 2020	\$ 16,396,918	\$ (14,989,013)	\$ 1,407,905
Changes for a Year:			
Service cost	371,716	-	371,716
Interest	1,228,910	-	1,228,910
Share plan allocation	33,921	-	33,921
Difference between expected and actual experience	(143,518)	-	(143,518)
Changes of assumptions	1,096,986	-	1,096,986
Contributions - employer	-	(395,741)	(395,741)
Contributions - state	-	(145,048)	(145,048)
Contributions - employee	-	(147,810)	(147,810)
Net investment income	-	(3,012,921)	(3,012,921)
Benefit payments and refunds	(766,323)	766,323	-
Administrative expense	-	42,837	42,837
Balances at September 30, 2021	\$ 18,218,610	\$ (17,881,373)	\$ 337,237

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

For the year ended September 30, 2021, the City recognized pension expense of \$136,169. On September 30, 2021, the City reported deferred outflows and inflows of resources related to the POPP from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual		
Earnings on Pension Plan Investments	\$ -	\$ 1,629,860
Differences Between Expected and Actual Experience	143,369	186,470
Changes of Assumptions	1,065,912	-
Balance, September 30, 2021	\$ 1,209,281	\$ 1,816,330

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

Year Ended September 30,	
2022	\$ (198,943)
2023	(201,096)
2024	(318,707)
2025	(214,017)
2026	164,636
Thereafter	161,078
	\$ (607,049)

2. Firefighters' Pension Plan

Plan description

The Firefighters' Pension Plan is a single employer defined benefit plan that covers all firefighters of the City of Tavares. All full-time firefighters hired before February 7, 2019 are eligible to participate in the plan upon employment. The plan is closed to new hires. The plan's board of trustees is comprised of two legal residents appointed by the City Commission, two plan members as elected by other covered members, and one member elected by the previous four trustees and appointed by the City Commission. As of September 30, 2021 active plan membership was 23, with 2 inactive plan members entitled to but not receiving benefits and 9 inactive plan members or beneficiaries receiving benefits.

Benefits Provided

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

Normal retirement

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

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

Early Retirement

Eligibility: Age 50 and 10 years of Credited Service.

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

Vesting (Termination)

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

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

Disability

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

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

Pre-Retirement Death Benefits

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

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

Contributions

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

Concentrations

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

Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on plan investments, net of investment expense, was 19.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Members are eligible for the program after satisfaction of normal retirement requirements stated above. Participation is not to exceed 60 months. The rate of return is at the member's election and is a) the actual rate of investment return, net of expenses, or b) 6.0% fixed interest. The DROP balance at September 30, 2021 is \$0.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2021 were as follows:

Total Pension Liability	\$ 10,221,488
Plan Fiduciary Net Position*	(11,577,231)
Sponsor's Net Pension Asset	<u>\$ (1,355,743)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	113.26%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following assumptions:

Inflation	2.70%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rates

The Plan uses the following mortality tables:

Healthy Active Lives

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

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

Healthy Inactive Lives

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

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

Disabled Lives

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

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35%	8.3%
International Equity	15%	4.1%
Bonds	30%	3.1%
Convertibles	10%	7.8%
Private Real Estate	5%	5.5%
Infrastructure	5%	7.0%

Discount Rate

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability (Asset)	\$ (30,134)	\$ (1,355,743)	\$ (2,464,238)

NOTE 10 RETIREMENT PLANS (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at September 30, 2020	\$ 9,202,682	\$ (9,479,084)	\$ (276,402)
Changes for a Year:			
Service cost	301,462	-	301,462
Interest	681,740	-	681,740
Share plan allocation	13,715	-	13,715
Difference between expected and actual experience	(71,922)	-	(71,922)
Changes of assumptions	295,489	-	295,489
Contributions - employer	-	(358,212)	(358,212)
Contributions - state	-	(109,758)	(109,758)
Contributions - employee	-	(36,164)	(36,164)
Net investment income	-	(1,838,846)	(1,838,846)
Benefit payments and refunds	(201,678)	201,678	-
Administrative Expense	-	43,155	43,155
Balances at September 30, 2021	<u>\$ 10,221,488</u>	<u>\$ (11,577,231)</u>	<u>\$ (1,355,743)</u>

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

For the year ended September 30, 2021, the City recognized pension expense of \$(87,399). On September 30, 2021, the City reported deferred outflows and inflows of resources related to the FPP from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual Earnings on Pension Plan Investments	\$ -	\$ 1,015,617
Differences Between Expected and Actual Experience	29,760	548,951
Changes of Assumptions	344,490	132,471
Balance, September 30, 2021	<u>\$ 374,250</u>	<u>\$ 1,697,039</u>

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

Year Ended September 30,	
2022	\$ (358,349)
2023	(370,467)
2024	(335,399)
2025	(266,078)
2026	(2,695)
Thereafter	10,199
	\$ (1,322,789)

Defined Contribution Plans

1. General Employees' Pension Plan

Plan Description

The City of Tavares General Employees' Pension Plan is a single employer defined contribution pension plan established by the City of Tavares to provide benefits at retirement to general employees at the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At September 30, 2021, there were four plan members. The City is required to contribute 6 percent of annual covered payroll of plan member covered payroll to the plan. Participants may not contribute to the Plan. Plan provisions and contribution requirements are established and may be amended by the City of Tavares City Council. New employees are not eligible to participate in this plan. All newly hired general employees are automatically enrolled in the Florida Retirement System (FRS).

City of Tavares employer contributions for the General Employees' Pension Plan for the current year were \$27,029. There were no forfeitures applied to the City's contributions during the year ended September 30, 2021.

2. General Employees Non FRS Eligible Plan

Plan Description

The City of Tavares General Employees' Non FRS Eligible Pension Plan is a single employer defined contribution pension plan established by the City of Tavares to provide benefits at retirement to general employees at the City. At September 30, 2021, there were no plan members. Only employees that are not otherwise eligible to participate in the FRS Plan are eligible. The City is required to contribute a percentage of annual covered payroll equal to FRS statutory rates (10.82% at September 30, 2021). Participants are required to contribute 3% of covered salary. Plan provisions and contribution requirements are established and may be amended by the City of Tavares City Council.

City of Tavares employer contributions for the General Employees' Pension Plan for the current year were \$0. There were no forfeitures applied to the City's contributions during the year ended September 30, 2021.

Florida Retirement System

Plan Description

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

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

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

Funding Policy:

The FRS has ten (10) classes of membership. Only five (5) classes are applicable to the City's eligible employees. These classes, with descriptions and contribution rates in effect during the period ended September 30, 2021 are as follows:

Regular Class - Members not qualifying for other classes (13.82% [includes 3% employee contribution] from July 1, 2021 through September 30, 2021 and 13.00% [includes 3% employee contribution] from October 1, 2020 through June 30, 2021).

Special Risk Class - (28.89% [includes 3% employee contribution] from July 1, 2021 through September 30, 2021 and 27.45% [includes 3% employee contribution] from October 1, 2020 through June 30, 2021).

Special Risk Administrative Support Class - (40.76% [includes 3% employee contribution] from July 1, 2021 through September 30, 2021 and 38.84% [includes 3% employee contribution] from October 1, 2020 through June 30, 2021).

Deferred Retirement Option Program (DROP) – 18.34% [DROP participants are not required to contribute] from July 1, 2021 through September 30, 2021 and 16.98% from October 1, 2020 through June 30, 2021.

Senior Management – 32.01% [includes 3% employee contribution] from July 1, 2021 through September 30, 2021 and 30.29% [includes 3% employee contribution] from October 1, 2020 through June 30, 2021.

These employer contribution rates include 1.66% HIS Plan subsidy for both periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively.

1. Pension Plan (FRS)

Plan Description

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

Benefits Provided

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

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

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

Contributions

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

The City's contributions, including employee contributions, to the Pension Plan totaled \$806,835 for the fiscal year ended September 30, 2021.

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

At September 30, 2021, the City reported a liability of \$1,548,471 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's 2021 fiscal year contributions relative to the 2020 fiscal year contributions of all participating members. At June 30, 2021, the City's proportionate share was .02050 percent, which was an increase of .00201 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$190,213. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 265,410	\$ -
Change of Assumptions	1,059,541	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	5,402,227
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	847,730	85,262
Pension Plan Contributions Subsequent to the Measurement Date	195,033	-
Balance, September 30, 2021	<u>\$ 2,367,714</u>	<u>\$ 5,487,489</u>

NOTE 10 RETIREMENT PLANS (CONTINUED)

The deferred outflows of resources related to the Pension Plan, totaling \$195,033 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30,	
2022	\$ (537,838)
2023	(674,816)
2024	(936,012)
2025	(1,252,054)
2026	85,912
Thereafter	-
	\$ (3,314,808)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB2010 base tables varies by member category and sex, projected generationally with Scale MP 2018. The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed Income	20.00%	3.80%	3.70%	3.30%
Global Equity	54.20%	8.20%	6.70%	17.80%
Real Estate	10.30%	7.10%	6.20%	13.80%
Private Equity	10.80%	11.70%	8.50%	26.40%
Strategic Investments	3.70%	5.70%	5.40%	8.40%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.20%

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	Discount Rate Minus 1% 5.80%	Current Discount Rate 6.80%	Discount Rate Plus 1% 7.80%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 6,924,868	\$ 1,548,471	\$ (2,945,593)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2021, the City reported no amounts payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

2. HIS Plan

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution for the period October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021 was 1.66% for both periods. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$122,386 for the fiscal year ended September 30, 2021.

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

At September 30, 2021, the City reported a liability of \$2,520,756 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's 2021 fiscal year contributions relative to the 2020 fiscal year contributions of all participating members. At June 30, 2021, the City's proportionate share was .02055 percent, which was an increase of .00143 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$253,523. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 84,351	\$ 1,056
Change of Assumptions	198,075	103,861
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,628	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	318,916	35,710
Pension Plan Contributions Subsequent to the Measurement Date	27,404	-
Balance, September 30, 2021	\$ 631,374	\$ 140,627

The deferred outflows of resources related to the HIS Plan, totaling \$27,404 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ended September 30,	
2022	\$ 121,754
2023	77,846
2024	76,460
2025	92,087
2026	75,539
Thereafter	19,657
	\$ 463,343

NOTE 10 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

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

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Municipal Bond Rate	2.16% net of pension plan investment expense

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

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate Minus 1% 1.16%	Current Discount Rate 2.16%	Discount Rate Plus 1% 3.16%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 2,914,238	\$ 2,520,756	\$ 2,198,386

Pension Plan Fiduciary Net Position

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

3. Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2021 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 8.28%, Special Risk Administrative Support class 34.12%, Special Risk class 22.73%, and Senior Management Service class 25.57%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The pension expense for the City's Investment Plan for the fiscal year ended September 30, 2021 was \$150,527.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Aggregate Amounts of All Pension Plans

The aggregate amounts for all of the City's defined benefit pension plans at September 30, 2021 are as follows:

	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Pension Expense
Police Officers' Pension Plan	\$ (337,237)	\$ (1,816,330)	\$ 1,209,281	\$ 136,169
Firefighters' Pension Plan	1,355,743	(1,697,039)	374,250	(87,399)
FRS Pension Plan	(1,548,471)	(5,487,489)	2,367,714	190,213
HIS Pension Plan	(2,520,756)	(140,627)	631,374	253,523
	<u>\$ (3,050,721)</u>	<u>\$ (9,141,485)</u>	<u>\$ 4,582,619</u>	<u>\$ 492,506</u>

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

Retirement Eligibility

General Employees

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

Firefighters

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

Police Officers

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

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

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

Retiree Contributions

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

Employees Covered by Benefit Terms

At October 1, 2020 (the valuation date), the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	8
Inactive Employees Entitled to but Not Yet Receiving Benefits	-
Active Employees	164
	<u>172</u>

Total OPEB Liability

The City's total OPEB liability of \$740,941 as of September 30, 2021 for the City's fiscal year and reporting period of October 1, 2020 to September 30, 2021. The values shown for this fiscal year and reporting period are based on a measurement date of October 1, 2020 and the corresponding measurement period of October 1, 2020 to October 1, 2021. The measurement of the total OPEB liability is based on a valuation date of October 1, 2020. There are no assets accumulated in a trust to pay related benefits.

Total OPEB Liability	\$ 740,941
Plan Fiduciary Net Position	-
Sponsor's Net OPEB Liability	<u>\$ 740,941</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%

Actuarial Assumptions and Other Inputs

The total OPEB liability in the October 1, 2020 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	2.26% (Bond Buyer's 20-Bond GO Index as of September 30, 2021)
Salary Scale	General Employees: 2.50%, Firefighters: 3.00%, Police Officers: 6.00%
Health Care Cost Trend Rates	2021: 4.5% Ultimate: 4.5%. Includes 2.5% inflation assumption.
Mortality	Group Annuity 1983 Mortality Table. Mortality improvements have not been considered as studies do not indicate significant improvements in mortality rates for the Southeast US.
Actuarial Cost Method	Entry Age Actuarial Cost Method

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Changes in Total OPEB Liability

	<u>OPEB Liability</u>
Balances at September 30, 2020	\$ 628,953
Changes for the year:	
Service cost	25,527
Interest	16,497
Differences between expected and actual experience	95,706
Benefit payments	<u>(25,742)</u>
Net Changes	111,988
Balances at September 30, 2021	<u><u>\$ 740,941</u></u>

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

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	1.26%	Rate	3.26%
	2.26%		
Plan Sponsor's Net OPEB Liability	\$ 827,713	\$ 740,941	\$ 666,659

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Plan Sponsor's Net OPEB Liability	\$ 667,150	\$ 740,941	\$ 820,827

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$111,988. On September 30, 2021, the City reported deferred outflows and inflows of resources related to the OPEB plan from the following sources:

<u>Description</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences Between Expected and Actual Experience	\$ 251,366	\$ 10,247
Balance, September 30, 2021	<u>\$ 251,366</u>	<u>\$ 10,247</u>

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

Year Ended September 30,	
2022	\$ 49,030
2023	49,030
2024	49,030
2025	45,452
2026	28,195
Thereafter	20,382
	\$ 241,119

NOTE 12 RISK MANAGEMENT

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

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

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2021. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not be materially affect the financial position of the City.

Grants

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2021, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

NOTE 14 FUND BALANCE

At September 30, 2021, the city's governmental fund balances were as follows:

Fund Balances	<u>General</u>	<u>Capital Projects Fund</u>	<u>Pavilion Fund</u>	<u>Infrastructure Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable						
Inventory/prepays	\$ 9,182	\$ -	\$ -	\$ -	\$ -	\$ 9,182
Advances to other funds	215,229	-	-	-	-	215,229
Non-expendable trust	-	-	-	-	29,295	29,295
Spendable						
Restricted for:						
Public safety	-	-	-	-	786,122	786,122
Capital projects	-	1,120,235	-	1,400,495	43,817	2,564,547
Culture recreation	-	-	-	-	217,974	217,974
Debt Service	-	-	-	-	490,384	490,384
Unassigned	3,793,466	-	(2,324,547)	-	(173,563)	1,295,356
Total fund balances	<u>\$ 4,017,877</u>	<u>\$ 1,120,235</u>	<u>\$ (2,324,547)</u>	<u>\$ 1,400,495</u>	<u>\$ 1,394,029</u>	<u>\$ 5,608,089</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Tavares, Florida
Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
September 30, 2021

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

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

*Data before 2017 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios - Police Officers' Pension Plan
September 30, 2021

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total Pension Liability									
Service Cost	\$ 371,716	\$ 390,961	\$ 394,130	\$ 424,046	\$ 416,167	\$ 373,508	\$ 381,485	\$ 360,391	\$ 333,695
Interest	1,228,910	1,184,110	1,114,383	1,068,463	989,676	940,412	878,385	812,355	765,641
Change in Excess State Money	-	-	-	(8,386)	-	8,058	328	-	-
Share plan allocation	33,921	26,132	25,145	25,403	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	(407)	-	-	-	-
Differences Between Expected and Actual Experience	(143,518)	71,559	(55,028)	57,069	202,980	(203,397)	(72,066)	-	-
Contributions - Buy Back	-	-	-	-	38,906	15,079	-	32,858	-
Changes of Assumptions	1,096,986	127,389	-	36,863	-	67,314	-	-	-
Benefit Payments, including refunds of employee contributions	(766,323)	(582,221)	(569,302)	(547,845)	(793,713)	(445,008)	(363,987)	(438,639)	(645,582)
Net Change in Total Pension Liability	1,821,692	1,217,930	909,328	1,055,613	853,609	755,966	824,145	766,965	453,754
Total Pension Liability - beginning	16,396,918	15,178,988	14,269,660	13,214,047	12,360,438	11,604,472	10,780,327	10,013,362	9,559,608
Total Pension Liability - ending (a)	\$ 18,218,610	\$ 16,396,918	\$ 15,178,988	\$ 14,269,660	\$ 13,214,047	\$ 12,360,438	\$ 11,604,472	\$ 10,780,327	\$ 10,013,362
Plan Fiduciary Net Position									
Contributions - employer	395,741	396,502	355,182	288,020	356,463	280,634	309,496	316,247	278,574
Contributions - state	145,048	129,470	127,496	202,917	-	91,349	83,619	79,280	77,207
Contributions - employee	147,810	154,814	166,062	186,334	199,142	198,795	182,992	193,826	183,481
Contributions - buy back	-	-	-	-	38,906	15,079	-	32,858	-
Net Investment Income	3,012,921	1,561,847	549,419	844,670	1,186,825	982,121	(198,020)	924,676	921,377
Benefit Payments, Including Refunds of Employee Contributions	(766,323)	(582,221)	(569,302)	(547,845)	(793,713)	(445,008)	(363,987)	(438,639)	(645,582)
Administrative Expense	(42,837)	(41,534)	(50,581)	(51,081)	(42,879)	(33,495)	(29,378)	(16,039)	(10,500)
Net Change in Plan Fiduciary Net Position	2,892,360	1,618,878	578,276	923,015	944,744	1,089,475	(15,278)	1,092,209	804,557
Plan Fiduciary Net Position - beginning	14,989,013	13,370,135	12,791,859	11,868,844	10,924,100	9,834,625	9,849,903	8,757,694	7,953,137
Plan Fiduciary Net Position - ending (b)	\$ 17,881,373	\$ 14,989,013	\$ 13,370,135	\$ 12,791,859	\$ 11,868,844	\$ 10,924,100	\$ 9,834,625	\$ 9,849,903	\$ 8,757,694
Net Pension Liability - ending (a) - (b)	\$ 337,237	\$ 1,407,905	\$ 1,808,853	\$ 1,477,801	\$ 1,345,203	\$ 1,436,338	\$ 1,769,847	\$ 930,424	\$ 1,255,668
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.15%	91.41%	88.08%	89.64%	89.82%	88.38%	84.75%	91.37%	87.46%
Covered Payroll	\$ 1,308,055	\$ 1,368,824	\$ 1,463,385	\$ 1,661,148	\$ 1,612,728	\$ 1,549,670	\$ 1,429,622	\$ 1,514,268	\$ 1,433,445
Net Pension Liability as a Percentage of Covered Payroll	25.78%	102.86%	123.61%	88.96%	83.41%	92.69%	123.80%	61.44%	87.60%

Required Supplementary Information

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

September 30, 2021

Notes to Schedule

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

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

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

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

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

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

*Data before 2013 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of City Contributions - Police Officers' Pension Plan
September 30, 2021

Fiscal year ended	Contributions in Relation to the				Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	
9/30/2021	\$ 568,810	\$ 506,868	\$ 61,942	\$ 1,308,055	38.75%
9/30/2020	\$ 474,297	\$ 499,840	\$ (25,543)	\$ 1,368,824	36.52%
9/30/2019	\$ 426,430	\$ 457,534	\$ (31,104)	\$ 1,463,385	31.27%
9/30/2018	\$ 457,148	\$ 462,443	\$ (5,295)	\$ 1,661,148	27.84%
9/30/2017	\$ 390,441	\$ 356,463	\$ 33,978	\$ 1,612,728	22.10%
9/30/2016	\$ 362,468	\$ 363,925	\$ (1,457)	\$ 1,549,670	23.48%
9/30/2015	\$ 360,266	\$ 392,787	\$ (32,521)	\$ 1,429,622	27.47%
9/30/2014	\$ 395,527	\$ 395,527	\$ -	\$ 1,514,268	26.12%
9/30/2013	\$ 355,781	\$ 355,781	\$ -	\$ 1,433,445	24.82%

Notes to Schedule

Valuation Date 10/1/2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are Methods and assumptions used to determine contribution rates:

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

Disability Mortality Table 80% PubG.H-2010 / 20% PubS.H-2010

Interest Rate 7.0% per year, compounded annually net of investment related expenses.

Disability Rates See table below. It is assumed that 75% of Disability Retirements and Pre-Retirement Deaths are service-Earlier of age 55 and 10 years of service, or age 52 and 25 years of service. Also any member who has Retirement Age reached normal retirement age is assumed to continue employment for one additional year.

Early Retirement Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Salary Increases 6.0% until the assumed retirement age.

Liability Load

Hire Date	Assumption
Before 10/01/01	4%
10/01/01-09/30/06	3%
10/01/06-09/30/11	2%
10/01/11 and later	No Load

Payroll Growth None for amortization of the Unfunded Actuarial Accrued Liability

Funding Method Entry Age Normal Actuarial Cost Method.

Amortization Method Level percentage of pay, closed.

Remaining Amortization

Period 30 Years (as of 10/01/2019).

Actuarial Asset Method Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Fair Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Fair Value of Assets.

Other Information Termination and Disability Rate Table

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

*Data before 2013 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of Investment Returns - Police Officers' Pension Plan
September 30, 2021

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
9/30/2021	20.19%
9/30/2020	11.70%
9/30/2019	4.31%
9/30/2018	7.12%
9/30/2017	11.04%
9/30/2016	10.01%
9/30/2015	-2.00%
9/30/2014	10.49%
9/30/2013	11.66%

*Data before 2013 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of changes in the City's Net Pension Liability and Related Ratios - Firefighters' Pension Plan
September 30, 2021

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total Pension Liability									
Service Cost	\$ 301,462	\$ 319,690	\$ 313,666	\$ 351,953	\$ 336,031	\$ 324,286	\$ 313,761	\$ 286,443	\$ 265,225
Interest	681,740	650,748	596,515	599,269	567,666	539,741	511,187	463,813	419,539
Change in Excess State Money	-	-	-	-	-	(32,559)	4,976	6,494	-
Share Plan Allocation	13,715	8,023	2,847	1,082	-	32,661	-	-	-
Changes of Benefit Terms	-	-	(2,117)	(368)	-	-	-	-	-
Differences Between Expected and Actual Experience	(71,922)	(164,617)	44,640	(93,474)	(314,456)	(387,399)	(289,327)	-	-
Changes of Assumptions	295,489	(166,472)	-	136,385	-	(11,965)	-	-	-
Benefit Payments, including refunds of employee contributions	(201,678)	(201,678)	(229,618)	(206,135)	(213,393)	(171,739)	(206,685)	(164,118)	(140,990)
Net Change in Total Pension Liability	1,018,806	445,694	725,933	788,712	375,848	293,026	333,912	592,632	543,774
Total Pension Liability - beginning	9,202,682	8,756,988	8,031,055	7,242,343	6,866,495	6,573,469	6,239,557	5,646,925	5,103,151
Total Pension Liability - ending (a)	\$ 10,221,488	\$ 9,202,682	\$ 8,756,988	\$ 8,031,055	\$ 7,242,343	\$ 6,866,495	\$ 6,573,469	\$ 6,239,557	\$ 5,646,925
Plan Fiduciary Net Position									
Contributions - employer	358,212	333,376	341,838	223,986	352,971	297,809	300,743	304,533	259,897
Contributions - state	109,758	98,070	88,023	165,082	-	82,530	82,591	84,109	82,682
Contributions - employee	36,164	33,795	44,126	56,084	54,347	52,740	47,264	46,734	44,127
Net Investment Income	1,838,846	956,570	335,781	512,617	685,557	529,431	(110,340)	480,285	475,192
Benefit Payments, Including Refunds of Employee Contributions	(201,678)	(201,678)	(229,618)	(206,135)	(213,393)	(171,739)	(206,685)	(164,118)	(140,990)
Administrative Expense	(43,155)	(45,173)	(53,414)	(39,643)	(32,587)	(46,207)	(15,428)	(19,264)	(21,244)
Net Change in Plan Fiduciary Net Position	2,098,147	1,174,960	526,736	711,991	846,895	744,564	98,145	732,279	699,664
Plan Fiduciary Net Position - beginning	9,479,084	8,304,124	7,777,388	7,065,397	6,218,502	5,473,938	5,375,793	4,643,514	3,943,850
Plan Fiduciary Net Position - ending (b)	\$ 11,577,231	\$ 9,479,084	\$ 8,304,124	\$ 7,777,388	\$ 7,065,397	\$ 6,218,502	\$ 5,473,938	\$ 5,375,793	\$ 4,643,514
Net Pension Liability (Asset) - ending (a) - (b)	\$ (1,355,743)	\$ (276,402)	\$ 452,864	\$ 253,667	\$ 176,946	\$ 647,993	\$ 1,099,531	\$ 863,764	\$ 1,003,411
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	113.26%	103.00%	94.83%	96.84%	97.56%	90.56%	83.27%	86.16%	82.23%
Covered Payroll	\$ 1,779,757	\$ 1,689,746	\$ 1,704,693	\$ 1,625,409	\$ 1,522,581	\$ 1,505,477	\$ 1,350,400	\$ 1,335,248	\$ 1,260,784
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-76.18%	-16.36%	26.57%	15.61%	11.62%	43.04%	81.42%	64.63%	79.59%

Required Supplementary Information

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

September 30, 2021

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

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

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

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

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

*Data before 2013 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of City Contributions - Firefighters' Pension Plan
September 30, 2021

Fiscal year ended	Contributions in Relation to the			Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution				
9/30/2021	\$ 416,794	\$ 454,255	\$ (37,461)	\$ 1,779,757	25.52%	
9/30/2020	\$ 427,337	\$ 423,423	\$ 3,914	\$ 1,689,746	25.06%	
9/30/2019	\$ 404,012	\$ 427,013	\$ (23,001)	\$ 1,704,693	25.05%	
9/30/2018	\$ 387,985	\$ 387,985	\$ -	\$ 1,625,409	23.87%	
9/30/2017	\$ 362,831	\$ 352,971	\$ 9,860	\$ 1,522,581	23.18%	
9/30/2016	\$ 380,886	\$ 380,238	\$ 648	\$ 1,505,477	25.26%	
9/30/2015	\$ 367,851	\$ 378,358	\$ (10,507)	\$ 1,350,400	28.02%	
9/30/2014	\$ 382,148	\$ 382,148	\$ -	\$ 1,335,248	28.62%	
9/30/2013	\$ 337,512	\$ 337,512	\$ -	\$ 1,260,784	26.77%	

Notes to Schedule

Valuation Date 10/1/2019 (AIS 12/18/2019)
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Mortality - Healthy Lives Female: PubS.H-2010, set forward one year.
Male: PubS.H-2010 (below median), set forward one year
- Mortality - Disabled Lives 80% PubG.H-2010 / 20% PubS.H-2010
- Interest Rate 7.00% per year, compounded annually net of investment related expenses.
- Termination Rates See table below.
- Disability Rates See table below. It is assumed that 75% of Disability Retirements and Pre-Retirement Deaths are service-related.
- Retirement Age Earlier of 1) age 55 and 10 years of service, or 2) age 52 and 25 years of service. Also, any member who has reached normal retirement age is assumed to continue employment for one additional year.
- Early Retirement Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
- Salary Increases 7.5% until the assumed retirement age.
- Payroll Growth 3.0% per year for amortization of the Unfunded Actuarial Accrued Liability.
- Funding Method Entry Age Normal Actuarial Cost Method
- Amortization Method Level percentage of pay, closed.
- Remaining Amortization Method 30 years (as of 10/1/19)
- Actuarial Asset Method The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Fair Value, net of investment-related expenses), is phased-in over a five-year period.
- Other Information Termination and Disability Rate Table

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

*Data before 2013 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of Investment Returns - Firefighters' Pension Plan
September 30, 2021

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
9/30/2020	19.27%
9/30/2020	11.46%
9/30/2019	4.30%
9/30/2018	7.20%
9/30/2017	10.93%
9/30/2016	9.57%
9/30/2015	-2.03%
9/30/2014	10.20%
9/30/2013	11.72%

*Data before 2013 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of the City's Proportionate Share of Net Pension Liability - Florida Retirement System
September 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System - Last 10 Fiscal Years*								
City's Proportion of the Net Pension Liability	0.02050%	0.01849%	0.01718%	0.01652%	0.01780%	0.01669%	0.01650%	0.01544%
City's Proportionate Share of the Net Pension Liability	\$1,548,471	\$8,013,950	\$5,916,912	\$4,976,723	\$5,264,474	\$4,215,442	\$2,131,717	\$ 941,921
City's Covered Payroll	\$5,901,967	\$5,539,820	\$5,277,549	\$5,014,543	\$5,298,689	\$4,692,871	\$4,238,289	\$4,077,392
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	26.24%	144.66%	112.11%	99.25%	99.35%	89.83%	50.30%	23.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy - Last 10 Fiscal Years*								
City's Proportion of the Net Pension Liability	0.02055%	0.01912%	0.01802%	0.01733%	0.01813%	0.01667%	0.01580%	0.01542%
City's Proportionate Share of the Net Pension Liability	\$2,520,756	\$2,333,925	\$2,015,841	\$1,834,652	\$1,938,238	\$1,943,183	\$1,611,045	\$1,441,348
City's Covered Payroll	\$5,901,967	\$5,539,820	\$5,277,549	\$5,014,543	\$5,298,689	\$4,692,871	\$4,238,289	\$4,077,392
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	42.71%	42.13%	38.20%	36.59%	36.58%	41.41%	38.01%	35.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* Data before 2014 is not available.

City of Tavares, Florida
Required Supplementary Information
Schedule of the City's Contributions - Florida Retirement System
September 30, 2021

Florida Retirement System - Last 10 Fiscal Years*

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

Health Insurance Subsidy - Last 10 Fiscal Years*

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

* Data before 2015 is not available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Capital Outlay	\$ -	\$ 8,180,756	\$ 6,649,055	\$ 1,531,701
Total Expenditures	<u>-</u>	<u>8,180,756</u>	<u>6,649,055</u>	<u>1,531,701</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(8,180,756)</u>	<u>(6,649,055)</u>	<u>1,531,701</u>
Net change in fund balances	<u>-</u>	<u>(8,180,756)</u>	<u>(6,649,055)</u>	<u>1,531,701</u>
Fund balances, beginning	<u>7,769,290</u>	<u>7,769,290</u>	<u>7,769,290</u>	<u>-</u>
Fund balances, ending	<u>\$ 7,769,290</u>	<u>\$ (411,466)</u>	<u>\$ 1,120,235</u>	<u>\$ 1,531,701</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Permanent Funds

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

	Special Revenue						
	Police Training	Grant Fund	Police Services Impacts	Fire/Rescue Services Impacts	Police Forfeitures	Parks & Recreation Impacts	Greater Downtown TIF District
Assets:							
Cash and cash equivalents	\$ 5,308	\$ 565,531	\$ 50,069	\$ 184,740	\$ 1,747	\$ 207,492	\$ 278,747
Investments	-	-	804	-	-	-	6,611
Receivables, net	-	36	-	-	-	-	1,626
Due from other governments	-	10,000	-	-	-	-	-
Total assets	\$ 5,308	\$ 575,567	\$ 50,873	\$ 184,740	\$ 1,747	\$ 207,492	\$ 286,984
Liabilities, Fund Balances, and Deferred Inflows:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,733
Accrued liabilities	-	-	-	-	-	-	814
Due to other funds	-	528,002	-	-	-	-	450,000
Unearned revenue	-	3,748	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-
Total liabilities	-	531,750	-	-	-	-	460,547
Fund Balances (Deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,308	43,817	50,873	184,740	1,747	207,492	-
Unassigned	-	-	-	-	-	-	(173,563)
Total fund balances	5,308	43,817	50,873	184,740	1,747	207,492	(173,563)
Total liabilities, deferred inflows, and fund balances (deficits)	\$ 5,308	\$ 575,567	\$ 50,873	\$ 184,740	\$ 1,747	\$ 207,492	\$ 286,984

Fire Assessment Fund	Special Revenue				Permanent Funds				Total Other Governmental Funds
	Flag Pole Fund	Total Special Revenue Funds	Debt Service Fund	Playground Fund	Library Building Fund	Total Permanent Funds	Total Other Governmental Funds		
								Flag Pole Fund	
\$ 364,853	\$ 2,994	\$ 1,661,481	\$ 1,389,857	\$ 18,034	\$ 12,241	\$ 30,275	\$ 3,081,613		
-	-	7,415	27,210	15,978	11,456	27,434	62,059		
178,601	-	180,263	-	-	-	-	180,263		
-	-	10,000	-	-	-	-	10,000		
<u>\$ 543,454</u>	<u>\$ 2,994</u>	<u>\$ 1,859,159</u>	<u>\$ 1,417,067</u>	<u>\$ 34,012</u>	<u>\$ 23,697</u>	<u>\$ 57,709</u>	<u>\$ 3,333,935</u>		
\$ -	\$ -	\$ 9,733	\$ -	\$ -	\$ -	\$ -	\$ 9,733		
-	-	814	-	-	-	-	814		
-	-	978,002	-	-	-	-	978,002		
-	-	3,748	-	-	20,926	20,926	24,674		
-	-	-	769,000	-	-	-	769,000		
-	-	-	157,683	-	-	-	157,683		
-	-	992,297	926,683	-	20,926	20,926	1,939,906		
-	-	-	-	-	-	-	-		
-	-	-	-	29,295	-	29,295	29,295		
543,454	2,994	1,040,425	490,384	4,717	2,771	7,488	1,538,297		
-	-	(173,563)	-	-	-	-	(173,563)		
<u>543,454</u>	<u>2,994</u>	<u>866,862</u>	<u>490,384</u>	<u>34,012</u>	<u>2,771</u>	<u>36,783</u>	<u>1,394,029</u>		
\$ 543,454	\$ 2,994	\$ 1,859,159	\$ 1,417,067	\$ 34,012	\$ 23,697	\$ 57,709	\$ 3,333,935		

City of Tavares, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue						
	Police Training	Grant Fund	Police Services Impacts	Fire/Rescue Services Impacts	Police Forfeitures	Parks & Recreation Impacts	Greater Downtown TIF District
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,119
Intergovernmental revenues	-	257,543	-	-	-	-	76
Special assessments	-	-	-	-	-	-	-
Charges for services	-	-	81,662	152,720	-	130,024	5,900
Fines and forfeitures	2,063	-	-	-	-	-	-
Investment income	-	-	1	-	-	-	10
Total revenues	2,063	257,543	81,663	152,720	-	130,024	421,105
Expenditures:							
Current:							
Public safety	2,554	4,768	18,045	-	-	-	-
Physical environment	-	226,358	-	-	-	-	-
Economic environment	-	-	-	-	-	-	230,540
Culture and recreation	-	11,179	-	-	-	-	-
Debt Service:							
Principal	-	-	14,488	14,488	-	-	-
Interest and fiscal charges	-	-	4,488	4,488	-	-	-
Total expenditures	2,554	242,305	37,021	18,976	-	-	230,540
Excess (deficiency) of revenues over expenditures	(491)	15,238	44,642	133,744	-	130,024	190,565
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(141,529)
Total other financing Sources (uses)	-	-	-	-	-	-	(141,529)
Net change in fund balances	(491)	15,238	44,642	133,744	-	130,024	49,036
Fund balances, beginning	5,799	28,579	6,231	50,996	1,747	77,468	(222,599)
Fund balances, ending	\$ 5,308	\$ 43,817	\$ 50,873	\$ 184,740	\$ 1,747	\$ 207,492	\$ (173,563)

Fire Assessment Fund	Special Revenue				Permanent Funds					Total Other Governmental Funds
	Flag Pole Fund	Total Special Revenue Funds	Debt Service Fund	Playground Fund	Library Building Fund	Total Permanent Funds	Total Other Governmental Funds			
							Governmental Funds	Governmental Funds		
\$ -	\$ -	\$ 415,119	\$ 291,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 706,613	
-	-	257,619	-	-	-	-	-	-	257,619	
1,834,316	-	1,834,316	-	-	-	-	-	-	1,834,316	
-	-	370,306	-	-	-	-	-	-	370,306	
-	-	2,063	-	-	-	-	-	-	2,063	
-	-	11	43	25	18	43	-	-	97	
1,834,316	-	2,879,434	291,537	25	18	43	-	-	3,171,014	
-	-	25,367	-	-	-	-	-	-	25,367	
-	2,494	228,852	-	-	-	-	-	-	228,852	
-	-	230,540	-	-	-	-	-	-	230,540	
-	-	11,179	-	-	-	-	-	-	11,179	
-	-	28,976	981,000	-	-	-	-	-	1,009,976	
-	-	8,976	215,077	-	-	-	-	-	224,053	
-	2,494	533,890	1,196,077	-	-	-	-	-	1,729,967	
1,834,316	(2,494)	2,345,544	(904,540)	25	18	43	-	-	1,441,047	
-	-	-	922,087	-	-	-	-	-	922,087	
(1,814,715)	-	(1,956,244)	-	-	-	-	-	-	(1,956,244)	
(1,814,715)	-	(1,956,244)	922,087	-	-	-	-	-	(1,034,157)	
19,601	(2,494)	389,300	17,547	25	18	43	-	-	406,890	
523,853	5,488	477,562	472,837	33,987	2,753	36,740	-	-	987,139	
\$ 543,454	\$ 2,994	\$ 866,862	\$ 490,384	\$ 34,012	\$ 2,771	\$ 36,783	\$ -	\$ -	\$ 1,394,029	

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 2,063	\$ 2,063
Total revenues	<u>-</u>	<u>-</u>	<u>2,063</u>	<u>2,063</u>
Expenditures:				
Current:				
Public Safety	1,200	5,700	2,554	3,146
Total Expenditures	<u>1,200</u>	<u>5,700</u>	<u>2,554</u>	<u>3,146</u>
Excess (deficiency) of revenues over expenditures	<u>(1,200)</u>	<u>(5,700)</u>	<u>(491)</u>	<u>5,209</u>
Net change in fund balances	<u>(1,200)</u>	<u>(5,700)</u>	<u>(491)</u>	<u>5,209</u>
Fund balances, beginning	5,799	5,799	5,799	-
Fund balances, ending	<u>\$ 4,599</u>	<u>\$ 99</u>	<u>\$ 5,308</u>	<u>\$ 5,209</u>

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 48,486	\$ 889,299	\$ 257,543	\$ (631,756)
Total revenues	48,486	889,299	257,543	(631,756)
Expenditures:				
Current:				
Public Safety	48,486	100,603	4,768	95,835
Physical environment	-	247,456	226,358	21,098
Culture and recreation	-	772,720	11,179	761,541
Total Expenditures	48,486	1,120,779	242,305	878,474
Excess (deficiency) of revenues over expenditures	-	(231,480)	15,238	246,718
Net change in fund balances	-	(231,480)	15,238	246,718
Fund balances, beginning	28,579	28,579	28,579	-
Fund balances, ending	\$ 28,579	\$ (202,901)	\$ 43,817	\$ 246,718

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 46,735	\$ 81,661	\$ 81,662	\$ 1
Investment income	-	-	1	1
Total revenues	<u>46,735</u>	<u>81,661</u>	<u>81,663</u>	<u>2</u>
Expenditures:				
Current:				
Public safety	37,696	18,045	18,045	-
Debt Service:				
Principal	-	14,488	14,488	-
Interest and other charges	-	4,488	4,488	-
Total Expenditures	<u>37,696</u>	<u>37,021</u>	<u>37,021</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>9,039</u>	<u>44,640</u>	<u>44,642</u>	<u>2</u>
Net change in fund balances	9,039	44,640	44,642	2
Fund balances, beginning	6,231	6,231	6,231	-
Fund balances, ending	<u>\$ 15,270</u>	<u>\$ 50,871</u>	<u>\$ 50,873</u>	<u>\$ 2</u>

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 87,403	\$ 152,720	\$ 152,720	\$ -
Total revenues	<u>87,403</u>	<u>152,720</u>	<u>152,720</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	19,696	-	-	-
Debt Service:				
Principal	-	14,488	14,488	-
Interest and other charges	-	4,488	4,488	-
Total Expenditures	<u>19,696</u>	<u>18,976</u>	<u>18,976</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>67,707</u>	<u>133,744</u>	<u>133,744</u>	<u>-</u>
Net change in fund balances	67,707	133,744	133,744	-
Fund balances, beginning	50,996	50,996	50,996	-
Fund balances, ending	<u>\$ 118,703</u>	<u>\$ 184,740</u>	<u>\$ 184,740</u>	<u>\$ -</u>

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	1,747	1,747	1,747	-
Fund balances, ending	\$ 1,747	\$ 1,747	\$ 1,747	\$ -

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 95,478	\$ 95,478	\$ 130,024	\$ 34,546
Total revenues	<u>95,478</u>	<u>95,478</u>	<u>130,024</u>	<u>34,546</u>
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	95,478	95,478	130,024	34,546
Fund balances, beginning	<u>77,468</u>	<u>77,468</u>	<u>77,468</u>	<u>-</u>
Fund balances, ending	<u>\$ 172,946</u>	<u>\$ 172,946</u>	<u>\$ 207,492</u>	<u>\$ 34,546</u>

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes and special assessments	\$ 403,656	\$ 403,656	\$ 415,119	\$ 11,463
Intergovernmental revenues	-	-	76	76
Charges for services	-	-	5,900	5,900
Investment income	-	-	10	10
Total revenues	<u>403,656</u>	<u>403,656</u>	<u>421,105</u>	<u>17,449</u>
Expenditures:				
Current:				
Economic environment	253,475	264,493	230,540	33,953
Total Expenditures	<u>253,475</u>	<u>264,493</u>	<u>230,540</u>	<u>33,953</u>
Excess (deficiency) of revenues over expenditures	<u>150,181</u>	<u>139,163</u>	<u>190,565</u>	<u>51,402</u>
Other financing sources (uses)				
Transfers out	(141,529)	(141,529)	(141,529)	-
Total other financing sources and uses	<u>(141,529)</u>	<u>(141,529)</u>	<u>(141,529)</u>	<u>-</u>
Net change in fund balances	8,652	(2,366)	49,036	51,402
Fund balances, beginning	(222,599)	(222,599)	(222,599)	-
Fund balances, ending	<u>\$ (213,947)</u>	<u>\$ (224,965)</u>	<u>\$ (173,563)</u>	<u>\$ 51,402</u>

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 1,826,268	\$ 1,814,715	\$ 1,834,316	\$ 19,601
Total revenues	<u>1,826,268</u>	<u>1,814,715</u>	<u>1,834,316</u>	<u>19,601</u>
Excess (deficiency) of revenues over expenditures	<u>1,826,268</u>	<u>1,814,715</u>	<u>1,834,316</u>	<u>19,601</u>
Other Financing Sources (Uses)				
Transfers out	(1,826,268)	(1,814,715)	(1,814,715)	-
Total other financing sources and uses	<u>(1,826,268)</u>	<u>(1,814,715)</u>	<u>(1,814,715)</u>	<u>-</u>
Net change in fund balances	-	-	19,601	19,601
Fund balances, beginning	523,853	523,853	523,853	-
Fund balances, ending	<u>\$ 523,853</u>	<u>\$ 523,853</u>	<u>\$ 543,454</u>	<u>\$ 19,601</u>

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Physical environment	\$ -	\$ 4,999	\$ 2,494	\$ 2,505
Total Expenditures	-	4,999	2,494	2,505
Net change in fund balances	-	(4,999)	(2,494)	2,505
Fund balances, beginning	5,488	5,488	5,488	-
Fund balances, ending	<u>\$ 5,488</u>	<u>\$ 489</u>	<u>\$ 2,994</u>	<u>\$ 2,505</u>

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 272,395	\$ 272,395	\$ 291,494	\$ 19,099
Investment income	-	-	43	43
Total revenues	<u>272,395</u>	<u>272,395</u>	<u>291,537</u>	<u>19,142</u>
Expenditures:				
Debt Service:				
Principal	981,000	979,346	981,000	(1,654)
Interest and other charges	213,482	215,136	215,077	59
Total Expenditures	<u>1,194,482</u>	<u>1,194,482</u>	<u>1,196,077</u>	<u>(1,595)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(922,087)</u>	<u>(922,087)</u>	<u>(904,540)</u>	<u>17,547</u>
Other Financing Sources (Uses)				
Transfers in	922,087	922,087	922,087	-
Total other financing sources and uses	<u>922,087</u>	<u>922,087</u>	<u>922,087</u>	<u>-</u>
Net change in fund balances	-	-	17,547	17,547
Fund balances, beginning	472,837	472,837	472,837	-
Fund balances, ending	<u>\$ 472,837</u>	<u>\$ 472,837</u>	<u>\$ 490,384</u>	<u>\$ 17,547</u>

FIDUCIARY FUNDS

Pension Trust Funds

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

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

City of Tavares, Florida
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2021

	Pension Trust Funds		
	Police Officers	Firefighters	Totals
Assets:			
Cash and cash equivalents	\$ 92,090	\$ 107,149	\$ 199,239
Receivables:			
State contribution	145,048	109,758	254,806
Total receivables	<u>145,048</u>	<u>109,758</u>	<u>254,806</u>
Investments, at fair value:			
Mutual funds - fixed income	6,623,191	4,001,898	10,625,089
Mutual funds - equity	9,469,704	6,313,943	15,783,647
Common and collective funds	1,662,008	1,053,069	2,715,077
Total Investments	<u>17,754,903</u>	<u>11,368,910</u>	<u>29,123,813</u>
Total assets	<u>17,992,041</u>	<u>11,585,817</u>	<u>29,577,858</u>
Net Position:			
Net position restricted for pensions	<u>\$ 17,992,041</u>	<u>\$ 11,585,817</u>	<u>\$ 29,577,858</u>

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

For the Year Ended September 30, 2021

	Pension Trust Funds		Total Pension Funds
	Police Officers	Firefighters	
Additions:			
Contributions:			
Employer	\$ 361,417	\$ 345,095	\$ 706,512
Plan members	142,400	34,840	177,240
State	145,048	109,758	254,806
Total contributions	648,865	489,693	1,138,558
Investment income:			
Net increase (decrease) in fair value	2,683,640	1,636,047	4,319,687
Interest	363,710	229,260	592,970
Less: investment expense	(26,000)	(21,000)	(47,000)
Net investment income (loss)	3,021,350	1,844,307	4,865,657
Total additions	3,670,215	2,334,000	6,004,215
Deductions:			
Benefits/distributions	633,223	201,678	834,901
Administrative expenses	57,219	54,033	111,252
Total deductions	690,442	255,711	946,153
Change in net position	2,979,773	2,078,289	5,058,062
Net position, beginning	15,012,268	9,507,528	24,519,796
Net position, ending	\$ 17,992,041	\$ 11,585,817	\$ 29,577,858

STATISTICAL SECTION

STATISTICAL SECTION

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

CONTENTS PAGE

Financial Trends

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

Net Position by Component	100
Changes in Net Position	102
Governmental Activities Tax Revenues by Source	104
Fund Balances of Governmental Funds	105
Changes in Fund Balances of Governmental Funds	107

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property	109
Property Tax Rates - Direct and Overlapping Governments	111
Principal Property Taxpayers	112
Property Tax Levies and Collections	113

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	114
Ratios and General Bonded Debt Outstanding	115
Direct and Overlapping Governmental Activities Debt	116
Legal Debt Margin	117
Pledged-Revenue Coverage	118

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic Statistics	119
Principal Employers	120

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Full-time Equivalent City Government Employees by Function/Program	121
Operating Indicators by Function/Program	122

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

CITY OF TAVARES, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 14,093,258	\$ 14,032,686	\$ 16,498,925	\$ 19,011,685
Restricted	895,131	800,365	1,223,655	1,276,753
Unrestricted	1,248,400	1,630,371	(219,472)	(6,355,282)
Total Government Activities Net Position	\$ 16,236,789	\$ 16,463,422	\$ 17,503,108	\$ 13,933,156
Business-type Activities				
Net investment in capital assets	\$ 16,899,453	\$ 18,123,311	\$ 18,478,622	\$ 19,175,272
Restricted	4,763,265	5,209,216	5,910,482	6,253,305
Unrestricted	9,136,698	8,125,750	9,705,339	10,066,710
Total Business-type Activities Net Position	\$ 30,799,416	\$ 31,458,277	\$ 34,094,443	\$ 35,495,287
Primary Government				
Net investment in capital assets	\$ 30,992,711	\$ 32,155,997	\$ 34,977,547	\$ 38,186,957
Restricted	5,658,396	6,009,581	7,134,137	7,530,058
Unrestricted	10,385,098	9,756,121	9,485,867	3,711,428
Total Primary Government Net Position	\$ 47,036,205	\$ 47,921,699	\$ 51,597,551	\$ 49,428,443

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 21,019,429	\$ 23,166,805	\$ 26,424,663	\$ 28,161,534	\$ 32,064,811	\$ 40,682,650
1,406,022	1,853,166	1,780,710	1,458,161	7,301,862	2,012,797
(7,939,103)	(3,771,617)	(4,470,840)	(381,044)	(6,144,922)	(4,961,840)
<u>\$ 14,486,348</u>	<u>\$ 21,248,354</u>	<u>\$ 23,734,533</u>	<u>\$ 29,238,651</u>	<u>\$ 33,221,751</u>	<u>\$ 37,733,607</u>
\$ 20,238,689	\$ 22,642,480	\$ 22,259,502	\$ 23,254,396	\$ 23,493,373	\$ 24,641,521
6,665,410	5,050,404	4,618,956	4,884,035	4,900,393	4,943,397
11,041,872	14,622,565	16,879,433	18,138,648	20,185,502	21,319,977
<u>\$ 37,945,971</u>	<u>\$ 42,315,449</u>	<u>\$ 43,757,891</u>	<u>\$ 46,277,079</u>	<u>\$ 48,579,268</u>	<u>\$ 50,904,895</u>
\$ 41,258,118	\$ 45,809,285	\$ 48,684,165	\$ 51,415,930	\$ 55,558,184	\$ 65,324,171
8,071,432	6,903,570	6,399,666	6,342,196	12,202,255	6,956,194
3,102,769	10,850,948	12,408,593	17,757,604	14,040,580	16,358,137
<u>\$ 52,432,319</u>	<u>\$ 63,563,803</u>	<u>\$ 67,492,424</u>	<u>\$ 75,515,730</u>	<u>\$ 81,801,019</u>	<u>\$ 88,638,502</u>

CITY OF TAVARES, FLORIDA

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

(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General government	\$ 2,684,092	\$ 2,652,168	\$ 2,791,383	\$ 4,037,720	\$ 3,207,946	\$ 3,313,666	\$ 3,563,663	\$ 3,939,032	\$ 4,337,617	\$ 3,823,113
Public safety	5,607,008	5,644,118	5,731,360	5,812,508	6,133,272	6,353,989	6,478,044	7,267,071	7,722,446	7,181,650
Physical environment	1,973,762	1,932,092	2,266,877	2,228,153	2,536,316	2,529,855	3,001,665	2,924,254	2,848,128	2,945,305
Economic environment	298,767	1,187,237	1,711,442	510,033	404,606	363,765	465,482	555,947	522,862	516,772
Culture & recreation	2,174,924	2,252,677	2,394,261	1,816,003	3,253,170	3,544,566	3,429,245	3,797,121	3,972,217	3,351,437
Interest & other fiscal charges on long-term debt	506,674	462,912	416,484	381,845	490,199	677,979	777,174	742,038	721,920	642,875
Total Governmental Activities Expenses	13,245,227	14,131,204	15,311,807	14,786,262	16,025,509	16,783,810	17,705,263	19,225,463	20,125,190	18,461,152
Business-type Activities:										
Water & sewer	7,113,633	6,296,831	6,356,680	6,190,916	6,856,155	7,489,129	8,161,242	8,242,600	8,390,496	8,286,951
Sanitation	1,597,423	1,574,137	1,742,068	1,687,934	1,858,449	2,001,336	2,072,946	2,140,411	2,247,012	2,386,957
Stormwater	307,064	371,287	397,368	461,110	478,896	539,609	619,827	522,396	825,328	1,256,655
Seaplane Base	612,208	618,676	713,219	642,806	672,184	898,921	790,392	886,445	789,538	660,035
Total Business-type Activities Expenses	9,630,328	8,860,931	9,209,335	8,982,766	9,865,784	10,928,995	11,644,407	11,791,852	12,252,374	12,590,598
Total Primary Government Expenses	\$ 22,875,555	\$ 22,992,135	\$ 24,521,142	\$ 23,769,028	\$ 25,891,293	\$ 27,712,805	\$ 29,349,670	\$ 31,017,315	\$ 32,377,564	\$ 31,051,750

Program Revenues

Governmental Activities:

Charges for services

General government	\$ 52,894	\$ 196,043	\$ 59,912	\$ 22,969	\$ 48,191	\$ 46,507	\$ 50,995	\$ 44,388	\$ 44,383	\$ 44,795
Public safety	39,959	1,539,220	1,628,198	1,726,953	1,782,726	1,601,757	1,745,267	1,829,337	1,819,036	1,856,555
Physical environment	621,449	552,983	775,432	885,851	844,086	1,582,386	1,383,492	489,698	1,214,554	1,176,153
Economic environment	13,587	11,150	6,525	46,056	26,463	29,550	20,375	23,845	19,110	5,900
Culture & recreation	108,420	119,784	188,132	416,539	456,654	594,404	534,660	449,542	298,393	399,508
Operating grants and contributions	550,470	514,832	639,973	539,779	577,234	621,338	621,132	666,801	2,462,441	915,825
Capital grants and contributions	84,396	784,073	1,710,293	532,984	395,043	5,356,009	1,212,353	5,214,037	1,523,195	909,973
Total Governmental Activities Program Revenues	1,471,175	3,718,085	5,008,465	4,171,131	4,130,397	9,831,951	5,568,274	8,717,648	7,381,112	5,308,709

Fiscal Year

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type Activities:										
Charges for services:										
Water & Sewer	7,496,265	7,739,529	8,822,402	8,209,457	9,041,225	10,690,718	9,625,362	10,163,373	10,586,767	10,895,658
Solid Waste	2,491,083	2,587,497	2,672,040	2,746,477	2,863,205	2,948,456	3,035,617	3,208,736	3,329,348	3,540,508
Stormwater	537,093	661,120	797,195	964,612	1,128,802	1,206,254	1,369,766	1,564,091	1,585,634	1,631,563
Seaplane Base	289,383	301,130	341,514	310,651	294,207	314,345	165,974	187,439	126,767	212,106
Operating grants and contributions	317,439	432,765	191,588	6,412	-	-	17,199	446,927	18,139	-
Capital grants and contributions	3,384	62,437	473,635	851,788	748,619	1,987,157	575,074	968,716	1,409,287	977,945
Total Business-type Activities Program Revenues	11,134,647	11,784,478	13,298,374	13,089,397	14,076,058	17,146,930	14,789,992	16,539,282	17,055,942	17,257,780
Total Government Program Revenues	\$ 12,605,822	\$ 15,502,563	\$ 18,306,839	\$ 17,260,528	\$ 18,206,465	\$ 26,978,881	\$ 20,357,266	\$ 25,256,930	\$ 24,437,054	\$ 22,566,489
Net (Expense)/Revenue	\$ (11,774,052)	\$ (10,413,119)	\$ (10,303,342)	\$ (10,615,131)	\$ (11,895,112)	\$ (6,951,859)	\$ (12,136,989)	\$ (10,507,815)	\$ (12,744,078)	\$ (13,152,443)
Governmental activities	1,504,319	2,923,547	4,089,039	4,106,631	4,210,274	6,217,935	3,144,585	4,747,430	4,803,568	4,667,182
Business-type activities	\$ (10,269,733)	\$ (7,489,572)	\$ (6,214,303)	\$ (6,508,500)	\$ (7,684,838)	\$ (733,924)	\$ (8,992,404)	\$ (5,760,385)	\$ (7,940,510)	\$ (8,485,261)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 4,230,824	\$ 3,747,879	\$ 4,096,418	\$ 4,485,134	\$ 4,648,607	\$ 5,415,318	\$ 5,831,830	\$ 6,532,692	\$ 6,995,761	\$ 7,454,007
Franchise and utility taxes	2,762,429	2,858,876	3,005,572	2,944,299	3,057,287	3,094,953	3,241,864	3,421,522	3,511,536	3,624,500
Intergovernmental	2,595,655	2,253,771	2,388,459	2,566,042	2,743,544	2,911,302	3,256,119	3,413,252	3,363,341	3,893,281
Investment earnings and miscellaneous	116,209	167,118	221,333	148,756	215,247	272,627	367,133	256,341	255,806	251,980
Transfers	1,675,612	1,612,108	1,631,246	1,701,403	1,783,619	2,019,665	2,118,193	2,388,126	2,600,734	2,440,531
Total Governmental Activities	11,380,729	10,639,752	11,343,028	11,865,634	12,448,304	13,713,865	14,815,139	16,011,933	16,727,178	17,664,299
Business-type Activities:										
Investment earnings and miscellaneous	43,878	9,589	178,373	31,644	24,029	171,208	502,374	159,884	99,355	98,976
Transfers	(1,675,612)	(1,612,108)	(1,631,246)	(1,701,403)	(1,783,619)	(2,019,665)	(2,118,193)	(2,388,126)	(2,600,734)	(2,440,531)
Total Business-type Activities	(1,631,734)	(1,602,519)	(1,452,873)	(1,669,759)	(1,759,590)	(1,848,457)	(1,615,819)	(2,228,242)	(2,501,379)	(2,341,555)
Total Government	\$ 9,748,995	\$ 9,037,233	\$ 9,890,155	\$ 10,195,875	\$ 10,688,714	\$ 11,865,408	\$ 13,199,320	\$ 13,783,691	\$ 14,225,799	\$ 15,322,744
Change in Net Position										
Governmental Activities	\$ (393,323)	\$ 226,633	\$ 1,039,686	\$ 1,250,503	\$ 553,192	\$ 6,762,006	\$ 2,678,150	\$ 5,504,118	\$ 3,983,100	\$ 4,511,856
Business-type Activities	(127,415)	1,321,028	2,636,166	2,436,872	2,450,684	4,369,478	1,528,766	2,519,188	2,302,189	2,325,627
Total Government	\$ (520,738)	\$ 1,547,661	\$ 3,675,852	\$ 3,687,375	\$ 3,003,876	\$ 11,131,484	\$ 4,206,916	\$ 8,023,306	\$ 6,285,289	\$ 6,837,483

CITY OF TAVARES, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE ¹
LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year	Property Taxes	Franchise Fees	Utility Taxes	Total Taxes
2012	4,230,824	973,992	1,788,437	6,993,253
2013	3,747,879	946,590	1,912,286	6,606,755
2014	4,096,418	1,033,254	1,972,318	7,101,990
2015	4,485,134	1,059,183	1,885,116	7,429,433
2016	4,648,607	1,070,096	1,987,191	7,705,894
2017	4,938,955	1,075,406	2,019,548	8,033,909
2018	5,831,831	1,147,806	2,094,056	9,073,693
2019	6,532,692	1,232,621	2,188,901	9,954,214
2020	6,995,761	1,222,741	2,288,795	10,507,297
2021	7,454,007	1,253,044	2,371,456	11,078,507

Note:

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

CITY OF TAVARES, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 318,063	\$ 537,904	\$ 540,551	\$ 646,823
Restricted	-	-	-	-
Assigned	-	112,624	-	-
Unassigned	1,056,371	574,823	645,630	396,676
Total general fund	<u>\$ 1,374,434</u>	<u>\$ 1,225,351</u>	<u>\$ 1,186,181</u>	<u>\$ 1,043,499</u>
All Other Governmental Funds				
Nonspendable	\$ 29,570	\$ 567,199	\$ 569,846	\$ 676,118
Restricted	3,205,475	3,533,635	1,194,360	1,247,458
Committed	-	-	-	-
Assigned	-	112,624	-	-
Unassigned	-	574,523	(957,583)	(2,367,330)
Total all other governmental funds	<u>\$ 3,235,045</u>	<u>\$ 4,787,981</u>	<u>\$ 806,623</u>	<u>\$ (443,754)</u>

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 60,791	\$ 62,598	\$ 314,142	\$ 62,186	\$ 62,926	\$ 224,411
910,596	-	-	-	-	-
-	-	-	-	1,762,947	-
562,346	1,292,300	1,775,046	2,306,142	2,424,721	3,793,466
<u>\$ 1,533,733</u>	<u>\$ 1,354,898</u>	<u>\$ 2,089,188</u>	<u>\$ 2,368,328</u>	<u>\$ 4,250,594</u>	<u>\$ 4,017,877</u>
\$ 90,086	\$ 29,295	\$ 29,295	\$ 29,295	\$ 29,295	\$ 29,295
13,378,976	13,363,104	12,233,205	2,486,468	10,062,764	4,059,027
-	-	-	-	-	-
-	-	-	-	-	-
(2,435,536)	(3,486,308)	(3,034,609)	(3,495,088)	(2,562,536)	(2,498,110)
<u>\$ 11,033,526</u>	<u>\$ 9,906,091</u>	<u>\$ 9,227,891</u>	<u>\$ (979,325)</u>	<u>\$ 7,529,523</u>	<u>\$ 1,590,212</u>

CITY OF TAVARES, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
<u>Revenues</u>				
Taxes	\$ 6,993,253	\$ 6,245,728	\$ 7,101,990	\$ 7,429,433
Licenses and Permits	666,440	598,465	810,072	914,903
Intergovernmental	3,230,521	1,609,419	4,738,725	3,658,805
Special assessments	-	-	-	1,558,276
Charges for Services	122,236	257,096	1,807,454	576,344
Fines and Forfeitures	47,633	31,236	40,673	48,845
Investment Earnings	29,079	2,345	7,290	10,638
Miscellaneous	87,130	139,638	214,043	138,118
Total Revenues	<u>11,176,292</u>	<u>8,883,927</u>	<u>14,720,247</u>	<u>14,335,362</u>
<u>Expenditures</u>				
General Government	2,581,504	2,513,661	2,686,306	2,926,983
Public Safety	5,319,872	5,608,773	6,272,625	5,736,338
Physical Environment	1,931,000	1,716,197	1,743,596	2,351,901
Economic Environment	292,110	945,145	1,706,500	536,766
Culture & Recreation	2,241,657	2,252,865	2,287,092	2,698,589
Capital Outlay	2,908,290	-	4,438,507	1,207,915
Debt Service				
Principal	1,089,043	1,092,814	1,244,506	1,443,533
Interest and fiscal charges	510,966	446,526	418,679	385,217
Total expenditures	<u>16,874,442</u>	<u>14,575,981</u>	<u>20,797,811</u>	<u>17,287,242</u>
Excess of Revenues Over (Under) Expenditures	(5,698,150)	(5,692,054)	(6,077,564)	(2,951,880)
<u>Other Financing Sources (Uses)</u>				
Issuance of Bonds and Notes	3,300,000	2,750,000	-	-
Issuance of Refunding Debt	6,530,000	-	-	-
Payment to Refunded Debt Escrow Agent	(6,668,093)	-	-	-
Capital Lease Proceeds	132,861	-	464,960	-
Insurance recoveries	-	-	-	-
Transfers In	5,587,172	6,420,880	3,835,724	6,446,403
Transfers Out	(3,911,560)	(4,808,772)	(2,204,478)	(4,744,900)
Total Other Financing Sources (Uses)	<u>4,970,380</u>	<u>4,362,108</u>	<u>2,096,206</u>	<u>1,701,503</u>
Net Change in Fund Balances	<u>\$ (727,770)</u>	<u>\$ (1,329,946)</u>	<u>\$ (3,981,358)</u>	<u>\$ (1,250,377)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>11.46%</u>	<u>18.25%</u>	<u>10.82%</u>	<u>12.18%</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 7,705,894	\$ 8,510,271	\$ 9,073,694	\$ 9,954,214	\$ 10,507,297	\$ 11,078,507
883,388	1,602,768	1,426,190	532,831	1,248,896	1,205,996
3,715,821	5,629,971	4,938,192	4,550,699	6,403,672	5,522,632
1,600,939	1,578,475	1,708,453	1,778,784	1,789,075	1,834,316
637,118	1,090,309	710,156	514,933	441,051	782,279
36,675	27,901	41,402	54,185	32,333	24,726
9,153	53,242	53,875	30,911	3,999	441
206,094	219,385	974,862	225,430	251,807	251,539
<u>14,795,082</u>	<u>18,712,322</u>	<u>18,926,824</u>	<u>17,641,987</u>	<u>20,678,130</u>	<u>20,700,436</u>
3,165,242	3,010,357	3,195,973	3,597,392	3,972,107	4,217,196
6,589,567	6,529,349	11,062,518	17,878,021	7,836,962	8,094,765
2,505,055	5,313,210	2,652,765	2,956,630	3,126,467	3,558,147
409,491	321,964	421,221	457,250	415,701	508,591
3,241,913	3,637,088	3,019,183	3,262,635	3,373,346	3,440,127
-	-	1,626,876	510,137	2,042,492	6,649,055
-	-	-	-	-	-
1,485,227	1,010,009	1,298,124	1,932,140	725,981	2,190,976
479,926	682,547	759,463	737,917	1,773,678	654,138
-	-	-	-	-	-
<u>17,876,421</u>	<u>20,504,524</u>	<u>24,036,123</u>	<u>31,332,122</u>	<u>23,266,734</u>	<u>29,312,995</u>
(3,081,339)	(1,792,202)	(5,109,299)	(13,690,135)	(2,588,604)	(8,612,559)
12,775,000	-	-	837,000	837,000	-
-	-	5,484,000	-	-	-
-	-	(2,436,804)	-	-	-
-	-	-	339,398	339,398	-
-	-	-	197,535	197,535	-
4,407,833	4,702,584	5,125,471	5,750,324	5,750,324	6,410,545
(2,624,214)	(2,682,919)	(3,007,278)	(3,362,198)	(3,362,198)	(3,970,014)
<u>14,558,619</u>	<u>2,019,665</u>	<u>5,165,389</u>	<u>3,762,059</u>	<u>3,762,059</u>	<u>2,440,531</u>
<u>\$ 11,477,280</u>	<u>\$ 227,463</u>	<u>\$ 56,090</u>	<u>\$ (9,928,076)</u>	<u>\$ 1,173,455</u>	<u>\$ (6,172,028)</u>
<u>12.43%</u>	<u>10.60%</u>	<u>12.04%</u>	<u>14.37%</u>	<u>12.63%</u>	<u>14.10%</u>

CITY OF TAVARES, FLORIDA

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

Fiscal Year Ended September 30,	Real Property				
	Total Residential and Commercial Real Property	Residential Property	% Residential	Commercial Property	% Commercial
2012	584,854,801	443,574,246	68.14%	141,280,555	31.85%
2013	541,773,326	345,651,382	63.80%	196,121,944	36.20%
2014	549,971,614	342,082,344	62.20%	163,341,569	29.70%
2015	635,249,590	395,760,495	62.30%	195,656,874	30.80%
2016	675,210,640	446,989,444	66.20%	180,281,241	26.70%
2017	732,019,797	495,577,403	67.70%	185,933,028	25.40%
2018	808,059,254	551,096,411	68.20%	202,014,814	25.00%
2019	826,783,639	563,866,442	68.20%	206,695,910	25.00%
2020	977,427,706	669,537,978	68.50%	244,356,926	25.00%
2021	1,136,789,454	769,606,460	67.70%	289,881,311	25.50%

Note: ** Data not available

Note: *Excludes Centrally Assessed Properties*

Personal Property	Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 40,657,563	\$ 294,384,352	\$ 625,512,364	6.8900	\$ 625,512,364	100%
50,236,989	\$ 363,111,842	592,010,315	5.9850	592,010,315	100%
52,128,871	\$ 367,031,678	557,552,784	6.4531	557,552,784	100%
43,832,222	404,380,311	635,249,590	6.7283	635,249,590	100%
47,939,955	576,550,310	675,210,640	6.6166	675,210,640	100%
50,509,366	346,311,142	732,019,797	7.1000	732,019,797	100%
58,988,326	528,449,845	812,099,551	7.0000	812,099,551	100%
60,717,621	555,815,514	831,279,973	7.1119	831,279,973	100%
63,532,802	581,842,145	977,427,706	6.9500	977,427,706	100%
72,754,525	577,461,545	1,132,242,296	6.9000	1,132,242,296	100%

CITY OF TAVARES, FLORIDA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ GOVERNMENTS
LAST TEN FISCAL YEARS²

Overlapping Rates

Fiscal Year	City of Tavares		Lake County			Lake County School District			Independent Hospital District	Lake County Water Authority	St. John's Water Management District	Total Direct & Overlapping Rates
	Direct City of Tavares Operating Millage	City of Tavares Debt Service Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Capital Outlay	Total School Millage				
2012	6.8900	0.4612	4.7309	0.1101	0.8206	5.6616	1.5740	7.3940	1.0000	0.2405	0.3313	21.9786
2013	5.9850	0.4612	4.7309	0.1900	1.2059	6.1268	1.5000	7.3200	1.0000	0.2554	0.3313	21.4797
2014	6.4531	0.4533	4.7309	0.1900	1.2059	6.1268	2.2480	7.1700	1.0000	0.2554	0.3283	21.7869
2015	6.7283	0.4286	5.3856	0.1600	1.4290	6.9746	1.5000	7.2460	1.0000	0.2554	0.3164	22.9493
2016	6.6166	0.4068	5.3051	0.1600	1.4290	6.8941	1.5000	7.1970	1.0000	0.2554	0.3023	22.6722
2017	7.1000	0.4068	5.1180	0.1524	1.4290	6.6994	2.2480	6.8750	1.0000	0.2554	0.2885	22.6251
2018	7.0000	0.3397	5.1180	0.1524	0.9661	6.2365	1.5000	6.6030	1.0000	0.2554	0.2724	21.7070
2019	7.1119	0.3052	5.1180	0.1324	0.4629	5.7133	1.5000	6.3550	0.9800	0.4900	0.2562	21.2116
2020	6.9500	0.2932	5.0734	0.1100	0.4629	5.7133	2.9980	6.8830	0.9500	0.3557	0.2414	21.3866
2021	6.7579	0.2391	5.0529	0.0918	0.4629	5.7133	0.0000	6.5920	0.0000	0.3229	0.2189	19.8441

Source: Lake County Tax Collectors Office

Notes:

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

CITY OF TAVARES, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

September 30, 2021

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atwater Apartments	\$ 20,332,076	1	1.79%			
Lakeview Crest LLC	12,647,962	2	1.11%			
Sumter Electric Co-op Inc	9,422,237	3	0.83%			
Amsdell Storage Ventures XXXIV LLC	6,969,565	4	0.61%			
WCA of Florida LLC	6,727,952	5	0.59%			
Tiki Village MHC LLC	5,842,173	6	0.51%			
Tavares Crossroads LP	5,784,415	7	0.51%			
Publix Super Markets Inc	5,073,233	8	0.45%			
Tavares Village Property Holders LLC	4,990,787	9	0.44%			
COB MHC Lake Point One LLC	5,470,303	10	0.48%			
Florida Hospital Waterman				\$ 17,425,584	1	5.22%
Tavares Associated, Incorporated				3,134,752	2	0.94%
Nationwide Health Properties				2,259,116	3	0.68%
Zellwin Farms Company				2,162,085	4	0.65%
Pierce Hard LP/84 Lumber				1,822,997	5	0.55%
Florida Motels, Inc.				1,772,823	6	0.53%
Holiday, Ltd.				1,610,351	7	0.53%
Dead River LLC				1,531,597	8	0.48%
Ehler Development				1,517,197	9	0.46%
Pringle Properties				1,999,992	10	0.45%
Totals	<u>\$ 83,260,703</u>		<u>7.32%</u>	<u>\$ 35,236,494</u>		<u>10.49%</u>

Source: Lake County Property Appraiser

CITY OF TAVARES, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	4,309,780	4,094,398	95.00%	13,336	4,107,734	95.31%
2013	3,543,182	3,257,653	91.94%	129,198	3,386,851	95.59%
2014	4,277,136	3,723,940	87.07%	108,291	3,832,231	89.60%
2015	4,277,136	3,599,357	84.15%	123,521	3,722,878	87.04%
2016	4,463,583	4,198,281	94.06%	105,651	4,303,932	96.42%
2017	5,187,341	5,008,126	96.55%	6,377	5,014,503	96.67%
2018	5,656,415	5,241,329	92.66%	98,496	5,339,825	94.40%
2019	6,316,619	6,129,045	97.03%	140,171	6,269,216	99.25%
2020	6,793,123	6,601,651	97.18%	117,045	6,718,696	98.90%
2021	7,682,309	7,213,432	93.90%	90,678	7,304,110	95.08%

Note: Excludes Voted Debt Service Levy; includes TIF Collections

CITY OF TAVARES, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita
	Bonds Payable	Notes Payable	Capital Leases	Water Revenue Bonds	Notes Payable	Capital Lease	Total Primary Government				
2012	-	13,510,000	120,019	4,930,000	15,653,745	434,835	34,648,599	9.37%	2,465		
2013	-	15,193,000	94,205	6,880,000	16,199,892	371,516	38,738,613	10.32%	2,709		
2014	-	14,439,750	67,909	6,665,000	26,107,432	457,319	47,737,410	8.75%	3,274		
2015	-	13,023,005	41,121	6,325,000	29,657,665	362,356	49,409,147	8.66%	3,271		
2016	-	24,339,565	14,334	5,975,000	30,044,975	265,587	60,639,461	10.06%	3,791		
2017	-	23,343,890	-	5,620,000	30,124,770	166,980	59,255,640	8.56%	3,704		
2018	-	25,092,962	-	5,255,000	34,812,740	66,499	65,227,201	9.42%	3,997		
2019	-	24,037,000	300,220	4,875,000	33,629,082	-	62,841,302	13.48%	3,615		
2020	-	23,939,000	270,728	4,490,000	33,555,853	-	62,255,581	13.36%	3,508		
2021	-	21,777,000	241,752	7,695,000	34,757,720	-	64,471,472	13.83%	3,706		

Notes:

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

** Data is not available

1. See the Schedule of Demographic and Economic Statistics on page 119 for personal income and population data. Personal income for Tavares is calculated using population and per capita income.

CITY OF TAVARES, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Governmental Activities					
Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2012	3,300,000	45,285	3,254,715	0.52%	232
2013	3,123,000	80,981	3,042,019	0.51%	216
2014	2,938,000	45,326	2,892,674	0.52%	203
2015	2,747,000	36,918	2,710,082	0.43%	179
2016	2,551,000	36,490	2,514,510	0.37%	157
2017	2,350,000	36,490	2,313,510	0.32%	142
2018	2,143,000	36,491	2,106,509	0.26%	139
2019	1,930,000	469,316	1,460,684	0.18%	97
2020	1,711,000	571,198	1,139,802	0.18%	64
2021	1,486,000	44,558	1,441,442	0.13%	83

Notes:

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

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

CITY OF TAVARES, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2021

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Lake County General Obligation Debt	\$ 11,835,000	4.31%	\$ 510,089
Subtotal, overlapping debt			
Direct Debt:			
Governmental activities debt	1,486,000	100%	1,486,000
Total direct and overlapping debt	<u>\$ 13,321,000</u>		<u>\$ 1,996,089</u>

Sources:

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

Notes:

1. Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Tavares

CITY OF TAVARES, FLORIDA

LEGAL DEBT MARGIN

September 30, 2021

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

CITY OF TAVARES, FLORIDA

REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
WATER AND SEWER FUND

Fiscal Year	Water/Sewer Gross ¹ Revenues	Less: Operating ² Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2012	7,496,265	4,643,744	2,852,521	494,920	472,049	966,969	2.95
2013	7,708,984	3,879,985	3,828,999	684,114	405,769	1,089,883	3.51
2014	8,942,915	3,907,264	5,035,651	691,744	502,119	1,193,863	4.22
2015	8,212,984	3,920,052	4,292,932	1,046,323	294,507	1,340,830	3.20
2016	9,789,844	4,134,075	5,655,769	1,555,284	363,936	1,919,220	2.95
2017	11,502,519	4,896,380	6,606,139	1,861,610	474,259	2,335,869	2.83
2018	10,506,041	5,141,480	5,364,561	1,377,168	490,262	1,867,430	2.87
2019	11,288,021	6,522,080	4,765,941	1,604,420	760,820	2,365,240	2.01
2020	11,951,345	4,724,334	7,227,011	1,957,961	733,515	2,691,476	2.69
2021	11,933,768	6,591,847	5,341,921	1,813,812	699,961	2,513,773	2.13

Notes:

1. Total Operating Revenue (including impact fees).
2. Excludes depreciation expense
3. Debt service principal Includes notes payable
4. Debt service interest excludes interest on capital leases & capitalized interest

CITY OF TAVARES, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemploy-ment Rate
2012	14,054	372,375	26,496	52.5	12.70	40,563	8.3%
2013	14,300	336,493	23,531	52.5	13.13	40,753	8.9%
2014	14,582	542,815	37,225	52.5	13.13	43,925	5.5%
2015	15,106	570,674	37,778	52.6	13.13	41,343	5.2%
2016	15,996	603,017	37,698	46.1	10.30	42,414	4.6%
2017	16,317	692,086	42,415	54.9	13.40	42,414	3.4%
2018	15,106	**	**	**	**	43,174	2.9%
2019	17,385	466,092	26,810	55.4	**	42,000	2.9%
2020	17,749	465,077	26,203	51.4	**	44,798	8.9%
2021	17,397	552,076	31,734	54.3	**	46,094	4.3%

Sources:

1. Per Capita Income: Census.gov City Data
 2. Median age - City-Data.com (2019, most recent information available)
 3. School enrollment Lake County Schools, Florida Department of Education
 4. Population: Metro Orlando Economic Development Commission & Florida EDR, Census.gov City Data
 5. Economic and Business Research, University of Florida
 6. Office of Economic & Demographic Research - County Profiles
- Note: ** Data not available

CITY OF TAVARES, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lake County Public Schools ³	6,043	1	39.11%	4,353	1	15.40%
Advent Health (Florida Hospital Waterman) ³	1,751	2	11.33%	1,400	2	4.29%
Lake County Board of County Commissioners ³	949	3	6.14%	739	4	2.17%
Lake County Sheriff's Office ³	729	4	4.72%	742	3	2.19%
Cornerstone Hospice ³	724	5	4.69%	468	6	1.34%
Lake County Clerk of Court ³	182	7	1.18%	225	7	0.63%
Sunstate Carriers ³	175	9	1.13%	***	***	1.07%
City of Tavares	188	6	1.22%	164	8	0.46%
Publix ³	176	8	1.14%	**	**	**
G&T Conveyor ⁵	**	**	**	550	5	0.40%
Winn-Dixie ³	114	10	0.74%	110	9	0.40%
Lake County Tax Collector ³	***	***	**	68	10	0
Total	11,031		71.40%	8,819		28.35%

Source: City of Tavares Economic Development Department

Notes:

1. The City of Tavares has an estimated functional population (daytime) of 9,398 with approximately 752 business establishments as of 9/30/2005. Tindale-Oliver & Assoc., Inc. Impact Fee Study September 2006. Business establishments - City of Tavares business license database.
2. ** Data not available
3. ****Employer not ranked in top 10
3. City of Tavares Economic Development Department
4. FY 2017 - Most Recent Data Available
5. City of Tavares location closed in 2013
6. U.S. Census Bureau Quick Facts : 42.3% of population in labor force.

CITY OF TAVARES, FLORIDA

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	27.5	27.5	27.5	29.0	28.0	29.5	29.5	26.0	28.5	26.0
Public Safety										
Police										
Sworn officers	29.0	28.0	36.0	26.0	26.0	26	26.0	27.0	30.0	30.0
Non-sworn officers	1.0	1.0	1.0	1.0	1.0	1	2.0	1.0	1.0	1.0
Civilians ^{1&2}	8.5	11.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.5
Fire										
Firefighters & officers	21.0	23.0	23.0	24.0	24.0	24	24.0	25.0	25.0	26.0
Civilians	0.8	0.8	0.8	1.0	1.0	1	1.0	1.0	1.0	1.0
Physical Environment	7.0	7.0	7.0	8.0	9.0	9	9.0	15.0	17.0	16.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2	2.0	2.0	2.0	2.0
Marina/Prop Shop	5.6	5.6	5.0	6.5	6.0	5.5	5.5	5.5	6.0	6.0
Water/Wastewater/SW	29.5	29.0	30.0	31.0	32.0	32	32.0	33.0	34.0	38.0
Solid Waste	7.0	6.0	7.0	8.0	8.0	8	8.0	8.0	8.0	8.0
Culture & Recreation	25.0	23.5	24.5	22.5	23.0	23	28.0	28.5	29.0	25.0
Total	163.8	164.3	166.8	162.0	163.0	163.5	169.5	174.5	184.0	181.5

Notes:

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

Seasonal Employees not included.

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

CITY OF TAVARES, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Auto accidents	541	604	578	21	21	746	682	718	551	401
Physical arrests	352	252	354	268	266	298	309	377	378	471
Criminal investigations conducted	185	262	227	176	246	796	770	422	519	414
Total calls for service	21,704	19,318	21,317	15,100	16,503	16,884	16,828	16,408	15,965	17,289
911 calls received ¹	3,751	1,830	915	**	4,204	**	1,477	5,275	5,505	2,556
Evidence processed (pieces)	**	**	**	**	**	**	**	1,534	**	**
Public education programs	**	**	**	**	**	**	158	**	**	**
Medical responses	3,009	3,325	3,549	809	1,955	3,984	3,425	100	3,700	3,153
Community Development										
Total permits issued	679	1,170	1,318	1,230	1,169	1,730	1,995	1,591	2,618	1,954
Construction inspections	2,081	3,634	3,666	4,941	1,080	4,980	6,727	3,590	4,216	5,600
Physical Environment										
Streets paved (miles)	118	118	118	123	125	125	-	130	**	69
Streets resurfaced (miles)	-	-	-	-	4	11	3	4	**	3
Sidewalks/bike paths built or repaired (feet)	3,597	3,597	19,398	65,229	3,100	58,080	755	10,805	**	6,167
Culture and Recreation										
Sports complex ball games & field rentals	509	518	685	639	699	699	592	619	235	307
Library cards issued	1,234	1,233	1,309	2,282	1,209	1,170	1,303	1,324	92	831
Water/Wastewater										
New connections	393	273	336	563	353	241	458	563	237	350
Number of customers	7,128	7,452	7,504	7,604	8,078	8,075	9,982	7,604	8,817	9,192
Water main breaks	4	12	9	5	3	4	-	5	2	11
Average daily consumption (millions of gallons)	3	3	3	3	3	3	2	3	3	3
Meter reads	9,088	9,277	9,432	9,475	10,214	10,477	11,132	9,475	11,494	11,972
General Government										
Employment applications received	357	292	482	613	669	590	482	410	273	271
Personnel actions processed	40	191	207	268	205	205	225	215	395	255
Legal notices published	39	34	56	88	50	154	49	73	43	31
Occupational licenses issued	956	965	969	1,172	1,066	1,081	313	1,041	975	993
Accidents and injuries reviewed	39	17	11	12	17	24	18	16	20	40
Land use amendments and rezonings	18	12	14	37	33	7	21	13	6	15
License/Permit reviews	1,150	1,150	107	1,230	1,501	1,824	1,968	1,672	668	656
Employees paid	200	208	204	220	211	203	186	213	209	207
Checks deposited	53,880	45,321	46,518	41,830	39,256	37,230	36,874	31,249	30,238	28,755
A/P Checks issued	5,419	5,174	5,651	6,110	7,277	5,550	5,623	5,896	6,152	6,120
Purchase orders/processed	4,400	4,461	4,966	5,266	5,909	5,967	5,235	5,040	4,864	**

Note:

** Data not available

1. In Fiscal Year 2013, Communications were turned over to Lake County Sheriff's Office
2. Increase reflects Alfred Street One-Way Pairing Project, CRA Projects, and JPA with FL Dept of Transportation

OTHER REPORTS



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

Honorable Mayor and City Council
City of Tavares, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tavares, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given those limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "McDiarmid Davis". The signature is written in a cursive, slightly slanted style.

Orlando, Florida
June 30, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Council
City of Tavares, Florida

Report on Compliance for Each Major State Project

We have audited the *City of Tavares's* (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2021. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, *Rules of the Auditor General*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major state project for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

McDiarmid Davis

Orlando, Florida
June 30, 2022

City of Tavares, Florida
Schedule of Expenditures of State Financial Assistance
 Year Ended September 30, 2021

Award type			
Grantor		Contract/ Grant	
Pass-through grantor	CSFA	Number	
Project title	Number	Number	Expenditures
State Financial Assistance			
Florida Department of Environmental Protection			
Asset Management Practices for Medium Sized Water Systems	37.076	DW35097	\$ 44,000
State Revolving Fund, Lake Frances Lift Station *	37.077	WW350951	3,369,665
State Revolving Fund, Lake Frances Drinking Water	37.076	DW350961	<u>342,429</u>
Total expenditures of state financial assistance			<u>\$ 3,756,094</u>

* Denotes a major project

NOTE 1 BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the state grant activity of the City of Tavares (the City) under programs of the state government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2021, even if a grant or loan was received subsequent to that date. Pass-through entity identifying numbers are presented where available.

NOTE 3 LOANS AND LOAN GUARANTEES:

In 2018 and 2019, the City executed State Revolving Fund Loan agreements WW350951 and DW350961 for the City's Lake Francis Lift Station and Drinking Water projects. Loan balances as of September 30, 2021 are \$2,217,164 and \$403,521, for WW350951 and DW350961, respectively. Loan expenditures reported in the current year SESFA are \$3,369,655 and \$342,429 for WW350951 and DW350961, respectively.

NOTE 4 SUB-RECIPIENTS:

During the year ended September 30, 2021, the City had no sub-recipients.

Section I Summary of Independent Auditor's Results:

Financial Statements

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

State Projects

Type of auditors' report issued on compliance for major state projects:	Unmodified	
Internal control over major state project:		
• Material weakness identified?	___ Yes	<u> X </u> No
• Significant deficiency identified	___ Yes	<u> X </u> None reported
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550?	___ Yes	<u> X </u> No

Identification of major state projects	CSFA No. 37.077	Wastewater Management Projects
Dollar threshold used to distinguish between type A and type B projects	\$750,000	
Auditee qualified as a low-risk auditee?	___ Yes	<u> X </u> No
Section II - Financial Statement Findings:	None	
Section III - State Financial Assistance Findings and Questioned Costs:	None	
Section IV - State Financial Assistance Summary Schedule of Prior Year Findings	There were no audit findings for the year ended September 30, 2020.	

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Tavares, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Tavares, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 30, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 30, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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, State and other granting agencies, the commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "McDiarmid Davis". The signature is written in a cursive, slightly slanted style.

Orlando, Florida
June 30, 2022



934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
Tel. 407-843-5406
www.mcdirmitdavis.com

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

The Honorable Mayor and City Council
City of Tavares, Florida

We have examined City of Tavares's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, City of Tavares complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

McDirmit Davis

Orlando, Florida
June 30, 2022



June 21, 2022

AFFIDAVIT OF IMPACT FEE COMPLIANCE

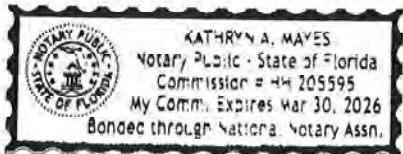
Impact Fees are assessed in accordance with Chapters 6 and 17: Land Development Regulations related to Impact Fees, of the City of Tavares Code of Ordinances. Impact fee collections, expenditures and accounting are provided for in separate accounting funds and comply with Florida Statute 163.31801.

Lori Houghton
Lori Houghton
Finance Director

STATE OF FLORIDA
COUNTY OF LAKE

The foregoing instrument was acknowledged before me this 21st day of June, 2022, by

Lori Houghton



Kathryn A. Mayes

(Signature of Notary)

KATHRYN A. MAYES

(Name of Notary Typed, Printed, or Stamped)

Personally Known OR Produced Identification



This page intentionally left blank

CITY OF TAVARES
Annual Comprehensive Financial Report
For Fiscal Year Ended September 30, 2021

