



City of Groveland, Florida
FINANCIAL STATEMENTS
Year Ended September 30, 2022





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**City of Groveland, Florida
City Officials
As of September 30, 2022**

MAYOR

Evelyn Wilson

VICE MAYOR

Randolph Waite

CITY COUNCIL

Mike Radzik
Barbara Gaines
Mike Smith

CITY MANAGER

Michael Hein

CITY ATTORNEY

Anita Geraci-Carver, Esq.

CITY CLERK

Virginia Wright



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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Groveland, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Groveland, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, in fiscal year 2022, the City adopted new accounting guidance, GASB Statement No. 87 *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and State of Florida financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida,
June 29, 2023

City of Groveland, Florida Management's Discussion and Analysis

As management of the City of Groveland (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$102,215,811 (net position). Of this amount, \$14,453,816 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,704,743 or 2%.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,014,445, an increase of \$7,363,215. Of this amount \$10,563,613 is available for spending at the government's discretion (assigned and unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$13,826,392 or approximately 70% of total General Fund expenditures.
- The City's total outstanding long-term debt, not including compensated absences and other post-employment benefits, increased by \$12,168,876 during the current fiscal year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing how the City'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

City of Groveland, Florida Management's Discussion and Analysis

expenses are reported 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 that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation and community development. The business-type activities of the City include water, sewer, and reclaimed water system and sanitation utility services. The government-wide financial statements can be found on pages 16-19 of this report.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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 information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine 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 Community Redevelopment Agency Fund, and the Construction Fund. The other funds are presented in aggregate.

The City of Groveland adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and the Community Redevelopment Agency Fund to demonstrate compliance with their budgets.

City of Groveland, Florida Management's Discussion and Analysis

The basic governments fund financial statements can be found on pages 20-27 of this report.

Proprietary Funds

The City maintains one type of proprietary fund – an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, and reclaimed water system utility activities as well as sanitation services. During 2022, sanitation services were moved to the general fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide more detailed information for the water, sewer, and reclaimed water utility activities as well as sanitation services. The basic proprietary fund financial statements can be found of pages 28-32 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-78 of this report.

Government-Wide Overall Financial Analysis

Statement of Net Position

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Groveland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$102,215,811 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 26,370,975	\$ 17,498,394	\$ 19,155,023	\$ 14,170,891	\$ 45,525,998	\$ 31,669,285
Capital assets	46,566,095	44,245,757	49,115,957	47,457,907	95,682,052	91,703,664
Total assets	72,937,070	61,744,151	68,270,980	61,628,798	141,208,050	123,372,949
Deferred Outflows Pensions and OPEB	457,518	150,205	10,438	8,507	467,956	158,712
Liabilities:						
Long-term liabilities	20,025,160	11,036,760	9,818,849	8,482,521	29,844,009	19,519,281
Other liabilities	4,274,054	1,620,739	4,473,923	1,835,858	8,747,977	3,456,597
Total liabilities	24,299,214	12,657,499	14,292,772	10,318,379	38,591,986	22,975,878
Deferred Inflows OPEB and Leases	820,721	42,318	47,488	2,397	868,209	44,715
Net Position:						
Net investment in capital assets	26,664,236	34,856,063	38,851,628	38,942,338	65,515,864	73,798,401
Restricted	9,026,657	6,074,817	13,219,474	10,667,597	22,246,131	16,742,414
Unrestricted	12,583,760	8,263,659	1,870,056	1,706,594	14,453,816	9,970,253
Total net position	\$ 48,274,653	\$ 49,194,539	\$ 53,941,158	\$ 51,316,529	\$ 102,215,811	\$ 100,511,068

City of Groveland, Florida Management's Discussion and Analysis

By far the largest portion of the City's net position (64%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (22%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14.4 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2022, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Groveland, Florida Management's Discussion and Analysis

Statement of Activities

The following table reflects the condensed Statements of Activities for the current and prior year:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services & fines	\$ 5,860,631	\$ 3,426,245	\$ 8,285,940	\$ 9,956,531	\$ 14,146,571	\$ 13,382,776
Operating grants & contributions	4,292,800	4,786,216	-	-	4,292,800	4,786,216
Capital grants & contributions	5,529,776	10,549,231	4,146,090	11,761,671	9,675,866	22,310,902
General Revenues:						
Property taxes	6,788,699	5,969,713	-	-	6,788,699	5,969,713
Utility taxes and franchise fees	3,208,929	2,763,067	-	-	3,208,929	2,763,067
Intergovernmental	7,024,280	5,932,675	-	-	7,024,280	5,932,675
Investment earnings	16,051	29,287	31,539	148,531	47,590	177,818
Miscellaneous	352,030	244,444	42,376	37,169	394,406	281,613
Total revenues	33,073,196	33,700,878	12,505,945	21,903,902	45,579,141	55,604,780
Expenses:						
General government	5,081,122	4,504,134	-	-	5,081,122	4,504,134
Public safety	13,514,366	11,851,246	-	-	13,514,366	11,851,246
Transportation	11,393,520	1,311,367	-	-	11,393,520	1,311,367
Parks and recreation	2,416,405	1,318,299	-	-	2,416,405	1,318,299
Economic development	910,080	1,095,218	-	-	910,080	1,095,218
Physical environment	1,684,095	-	-	-	1,684,095	-
Interest on long-term debt	404,813	133,421	-	-	404,813	133,421
Water and sewer system	-	-	8,469,997	8,795,319	8,469,997	8,795,319
Sanitation services	-	-	-	1,286,689	-	1,286,689
Total expenses:	35,404,401	20,213,685	8,469,997	10,082,008	43,874,398	30,295,693
Increase (decrease) in net position before transfers	(2,331,205)	13,487,193	4,035,948	11,821,894	1,704,743	25,309,087
Transfers	1,411,319	(962,568)	(1,411,319)	962,568	-	-
Increase (decrease) in net position	(919,886)	12,524,625	2,624,629	12,784,462	1,704,743	25,309,087
Net position, October 1, as previously reported	49,194,539	36,669,914	51,316,529	37,905,196	100,511,068	74,575,110
Prior period adjustments	-	-	-	626,871	-	626,871
Net position, October 1, as restated	49,194,539	36,669,914	51,316,529	38,532,067	100,511,068	75,201,981
Net position, September 30	\$48,274,653	\$49,194,539	\$53,941,158	\$51,316,529	\$102,215,811	\$100,511,068

Governmental Activities

During the current fiscal year, the net position for governmental activities decreased by \$919,886. This is a \$13.4 million reduction over the prior year. This decrease is primarily due to a \$15.2 million increase in expenditures, and a \$0.6 million decrease in revenues, offset by a \$2.4 million decrease in transfers. The various decreases and increases are explained in more detail below.

Program revenues decreased \$3.1 million due primarily to a \$7.2 million reduction in contributed capital (stormwater systems, roads, and land) from developers, an increase of \$2.6 million in grant revenue for construction of a new community center, joint-use recreational facility and trail and a \$2.3 million increase in sanitation revenues. Sanitation services were moved from business-type activities to governmental activities in Fiscal Year 2022. Increases in property taxes, franchise fees and state revenues contributed to a \$2.5 million increase in general revenues. Net transfers received

City of Groveland, Florida Management's Discussion and Analysis

increased by \$2.4 million as the prior year included a one-time transfer of water and sewer impact fees out of governmental activities to business-type activities.

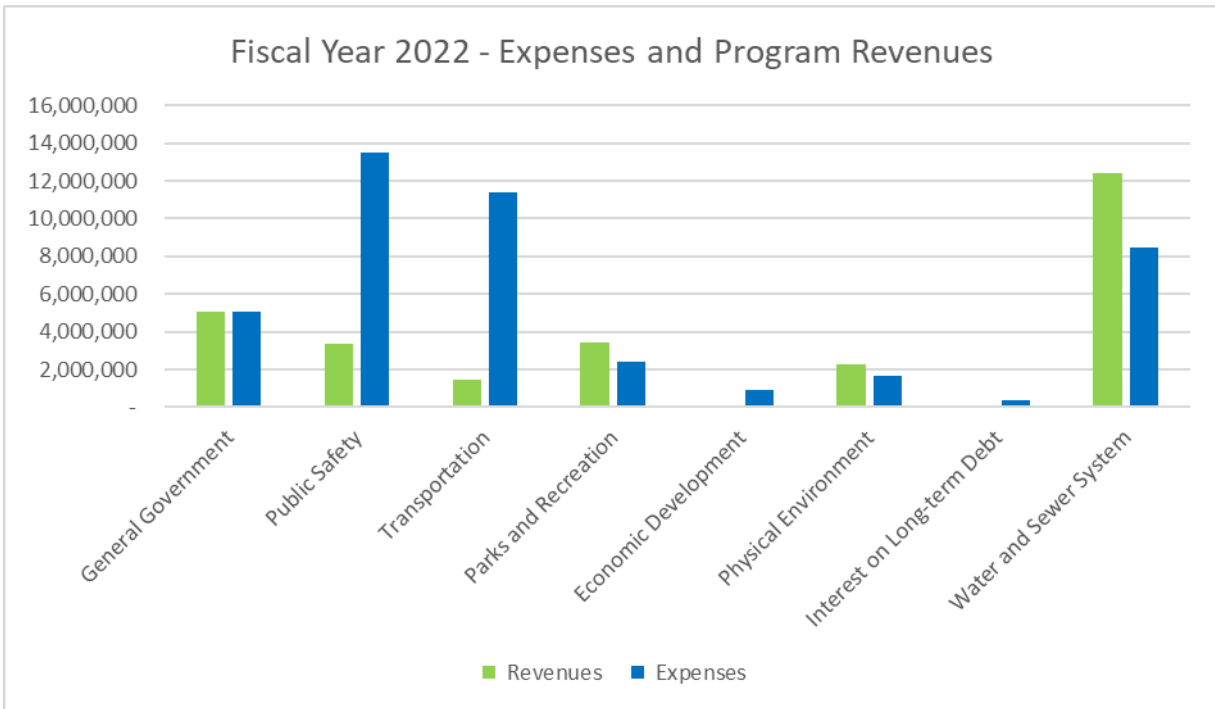
Governmental activity expenditures increased by \$15.2 million. Transportation expenditures were the primary reason for the increase as the City advanced \$10 million to the Florida Department of Transportation for acquisition of right-of-way to accelerate the State Road 50 project. Proceeds for the contribution were borrowed and will be repaid by the Florida Department of Transportation within seven years. Additional major increases include \$1.6 million for public safety wages, benefits and pension costs, \$1 million for parks and recreation for a joint-use-recreational facility, and \$1.7 million for physical environment which represents the cost of sanitation services that were formerly accounted for in business-type activities.

Business-Type Activities

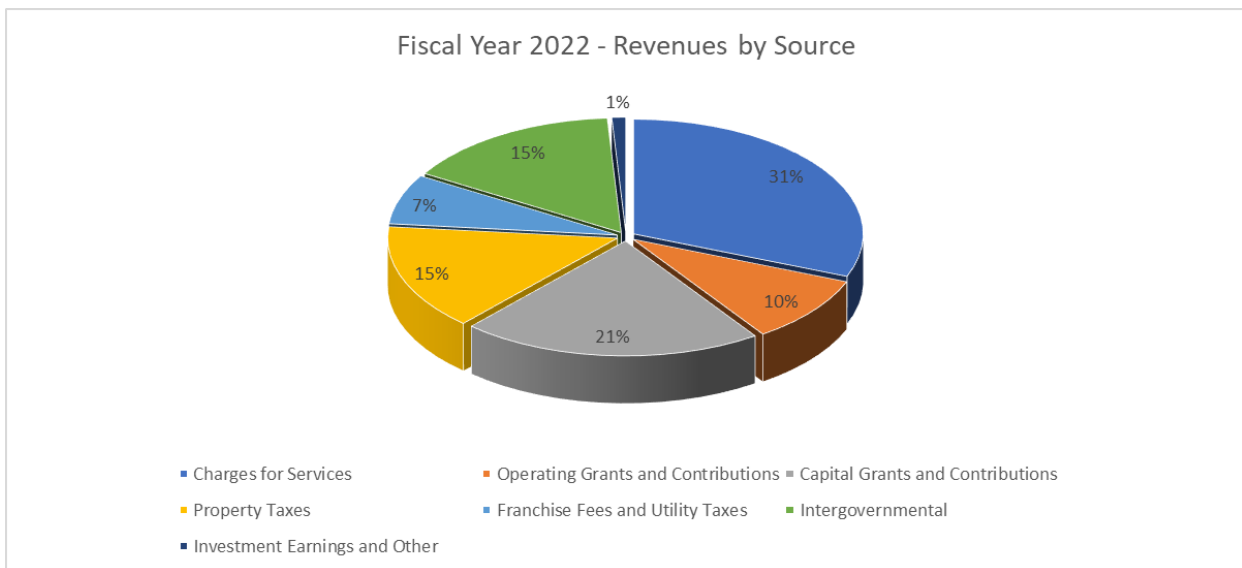
Business-type activities increased the City's net position by \$2.6 million compared to \$12.8 million in the prior year. The primary reason for the change of \$10.2 million is a \$6.6 million reduction in contributed capital (water, sewer and reclaim systems) from developers and a \$2.4 million reduction in transfers received. The prior year included a one-time transfer of water and sewer impact fees from governmental activities.

The chart below compares each program's expense with revenues generated by the program. Public Safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety. In FY 2022, expenditures for transportation exceeded program revenues by \$9.9 million. As mentioned above, the City contributed \$10 million to the Florida Department of Transportation for acquisition of right-of-way to accelerate the State Road 50 project. The proceeds for the contribution were borrowed and will be repaid by the Florida Department of Transportation within seven years. Parks and recreation program revenues exceeded expenditures by \$1 million which is attributable to a grant received in advance of expenditures for construction of a new community center and trail. Water and sewer program revenues exceeded expenditures by \$4.0 million primarily due to impact fees collected during the year but reserved for future expansion related expenditures and donated water, sewer and reclaim infrastructure.

City of Groveland, Florida Management's Discussion and Analysis



The chart below displays the City's revenues by source. In FY 2022, the largest revenue source is charges for services which is primarily generated from the delivery of water, sewer, and sanitation services to the residents and businesses of the City. The next largest revenue source is Capital Grants and Contributions totaling \$9.7 million, which consists of \$2.6 million in donated capital infrastructure, \$4.5 million in impact fee collections and \$2.6 million in grants.



Financial Analysis of Government's Funds

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

City of Groveland, Florida Management's Discussion and Analysis

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23 million, a 47% increase from the prior year. Unassigned fund balance increased, primarily due to proceeds from the American Rescue Plan Act (ARPA) grant. The remainder of fund balance represents a legally restricted funding source that has been committed to a specific purpose by City action or is not in liquid form available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$7.7 million, while the total fund balance was \$13.9 million. 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. On September 30, 2022, unassigned fund balance and total fund balance as a percentage of total General Fund expenditures equal 39% and 71%, respectively.

The fund balance of the City's General Fund increased by \$4.4 million in the current fiscal year compared to an increase of \$8.2 in the prior year. The increase in fund balance was less than the prior year because of a \$3.4 million reduction in net transfers. In FY 2021, the Utility Fund transferred \$4 million to the General Fund which was reduced to \$1.2 million in FY 2022. Contributing to the General Fund's positive fund balance was a \$1.5 million contribution for the South Lake Regional Park, \$4.1 million in ARPA grant proceeds and the transfer of sanitation services from an enterprise fund to the General Fund. The transfer of sanitation services resulted in \$2.3 million in customer charges, which was offset by \$1.7 million in additional contractual services for a net increase in the General Fund of \$600,000. These revenues were offset by a \$1.3 million increase in public safety expenditures which is attributable to public safety bonuses, a new collective bargaining agreement with the Groveland Professional Firefighters, implementation of the Florida Retirement System for police and fire, new police officers and firefighters, and increased insurance costs.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$1.9 million for the Water and Sewer System. The Sanitation Services Fund was closed during FY 2022 and the remaining equity of \$257,469 was transferred to the General Fund. The factors contributing to the increase in net position of these funds is explained in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were four budget amendments during the fiscal year ended September 30, 2022.

City of Groveland, Florida Management's Discussion and Analysis

Two of these budget amendments increased the Community Redevelopment Agency's budget by \$37,054. At the end of Fiscal Year 2021, funds allocated for future capital projects in the CRA Trust Fund were \$304,200. Budgeted funds carried over in the Fiscal Year 2022 budget were \$341,254. A budget amendment was done to recognize and appropriate an additional \$37,054 for on-going projects or future capital projects.

A third budget amendment was a mid-year budget adjustment to true-up budgeted funds carried over in the Fiscal Year 2022 and to recognize unanticipated revenues in the City's other funds. The budget amendment increased overall revenue and expenditure appropriations by \$11 million. Of this amount the largest increases included a \$4.1 million appropriation for the ARPA grant to assist the City's response to and recovery from the COVID-19 pandemic; a \$6.2 million appropriation for the Live Well Foundation Grant for the purpose of building a new community center, multi-purpose joint-use recreational facility and a trail; and a \$5.9 million increase in General Fund carry over.

The fourth budget amendment was a year-end budget true-up that adjusted expenditure appropriations between departments within the General Fund. The overall revenue and expenditure appropriations did not change. In accordance with Florida Statutes 166.241, the City Council has 60 days following the fiscal year end to amend the budget.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounted to \$95.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from the prior year was 4%.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 9,015,424	\$ 9,015,424	\$ 1,160,332	\$ 1,160,332	\$ 10,175,756	\$ 10,175,756
Buildings	12,946,802	13,281,061	943,330	983,222	13,890,132	14,264,283
Improvements/infrastructure	18,568,721	17,488,943	42,580,836	43,553,816	61,149,557	61,042,759
Machinery and equipment	4,545,355	3,502,431	631,445	590,972	5,176,800	4,093,403
Right-to-use leased assets	745,131	443,252	-	-	745,131	443,252
Construction in progress	744,662	957,898	3,800,014	1,169,565	4,544,676	2,127,463
Total	<u>\$46,566,095</u>	<u>\$44,689,009</u>	<u>\$49,115,957</u>	<u>\$47,457,907</u>	<u>\$95,682,052</u>	<u>\$ 92,146,916</u>

Major capital asset additions included the following projects:

- Pumper truck and fire extrication equipment
- Front end loader
- Police vehicles
- Cherry Lake Park improvements
- Construction of bathroom facilities at David Blanks Park and Jimmy Thomas Memorial Park
- Water Meter Replacement Project
- Phase 3 Asbestos Water Main Replacement
- Utility Operations Building
- Villa City Drinking Water & Treatment Facility

City of Groveland, Florida Management's Discussion and Analysis

- Crystal Lake Waterside Pointe Reclaim System
- Ford Commerce Park Water Booster Station

Additional information on the City's capital assets can be found in Note 3 on pages 54-56 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt, loans and leases outstanding of \$30.1 million, an increase of \$12.6 million over the prior year. The increase in debt was primarily attributable to a \$9.9 million loan issued for the purpose of acquiring right-of-way to accelerate the State Road 50 project. The Florida Department of Transportation will reimburse the City for the principal portion of the loan within the next seven years.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
State Revolving Fund Loan	\$ -	\$ -	\$ 3,235,927	\$ 1,023,828	\$ 3,235,927	\$ 1,023,828
Notes Payable	18,030,253	8,304,771	6,972,000	7,290,000	25,002,253	15,594,771
Financed Purchases	1,103,169	762,516	35,994	64,580	1,139,163	827,096
Lease Liability	680,480	443,252	-	-	680,480	443,252
Total	\$ 19,813,902	\$ 9,510,539	\$ 10,243,921	\$ 8,378,408	\$ 30,057,823	\$ 17,888,947

Additional information on the City's outstanding debt can be found in Note 3 on pages 56-66 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of Groveland and were considered in developing the Fiscal Year 2022-2023 budget.

- As of the United States Censes count of April 1, 2020, the City had an estimated population of 18,505. The population estimate issued for 2022 by the State of Florida, Office of Economic and Demographic Research shows the City's population has increased to 21,633.
- During the Fiscal Year 2022, the City issued building permits for the construction of 531 new single-family homes. The City expects continued local economic conditions to remain favorable in the near term. This is proven with construction of the Turnpike Logistics Center, a million square foot industrial building strategically located in the City and close to major metropolitan areas, major transportation hubs and major highways.

Requests for Information

This financial report is designed to provide a general overview of the City of Groveland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Groveland, Attention: Finance Director, 156 S. Lake Avenue, Groveland, Florida 34736.



CITY OF GROVELAND, FLORIDA
Basic Financial Statements

City of Groveland, Florida
Statement of Net Position

<i>As of September 30, 2022</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 23,472,223	\$ 8,201,204	\$ 31,673,427
Investments	-	4,516,104	4,516,104
Receivables, net	823,219	1,101,986	1,925,205
Lease receivable	217,860	-	217,860
Prepaid items	183,849	-	183,849
Due from other governments	1,611,299	2,311,942	3,923,241
Internal balances	(3,176)	3,176	-
Loan receivable	65,701	-	65,701
Restricted assets:			
Cash and cash equivalents	-	3,020,611	3,020,611
Capital assets:			
Non-depreciable	9,760,086	4,960,346	14,720,432
Depreciable (net)	36,806,009	44,155,611	80,961,620
Total assets	72,937,070	68,270,980	141,208,050
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post-employment benefits	133,538	10,438	143,976
Deferred outflows related to pensions	323,980	-	323,980
Total deferred outflow of resources	457,518	10,438	467,956
LIABILITIES			
Accounts payable	1,379,476	2,769,817	4,149,293
Accrued liabilities	680,516	-	680,516
Due to other governments	810,044	-	810,044
Accrued interest	134,146	11,457	145,603
Customer deposits payable	-	1,157,088	1,157,088
Non-current liabilities:			
Due within one year:			
Compensated absences	478,059	34,840	512,899
Other post-employment benefits	34,665	2,710	37,375
Lease liability	131,996	-	131,996
Bonds, notes and financed purchases	625,152	498,011	1,123,163
Due in more than one year:			
Compensated absences	520,602	37,936	558,538
Other post-employment benefits	447,804	35,003	482,807
Lease liability	548,484	-	548,484
Bonds, notes and financed purchases	18,508,270	9,745,910	28,254,180
Total liabilities	24,299,214	14,292,772	38,591,986

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

	Primary Government		
<i>As of September 30, 2022</i>	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	213,198	-	213,198
Deferred inflows related to other post-employment benefits	607,523	47,488	655,011
Total deferred inflows of resources	820,721	47,488	868,209
NET POSITION			
Net investment in capital assets	26,664,236	38,851,628	65,515,864
Restricted for:			
System expansion	-	11,199,292	11,199,292
Economic development	428,785	-	428,785
Infrastructure	2,350,957	-	2,350,957
Capital projects	4,715,244	-	4,715,244
Public safety	1,352,412	-	1,352,412
Debt service	179,259	2,020,182	2,199,441
Unrestricted	12,583,760	1,870,056	14,453,816
Total net position	\$ 48,274,653	\$ 53,941,158	\$ 102,215,811

City of Groveland, Florida
Statement of Activities

For the year ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 5,081,122	\$ 1,030,858	3,940,220	\$ 71,091
Public safety	13,514,366	2,513,752	267,904	611,916
Transportation	11,393,520	-	-	1,455,970
Parks and recreation	2,416,405	41,971	-	3,390,799
Economic development	910,080	1,206	84,676	-
Physical environment	1,684,095	2,272,844	-	-
Interest on long-term debt	404,813	-	-	-
Total governmental activities	35,404,401	5,860,631	4,292,800	5,529,776
Business-type activities:				
Water and sewer system	8,469,997	8,285,940	-	4,146,090
Sanitation services	-	-	-	-
Total business-type activities	8,469,997	8,285,940	-	4,146,090
Total primary government	\$ 43,874,398	\$ 14,146,571	\$ 4,292,800	\$ 9,675,866

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Franchise fees and utility taxes

Intergovernmental

Investment earnings

Miscellaneous

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (38,953)	\$ -	\$ (38,953)
(10,120,794)	-	(10,120,794)
(9,937,550)	-	(9,937,550)
1,016,365	-	1,016,365
(824,198)	-	(824,198)
588,749	-	588,749
(404,813)	-	(404,813)
(19,721,194)	-	(19,721,194)
-	3,962,033	3,962,033
-	-	-
-	3,962,033	3,962,033
(19,721,194)	3,962,033	(15,759,161)
6,788,699	-	6,788,699
3,208,929	-	3,208,929
7,024,280	-	7,024,280
16,051	31,539	47,590
352,030	42,376	394,406
1,411,319	(1,411,319)	-
18,801,308	(1,337,404)	17,463,904
(919,886)	2,624,629	1,704,743
49,194,539	51,316,529	100,511,068
\$ 48,274,653	\$ 53,941,158	\$ 102,215,811

City of Groveland, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2022</i>	General Fund	Community Redevelopment Agency Fund
ASSETS		
Cash and cash equivalents	\$ 14,408,134	\$ 477,072
Accounts receivable	819,299	-
Lease receivable	217,860	-
Due from other funds	112,040	-
Due from other governments	1,043,054	-
Prepaid items	50,932	22,917
Loan receivable	-	65,701
Total assets	16,651,319	565,690
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 893,955	\$ 46,181
Retainage payable	-	-
Accrued payroll and related liabilities	666,510	2,106
Due to other funds	3,176	-
Due to other governments	810,044	-
Total liabilities	2,373,685	48,287
Deferred inflows of resources:		
Unavailable revenue	154,612	-
Deferred inflows related to leases	213,198	-
Total deferred inflows of resources	367,810	-
Fund balances:		
Nonspendable	83,432	88,618
Restricted		
Community development	-	428,785
Capital projects	-	-
Infrastructure	-	-
Public safety	-	-
Debt service	-	-
Committed		
General sinking fund	3,122,125	-
Assigned	3,050,000	-
Unassigned	7,654,267	-
Total fund balances	13,909,824	517,403
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,651,319	\$ 565,690

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

Construction Fund	Non-major Governmental Funds	Total Governmental Funds
\$ 196,162	\$ 8,390,855	\$ 23,472,223
-	3,920	823,219
-	-	217,860
-	-	112,040
-	568,245	1,611,299
-	130,000	203,849
-	-	65,701
196,162	9,093,020	26,506,191
\$ -	\$ 351,383	\$ 1,291,519
87,957	-	87,957
-	11,900	680,516
-	112,040	115,216
-	-	810,044
87,957	475,323	2,985,252
-	138,684	293,296
-	-	213,198
-	138,684	506,494
-	130,000	302,050
-	-	428,785
108,205	4,607,039	4,715,244
-	2,350,957	2,350,957
-	1,352,412	1,352,412
-	179,259	179,259
-	-	3,122,125
-	-	3,050,000
-	(140,654)	7,513,613
108,205	8,479,013	23,014,445
\$ 196,162	\$ 9,093,020	\$ 26,506,191



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City of Groveland, Florida
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position

Total fund balances - governmental funds		\$ 23,014,445
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 62,502,354	
Less accumulated depreciation	<u>(15,936,259)</u>	46,566,095
Long-term liabilities, including notes payable, capital leases and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable	(18,030,253)	
Compensated absences	(998,661)	
Other post-employment benefits	(482,469)	
Financed purchases	(1,103,169)	
Lease liabilities	(680,480)	
Prepayment of lease liability	(20,000)	
Accrued interest	<u>(134,146)</u>	(21,449,178)
Unavailable revenue is recorded as a deferred inflow in the fund statements but is recorded as revenue in governmental activities.		
		293,296
Deferred outflows of resources related to pensions and other-post employment benefits are not recognized in the funds; however, they are recorded in the statement of net position under full accrual accounting.		
Deferred outflows related to other post-employment benefits	133,538	
Deferred outflows related to pensions	<u>323,980</u>	457,518
Deferred inflows of resources related to other-post employment benefits are not recognized in the funds; however, they are recorded in the statement of net position under full accrual accounting.		
		(607,523)
Net position of governmental activities		\$ 48,274,653

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

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

<i>For the year ended September 30, 2022</i>	General Fund	Community Redevelopment Agency Fund
Revenues		
Property taxes	\$ 6,029,056	\$ 759,643
Franchise and utility taxes	3,208,929	-
Licenses and permits	207,480	-
Intergovernmental	9,002,291	-
Charges for services	3,145,824	-
Fines and forfeitures	107,224	-
Impact fees	-	-
Interest and other	10,743	413
Miscellaneous revenue	172,385	54,366
Total revenues	21,883,932	814,422
Expenditures		
Current:		
General government	4,759,692	-
Public safety	10,196,369	-
Transportation	987,874	-
Economic development	284,527	570,051
Physical environment	1,684,095	-
Parks and recreation	1,131,141	-
Capital outlay	461,061	57,223
Debt service:		
Principal	141,788	-
Interest and fiscal charges	3,212	-
Debt issuance costs	-	-
Total expenditures	19,649,759	627,274
Excess (deficiency) of revenues over (under) expenditures	2,234,173	187,148
Other financing sources (uses)		
Transfers in	1,614,324	-
Transfers out	(5)	(61,000)
Lease proceeds	399,016	-
Debt proceeds	-	-
Proceeds from sale of assets	155,903	-
Net other financing sources (uses)	2,169,238	(61,000)
Net change in fund balances	4,403,411	126,148
Fund balances, beginning of year	9,506,413	391,255
Fund balances, end of year	\$ 13,909,824	\$ 517,403

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

Construction Fund	Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 6,788,699
-	-	3,208,929
-	2,162,172	2,369,652
-	5,098,942	14,101,233
-	-	3,145,824
-	-	107,224
-	1,463,588	1,463,588
249	4,646	16,051
-	-	226,751
249	8,729,348	31,427,951
-	112,956	4,872,648
-	2,743,533	12,939,902
9,844,999	-	10,832,873
-	-	854,578
-	-	1,684,095
-	1,000,000	2,131,141
-	1,802,392	2,320,676
-	732,437	874,225
94,945	176,751	274,908
44,500	-	44,500
9,984,444	6,568,069	36,829,546
(9,984,195)	2,161,279	(5,401,595)
-	485,842	2,100,166
-	(627,842)	(688,847)
-	812,572	1,211,588
9,986,000	-	9,986,000
-	-	155,903
9,986,000	670,572	12,764,810
1,805	2,831,851	7,363,215
106,400	5,647,162	15,651,230
\$ 108,205	\$ 8,479,013	\$ 23,014,445



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City of Groveland, Florida

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

Net change in fund balances - total governmental funds	\$	7,363,215
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period.</p>		
Expenditures for capital assets	\$	2,320,676
Capital contribution		1,455,970
Less current year depreciation		<u>(1,870,302)</u>
		1,906,344
<p>In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.</p>		
Loss from disposition of capital assets		(29,258)
<p>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.</p>		
		(230,666)
<p>Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.</p>		
		(11,197,588)
<p>Repayment of note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		874,225
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Accrued interest		(129,905)
<p>Unavailable revenue is recorded as a deferred inflow in the fund statements but is recorded as revenue in governmental activities.</p>		
		293,296
<p>Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.</p>		
		(77,648)
<p>Other postemployment benefit and pension obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.</p>		
		308,099
Change in net position of governmental activities	\$	(919,886)

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

City of Groveland, Florida
Statement of Net Position - Proprietary Funds

<i>As of September 30, 2022</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Non-major Sanitation Services	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,201,204	\$ -	\$ 8,201,204
Cash and cash equivalents, restricted	3,020,611	-	3,020,611
Investments	4,516,104	-	4,516,104
Accounts receivable, net	1,101,986	-	1,101,986
Due from other governments	2,311,942	-	2,311,942
Due from other funds	3,176	-	3,176
Total current assets	19,155,023	-	19,155,023
Noncurrent assets:			
Capital assets:			
Land	1,160,332	-	1,160,332
Infrastructure	68,951,148	-	68,951,148
Building and improvements	1,404,918	-	1,404,918
Machinery and equipment	2,527,102	-	2,527,102
Construction in progress	3,800,014	-	3,800,014
Total capital assets	77,843,514	-	77,843,514
Less accumulated depreciation	(28,727,557)	-	(28,727,557)
Total capital assets, net of accumulated depreciation	49,115,957	-	49,115,957
Total noncurrent assets	49,115,957	-	49,115,957
Total assets	68,270,980	-	68,270,980
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post- employment benefits	10,438	-	10,438
Total deferred outflow of resources	10,438	-	10,438

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

<i>As of September 30, 2022</i>	Business-type Activities - Enterprise Funds		Total
	Water and Sewer System	Non-major Sanitation Services	
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,769,817	-	2,769,817
Accrued interest payable	11,457	-	11,457
Financed purchases	13,092	-	13,092
Compensated absences	34,840	-	34,840
Other post-employment benefits	2,710	-	2,710
Customer deposits payable	1,157,088	-	1,157,088
Bonds and notes payable	484,919	-	484,919
Total current liabilities	4,473,923	-	4,473,923
Noncurrent liabilities:			
Financed purchases	22,902	-	22,902
Compensated absences	37,936	-	37,936
Other post-employment benefits	35,003	-	35,003
Bonds and notes payable after one year	9,723,008	-	9,723,008
Total noncurrent liabilities	9,818,849	-	9,818,849
Total liabilities	14,292,772	-	14,292,772
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post-employment benefits	47,488	-	47,488
Total deferred inflows of resources	47,488	-	47,488
NET POSITION			
Net investment in capital assets	38,851,628	-	38,851,628
Restricted for:			
Debt service	2,020,182	-	2,020,182
System expansion	11,199,292	-	11,199,292
Unrestricted	1,870,056	-	1,870,056
Total net position	\$ 53,941,158	\$ -	\$ 53,941,158

City of Groveland, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds

<i>For the year ended September 30, 2022</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Non-major Sanitation Services	Total
Operating revenues:			
Charges for services	\$ 8,285,940	\$ -	\$ 8,285,940
Miscellaneous	42,376	-	42,376
Total operating revenues	8,328,316	-	8,328,316
Operating expenses:			
Salaries, wages and employee benefits	990,015	-	990,015
Contractual, materials, and supplies	3,453,547	-	3,453,547
Insurance claims and expense	100,501	-	100,501
Depreciation	2,391,641	-	2,391,641
Repairs and maintenance	339,954	-	339,954
Other operating expenses	1,037,605	-	1,037,605
Total operating expenses	8,313,263	-	8,313,263
Operating income	15,053	-	15,053
Nonoperating revenues (expenses):			
Investment income	31,419	120	31,539
Interest and fiscal charges	(156,734)	-	(156,734)
Total nonoperating revenues (expenses)	(125,315)	120	(125,195)
Income before contributions and transfers	(110,262)	120	(110,142)
Capital contributions	4,146,090	-	4,146,090
Transfers out	(1,153,850)	(257,469)	(1,411,319)
Change in net position	2,881,978	(257,349)	2,624,629
Net position, beginning of year	51,059,180	257,349	51,316,529
Net position, end of year	\$ 53,941,158	\$ -	\$ 53,941,158

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

City of Groveland, Florida
Statement of Cash Flows – Proprietary Funds

<i>For the year ended September 30, 2022</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Non-major Sanitation Services	Total
Cash flows from operating activities:			
Cash received from customers for sales and services	\$ 6,135,460	\$ 423,444	\$ 6,558,904
Cash payments to employees	(940,479)	-	(940,479)
Cash payments to suppliers for goods and services	(2,655,618)	(181,204)	(2,836,822)
Cash payments for insurance and claims expenses	(100,501)	-	(100,501)
Net cash provided by (used in) operating activities	2,438,862	242,240	2,681,102
Cash flows from noncapital financing activities:			
Cash transfers out to other funds	(1,153,850)	(257,469)	(1,411,319)
Net cash provided by (used in) noncapital financing activities	(1,153,850)	(257,469)	(1,411,319)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(2,937,735)	-	(2,937,735)
Capital grants and contributions	3,034,134	-	3,034,134
Principal paid on financed purchases	(28,586)	-	(28,586)
Proceeds from issuance of bonds and notes payable	2,307,854	-	2,307,854
Principal paid on bonds and notes payable	(413,755)	-	(413,755)
Interest paid on long-term debt, net of subsidy	(157,670)	-	(157,670)
Net cash provided by (used in) capital and related financing activities	1,804,242	-	1,804,242
Cash flows from investing activities:			
Investment income	31,419	120	31,539
Purchase of investments	322,163	-	322,163
Net cash provided by (used in) investing activities	353,582	120	353,702
Net change in cash and cash equivalents	3,442,836	(15,109)	3,427,727
Cash and cash equivalents, beginning of year	7,778,979	15,109	7,794,088
Cash and cash equivalents, end of year	\$ 11,221,815	\$ -	\$11,221,815

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

City of Groveland, Florida
Statement of Cash Flows – Proprietary Funds (Continued)

<i>For the year ended September 30, 2022</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Non-major Sanitation Services	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 15,053	\$ -	\$ 15,053
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,391,641	-	2,391,641
Bad debt expense	46,905	-	46,905
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(174,759)	423,444	248,685
Due from other governments	(2,170,982)	-	(2,170,982)
Due from other funds	(3,176)	-	(3,176)
Deferred outflows of OPEB expenses	(1,931)	-	(1,931)
Increase (decrease) in liabilities:			
Accounts payable	2,175,488	(181,204)	1,994,284
OPEB obligation	(21,667)	-	(21,667)
Compensated absences	28,043	-	28,043
Deferred inflows of OPEB earnings	45,091	-	45,091
Customer deposits	109,156	-	109,156
Total adjustments	2,423,809	242,240	2,666,049
Net cash provided by (used in) operating activities	\$ 2,438,862	\$ 242,240	\$ 2,681,102
Noncash capital and related financing activities:			
Acquisition of capital assets through contributions from property owners, developers and other governments			
	\$ 1,111,956	\$ -	\$ 1,111,956

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

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Groveland, Florida (the “City”), was incorporated in 1923 under the provisions of the Special Acts of 1923 of the State of Florida, Chapter 9764. The current City Code authorizes the following services: public safety, public utilities, public works (including roads and streets), planning and zoning, sanitation, parks and recreation, community redevelopment, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to government units. The more significant accounting policies used by the City are described below.

A. Reporting entity

The City is a municipal corporation governed by an elected mayor and five-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The City has no discretely presented component units.

Blended component unit

The City of Groveland created the Community Redevelopment Agency in 2002. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Ordinance 2002-05-15, which established the City of Groveland as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. Through the Ordinance, the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. The Groveland Community Redevelopment Fund is presented as a blended component unit since the City Council serves as 5 of the 7 members of the governing board and the City has operational responsibility for the Fund.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement focus, basis of accounting and financial statement presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 and timing requirements imposed by the provider have been met.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds, while business-type activities incorporate the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund financial statements

The fund financial statements provide information about the government's funds, including its blended component unit. Separate statements for each fund category—governmental, and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. During 2022, the sanitation services were moved from an enterprise fund to the General Fund.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Community Redevelopment Agency Fund* accounts for the resources accumulated and payments made for the rehabilitation, conservation and/or redevelopment of the Community Redevelopment Area. The Community Redevelopment Agency fund is presented separately as a major fund, which is also in compliance with Florida Statute 163.387. This fund receives special incremental ad-valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base.

The *Construction Fund* is used to account for the acquisition and construction of the City's major capital facilities, and other than those financed by proprietary funds.

The government reports the following major enterprise funds:

The *Water and Sewer System Fund* accounts for the operations of the City's water, sewer, and reclaimed water utility operations, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing service to the general public on an ongoing basis are financed primarily through user charges.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

City of Groveland, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other information

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Community Redevelopment Fund, special revenue funds and debt service fund. The capital projects funds are appropriated on a project-length basis. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

E. *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity / Fund Balance*

1. Cash and cash equivalents

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.

2. Investments

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). The State Treasurer's Investment Pool meets all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

3. Receivables and payables

All account and tax receivables are shown net of allowance for uncollectible accounts. As provided by law, the Lake County Property Appraiser assesses all properties for ad valorem taxing purposes and the Lake County Tax Collector collects and distributes all taxes. Ad valorem taxes are levied based on property valuation as of January 1. The fiscal year for which ad valorem taxes are levied begins on October 1. Taxes are due beginning November 1, delinquent on April 1, and liened on May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable. Virtually all unpaid taxes are collected via tax sale certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal year-end.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Receivables and payables (continued)

Unbilled receivables – An amount for unbilled revenue is recorded in the Water and Sewer System and sanitation services in the General Fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

Lease receivables - The City's lease receivables are measured at the net present value of future lease payments to be received for the lease term and an offsetting deferred inflow of resources at the beginning of the term. The periodic amortization of the discount on the receivable is reported as interest revenue for that period. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of leases receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreement. In case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow if resources will be reduced and be recorded as a gain or loss for the difference.

Loan receivable – An amount established through the anchor tenant loan to grant program by the Groveland Community Redevelopment Agency to allow property owners within the area to apply for and receive loan to grant funding to improve their property. The amount of the loan to grant that the recipient would repay is reduced by 20% annually until the loan to grant amount is reduced to zero after five years and completion of the facility improvements. The receivable is recognized as long-term on the governmental fund balance sheet.

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

4. Interfund activities and transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the government and business-type activities columns of the statement of net position, except for any residual balance outstanding between the government and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Interfund activities and transactions

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

5. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of notes or financed purchase obligations.

7. Capital assets

Capital assets, which include property, plant, equipment, leased assets, right-to-use assets, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

City of Groveland, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Capital assets

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	40
Improvements other than buildings	25 - 40
Water and sewer systems	25 - 40
Machinery and equipment	5 - 15

8. 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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 position 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 qualifies for reporting as deferred outflows of resources, the *deferred outflows related to other-post employment benefits and pensions*, reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to other post-employment benefits and pensions are an aggregate of items related to OPEB and pensions, reflecting amounts resulting from experience gains/losses that have not been recognized in the current OPEB and pension expense calculations, but will be potentially reflected in future years as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria* and GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to OPEB and pensions will be recognized as either OPEB and pensions expense or a reduction in the net OPEB and pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Deferred outflows/inflows of resources

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 position 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 (1) item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to other-post employment benefit* are an aggregate of items related to OPEB, reflecting amounts resulting from experience gains/losses that have not been recognized in the current OPEB expense calculation, but will be potentially reflected in future years as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to other-post employment benefits will be recognized as a reduction to OPEB expense in future reporting years.

The deferred inflows related to leases are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: grants and other intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Categories and classification of net position and fund balance

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

Fund balance flow assumptions – Sometimes the government 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 government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Categories and classification of net position and fund balance (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 government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of Section 1800: *Classification and Terminology* of the GASB Codification, specifies the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed 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 governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also 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. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Categories and classification of net position and fund balance (continued)

Fund balance reserve – The City adopted Ordinance 2013-08-17 creating a fund balance reserve. For the general fund, the reserve is the sinking fund committed fund balance, \$3,122,125. The reserve is calculated as 15% of the expenditures less capital outlay budgeted for the next fiscal year. For the enterprise funds, the reserve is 20% of the expenditures, less capital outlay, budgeted for the next fiscal year. The reserve for the enterprise funds as of September 30, 2022 is \$1,662,653.

Negative fund balance – The Grants Fund has a negative fund balance of \$140,654, primarily due to not receiving grants within the period of availability.

10. Revenues and expenditures/expenses

Program revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Compensated absences – The government's policy permits employees to accumulate earned but unused personal time off (PTO) benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Proprietary funds operating and non-operating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from non-operating 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 water and sewer system fund are charges to customers for sales and services. The water and sewer system fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Other post-employment benefits (OPEB) liability

The City participates in a single employer, defined benefit, other post-employment plan. The City does not have a trust for the plan, and there is no actuarial determined contribution. The OPEB liability is determined in accordance with GASBC Section P52: *Postemployment Benefits Other*. For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account. This is a method of financing a post-retirement benefit plan under which the contributions to the plan are generally made at about the same time and amount as benefits and expenses become due.

12. Pensions

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

13. Leases

The City is a lessee for noncancellable leases of buildings. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the City is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Leases (continued)

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of a lease liability. Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

14. 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 and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB 65, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental 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 issuances are reported as other financing uses.

15. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, OPEB liability and pension liability.

16. Subsequent events

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 29, 2023. See Note 8 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Recently issued and implemented accounting pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. There were no significant impacts of implementing this Statement.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Recently issued and implemented accounting pronouncements (continued)

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Recently Issued and Implemented Accounting Pronouncements (continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

City of Groveland, Florida
Notes to Financial Statements

Note 2: CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2022, the City implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2021 net position in the statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated amortization, net of the respective lease liabilities, and the lease receivable and deferred inflow related to leases as of September 30, 2021.

	Government-wide Statements		
	Governmental Activities	Business-type Activities	Total
Net position, September 30, 2021, as previously reported	\$ 49,194,539	\$ 51,316,529	\$ 100,511,068
Right-to-use lease assets	443,252	-	443,252
Lease liabilities	(443,252)	-	(443,252)
Lease receivable	240,415	-	240,415
Deferred inflows related to leases	(240,415)	-	(240,415)
Beginning net position, as restated	\$ 49,194,539	\$ 51,316,529	\$ 100,511,068

	General Fund		Total
Fund balance, September 30, 2021, as previously reported	\$ 4,403,411	\$ 4,403,411	
Lease receivable	240,415	240,415	
Deferred inflows related to leases	(240,415)	(240,415)	
Beginning fund balance, as restated	\$ 4,403,411	\$ 4,403,411	

City of Groveland, Florida Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of September 30, 2022, \$250,000 of the City's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2022, the City had \$259,192 invested. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

The Florida Surplus Asset Fund Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2022, the City's share of Florida SAFE was \$2,688,654. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Deposits available within various funds were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances.

City of Groveland, Florida Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City’s investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City’s investment policy limits investments to securities with specific ranking criteria.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City’s investment policy does not address concentration risk.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of September 30, 2022, the City did not hold any investments which met the criteria set forth in GASB Codification Section 3100 and would be required to be classified within the fair value hierarchy. At September 30, 2022, the City has the following investments:

Investment type	Fair Value	Weighted Average to Maturity	Rating	Agency
Primary government:				
Certificates of Deposit	\$ 1,568,258	-	Not rated	Not rated
SBA (Florida PRIME)	259,192	21 days	AAAm	S&P
Florida SAFE Stable NAV Fund	2,688,654	60 days	AAAm	S&P
Total primary government	\$ 4,516,104			

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

B. Accounts receivable

For the water and sewer system and sanitation services, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2022 (unbilled receivable), is estimated and accrued at year end. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectable accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2022, were as follows:

	Accounts Receivable	Unbilled Receivable	Allowance for Uncollectible	Net
General Fund	\$ 743,237	\$ 144,449	\$ (68,387)	\$ 819,299
Non-major governmental funds	3,920	-	-	3,920
Water and Sewer Fund	677,849	541,316	(117,179)	1,101,986
Totals	\$ 1,425,006	\$ 685,765	\$ (185,566)	\$ 1,925,205

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2022. There are no other reserves for receivables recorded by the City as of September 30, 2022.

Leases- Lessor

The City accounts for leases in accordance with GASB Statement No. 87, *Leases*. The City's operations consists of an agreement for use of property for (i) transmission and reception of communications signals; (ii) to construct, install, maintain, repair, replace protect and secure communication fixtures and related equipment, cables, accessories and improvements, including the right to construct a communication structure along with any number of associated antennas, an equipment shelter, fencing, and any other accessories necessary to the successful and secure operation of the communications facility. The non-cancelable agreement for the property began in August 2000 with an intial term of five year. The agreement automatically renews for five additional five year terms expiring on July 31, 2030. Monthly rental payments are \$1,150 and increase annually by 3% beginning with year two of the initial term. The City recognized \$22,555 of lease revenue principal and \$3,245 of lease interest for the year ended September 30, 2022. As of September 30, 2022, the lease receivable and deferred inflows of resources related to leases were \$217,860 and \$213,198, respectively.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2022:

	Beginning Balance, As Restated	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,015,424	\$ -	\$ -	\$ 9,015,424
Construction-in-progress	957,898	764,199	(977,435)	744,662
Total capital assets, not being depreciated	9,973,322	764,199	(977,435)	9,760,086
Capital assets, being depreciated:				
Buildings	14,864,021	33,500	-	14,897,521
Improvements/infrastructure	25,475,220	1,804,391	-	27,279,611
Machinery and equipment	8,682,597	1,796,654	(756,383)	9,722,868
Right-to-use leased assets*	443,252	399,016	-	842,268
Total capital assets, being depreciated	49,465,090	4,033,561	(756,383)	52,742,268
Less accumulated depreciation for:				
Buildings	(1,582,960)	(367,759)	-	(1,950,719)
Improvements/infrastructure	(7,986,277)	(724,613)	-	(8,710,890)
Machinery and equipment	(5,180,166)	(724,472)	727,125	(5,177,513)
Right-to-use leased assets	-	(97,137)	-	(97,137)
Total accumulated depreciation	(14,749,403)	(1,913,981)	727,125	(15,936,259)
Total capital assets, being depreciated, net	34,715,687	2,119,580	(29,258)	36,806,009
Governmental activities capital assets, net	\$ 44,689,009	\$ 2,883,779	\$(1,006,693)	\$ 46,566,095

* Restated for GASB 87 implementation.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (continued)

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,160,332	\$ -	\$ -	\$ 1,160,332
Construction-in-progress	1,169,565	2,776,194	(145,745)	3,800,014
Total capital assets, not being depreciated	2,329,897	2,776,194	(145,745)	4,960,346
Capital assets, being depreciated:				
Buildings and improvements	1,396,936	7,982	-	1,404,918
Water system	20,911,913	518,921	-	21,430,834
Sewer system	38,075,411	517,985	-	38,593,396
Reclaimed water system	8,730,740	196,178	-	8,926,918
Machinery and equipment	2,392,605	178,176	(43,679)	2,527,102
Total capital assets, being depreciated	71,507,605	1,419,242	(43,679)	72,883,168
Less accumulated depreciation for:				
Buildings and improvements	(413,714)	(47,874)	-	(461,588)
Water system	(7,781,787)	(667,217)	-	(8,449,004)
Sewer system	(14,473,482)	(1,076,608)	-	(15,550,090)
Reclaimed water system	(1,908,979)	(462,239)	-	(2,371,218)
Machinery and equipment	(1,801,633)	(137,703)	43,679	(1,895,657)
Total accumulated depreciation	(26,379,595)	(2,391,641)	43,679	(28,727,557)
Total capital assets, being depreciated, net	45,128,010	(972,399)	-	44,155,611
Business-type activities capital assets, net	\$ 47,457,907	\$ 1,803,795	\$ (145,745)	\$ 49,115,957

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (continued)

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

Governmental activities:	
General government (infrastructure)	\$ 156,796
Public safety	822,444
Transportation	556,426
Parks and recreation	280,053
Economic development	54,583
<u>Total depreciation expense - governmental activities</u>	<u>\$ 1,870,302</u>
Business-type activities:	
<u>Water and sewer system</u>	<u>\$ 2,391,641</u>
<u>Total depreciation expense - business-type activities</u>	<u>\$ 2,391,641</u>

The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$43,679 is due to the transfer of assets from the Utility System Fund to the General Fund.

D. Long-term debt and liabilities

Wastewater System Bonds

The City issues revenue bonds to pay the costs of constructing certain capital projects and to refund all or a portion of previously issued revenue bonds. The bonds are secured by and payable from the gross revenues of the City's water and sewer system. The bond resolutions provide that revenues in excess of debt service requirements may be used for general operating purposes. Debt service sinking fund requirements, where applicable, on outstanding bonds have been met or exceeded, in accordance with the bond resolutions.

On May 23, 2007, the City issued \$4,309,000 Water and Sewer Revenue Bond, Series 2007A. These bonds were sold to finance the City's cost of construction and improvements to the City's Sampsey Wastewater Treatment Plant, and related costs of issuance. The Series 2007A bonds bear interest at 4.125% per annum, payable on September 1, 2007, and annually thereafter on the first day of September each year through 2046. On February 3, 2021, the entire outstanding principal of \$3,523,894 was refunded through the issuance of Water and Sewer Revenue Refunding Note, Series 2021.

City of Groveland, Florida Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities

On June 6, 2007, the City issued \$1,939,000 Water and Sewer Revenue Bond, Series 2007B. These bonds were sold to finance the City's cost of construction and improvements to the City's Sampey Wastewater Treatment Plant, and related costs of issuance. The Series 2007B bonds bear interest at 4.125% per annum, payable on September 1, 2007, and annually thereafter on the first day of September of each year through 2046. On February 3, 2021, the entire outstanding principal of \$1,585,712 was refunded through the issuance of Water and Sewer Revenue Refunding Note, Series 2021.

Notes payable

On August 30, 2017, the City borrowed \$4,500,000 through a local bank for the purpose of constructing a public safety complex and related capital improvements. The Capital Improvement Revenue Note, Series 2017 bears interest of 2.15%. Commencing April 1, 2018, payments are due semiannually each April 1 and October 1 until April 1, 2027. The note is secured with a pledge of Public Services Tax Revenues, the Half-Cent Sales Tax Revenues, and the Franchise Fees Revenues collected by the City. On September 23, 2021, the entire outstanding principal of \$3,647,000 was refunded through the issuance of Capital Improvement Refunding Revenue Note, Series 2021A and Taxable Capital Improvement Revenue Note, Series 2021B.

On September 23, 2021, the City borrowed \$3,706,000 and \$4,300,000 through a local bank for the purpose of refinancing the Series 2017 note in order to extend the maturity thereof and to lower the debt service payment with respect to the financing of the public safety complex and to reimburse costs of the public safety complex and the land acquisition and pay costs of the issuance. The Capital Improvement Refunding Revenue Note, Series 2021A and the Taxable Capital Improvement Revenue Note, Series 2021B bear interest of 2.11% and 2.75% per annum, respectively and mature on June 1, 2041. Principal of the Series 2021 notes is payable annually on June 1 of each year commencing June 1, 2022, through and including the maturity date. The notes are secured by a pledge of non-ad valorem revenues of the City. As of September 30, 2022, the principal outstanding on the the Capital Improvement Refunding Revenue Note, Series 2021A and the Taxable Capital Improvement Revenue Note, Series 2021B was \$3,600,000 and \$4,185,000, respectively.

On December 9, 2021, the City borrowed \$9,986,000 through a local bank for the purpose of financing the right of way acquisitions for State Road 50/33 realignment project and transportation related capital improvements. The Capital Improvement Refunding Revenue Note, Series 2021C bears interest of 1.99% per annum and matures on June 1, 2029. Interest on the series, 2021C note is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2022. Principal of the Series, 2021C note is payable in full on the maturity date. The note is secured by a pledge of non-ad valorem revenues of the City; however, the Florida Department of Transportation (FDOT) is contractually obligated to reimburse the City \$9,845,000 (the amount advanced to FDOT for the State Road 50/33 realignment project) in ten equal quarterly payments beginning in Fiscal Year 2025. As of September 30, 2022, the principal outstanding on the the Capital Improvement Revenue Note, Series 2021C was \$9,986,000.

City of Groveland, Florida Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

On July 24, 2018, the City entered into an interlocal agreement for emergency network radios to benefit and continue the county-wide communication system in place. The purchase price and closing costs amounted to \$421,716. Commencing October 31, 2018, payments of \$47,158, including interest of 2.53%, are due annually each October 15th through 2028. As of September 30, 2022, the principal outstanding on the note was \$259,253.

The City borrowed \$1,355,015 under the State of Florida Revolving Fund Program under a small community loan contract for the construction of facilities planned and designed through the pre-construction activities for the wastewater transmission, collection, reuse, and treatment facilities. The effective interest rate for the funds borrowed under the program is 1.58% for the original award and 1.22% for the amended amount. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$44,609, with a final payment due on September 15, 2024, commenced September 15, 2004. Interest of \$5,938 was paid on this note during the year ended September 30, 2022. As of September 30, 2022, the principal outstanding on the note was \$172,951.

The City borrowed \$520,000 under the State of Florida Revolving Fund Program under a small community pre-construction loan contract for the construction of treatment and transmission facilities. The effective interest rate for the funds borrowed under the program is 0.22%. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$6,793, with a final payment due on March 15, 2041, commenced September 15, 2021. Interest of \$1,102 was paid on this note during the year ended September 30, 2022. As of September 30, 2022, the principal outstanding on the note was \$241,122. The City is eligible for principal forgiveness on this SRF loan; \$239,676 is expected to be forgiven.

The City borrowed \$3,052,000 under the State of Florida Revolving Fund Program under a small community pre-construction loan contract for the planning activities for water system improvements. The effective interest rate for the funds borrowed under the program is 1.51%. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$71,052, with a final payment due on February 15, 2032, commenced August 15, 2022. No interest was paid on this note during the year ended September 30, 2022. As of September 30, 2022, the principal outstanding on the note was \$1,332,854.

The City borrowed \$3,618,580 under the State of Florida Revolving Fund Program under a small community pre-construction loan contract for the treatment and transmission project. The effective interest rate for the funds borrowed under the program is 0.03%. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$1,954,079 commencing February 15, 2024, and semiannually thereafter on August 15 and February 15 of each year until all amount due under the agreement has been fully paid off. No interest was paid on this note during the year ended September 30, 2022. As of September 30, 2022, the principal outstanding on the note was \$1,489,000. The City is eligible for principal forgiveness on this SRF loan; \$1,727,273 is expected to be forgiven.

City of Groveland, Florida Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

On March 30, 2016, the City borrowed \$1,927,000 and \$5,000,000 through Water and Sewer Revenue Note, Series 2016A and 2016B, respectively. Note 2016A was issued for the purpose of providing the City funds to retire on the date of issuance all of the City's refunded bonds. The note bears interest of 2.55% and matures on September 1, 2030. On February 3, 2021, the remaining principal outstanding on the note of \$1,383,000 was refunded through the issuance of Water and Sewer Revenue Refunding Note, Series 2021. Note 2016B was issued for the purpose of providing the City funds to pay costs of acquisition and construction of improvements to the facilities. The note bears interest of 2.55% and matures on September 1, 2030. On February 3, 2021, the remaining principal outstanding on the note of \$3,656,000 was refunded through the issuance of Water and Sewer Revenue Refunding Note, Series 2021.

On February 3, 2021, the City borrowed \$7,472,000 through a local bank for the purpose of refunding the City's outstanding senior lien Water & Sewer Bonds and Notes including (1) the outstanding principal and related accrued interest of the City's Water and Sewer Revenue Refunding Bond, Series 2007A maturing in years 2021-2046 in an aggregate principal sum of \$3,523,894 (2) the outstanding principal and related accrued interest of the City's Water and Sewer Revenue Refunding Bond, Series 2007B maturing in years 2021-2046 in an aggregate principal amount of \$1,585,712 (3) the outstanding principal and related accrued interest of the City's Water and Sewer Revenue Note, Series 2016A maturing in the years 2021-2030 in an aggregate principal amount of \$1,383,000 (4) the outstanding principal and related accrued interest of the City's Water and Sewer Revenue Note, Series 2016B maturing in years 2021-2030 in an aggregate principal amount of \$3,656,000 (5) pay the costs related to the issuance of the Series 2021 Note. The Water and Sewer Revenue Refunding Note, Series 2021 bears interest at the rate of 2.04% per annum and is payable semiannually on March 1 and September 1, commencing on March 1, 2021. The note matures on September 1, 2040 and is secured by a pledge of the net revenues of the City's combined water and sewer system. As of September 30, 2022, the principal outstanding on the note was \$6,972,000.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

The following is a summary of governmental activities notes payable for the year ended September 30, 2022:

<i>Year ending September 30,</i>	Governmental Activities					
	Capital Improvement Refunding Revenue Note, Series 2021A		Taxable Capital Improvement Revenue Note, Series 2021B		Capital Improvement Revenue Note, Series 2021C	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 156,000	\$ 75,960	\$ 171,000	\$ 115,088	\$ -	\$ 198,721
2024	159,000	72,668	175,000	110,385	-	198,721
2025	163,000	69,314	180,000	105,573	-	198,271
2026	166,000	65,874	185,000	100,623	-	198,271
2027	170,000	62,372	190,000	95,535	-	198,721
2028-2032	903,000	256,597	1,033,000	396,248	9,986,000	397,443
2033-2037	1,002,000	157,279	1,183,000	246,235	-	-
2038-2042	881,000	46,969	1,068,000	74,443	-	-
Total	3,600,000	807,033	4,185,000	1,244,130	9,986,000	1,390,148
Current portion	(156,000)	(75,960)	(171,000)	(115,088)	-	(198,721)
Payable after one year	\$ 3,444,000	\$ 731,073	\$ 4,014,000	\$ 1,129,042	\$ 9,986,000	\$ 1,191,427

<i>Year ending September 30,</i>	Governmental Activities			
	Note - Lake County		Total	
	Principal	Interest	Principal	Interest
2023	\$ 40,528	\$ 6,630	\$ 367,528	\$ 396,399
2024	41,565	5,593	375,565	387,367
2025	42,627	4,530	385,627	377,688
2026	43,717	3,440	394,717	368,208
2027	44,835	2,322	404,835	358,950
2028-2032	45,981	1,176	11,967,981	1,051,464
2033-2037	-	-	2,185,000	403,514
2038-2042	-	-	1,949,000	121,412
Total	259,253	23,691	18,030,253	3,465,002
Current portion	(40,528)	(6,630)	(367,528)	(396,399)
Payable after one year	\$ 218,725	\$ 17,061	\$ 17,662,725	\$ 3,068,603

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

The following is a summary of business-type activities notes payable for the year ended September 30, 2022:

<i>Year ending</i> <i>September 30,</i>	Business-type Activities					
	Clean Water - SRF CS38507P		Clean Water - SRF WW350610		Drinking Water - SRF DW350620	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 85,392	\$ 3,825	\$ 12,538	\$ 1,047	\$ 61,988	\$ 10,063
2024	87,559	1,659	12,594	992	125,385	18,719
2025	-	-	12,649	936	127,285	16,818
2026	-	-	12,705	881	129,214	14,889
2027	-	-	12,761	825	130,953	13,150
2028-2032	-	-	64,652	3,276	686,297	34,219
2033-2037	-	-	66,089	1,839	71,732	320
2038-2042	-	-	47,134	416	-	-
Total	172,951	5,484	241,122	10,212	1,332,854	108,178
Current portion	(85,392)	(3,825)	(12,538)	(1,047)	(61,988)	(10,063)
Payable after						
one year	\$ 87,559	\$ 1,659	\$ 228,584	\$ 9,165	\$ 1,270,866	\$ 98,115

<i>Year ending</i> <i>September 30,</i>	Business-type Activities					
	Clean Water - SRF WW350612		Water and Sewer Revenue Refunding Note Series, 2021		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ -	\$ 89,340	\$ 325,000	\$ 142,229	\$ 484,918	\$ 246,504
2024	1,489,000	33,778	331,000	135,599	2,045,538	190,747
2025	-	-	338,000	128,846	477,934	146,600
2026	-	-	345,000	121,951	486,919	137,721
2027	-	-	352,000	114,913	495,714	128,888
2028-2032	-	-	1,869,000	463,937	2,619,949	501,432
2033-2037	-	-	2,068,000	265,384	2,205,821	267,543
2038-2042	-	-	1,344,000	55,202	1,391,134	55,618
Total	1,489,000	123,118	6,972,000	1,428,061	10,207,927	1,675,053
Current portion	-	(89,340)	(325,000)	(142,229)	(484,918)	(246,504)
Payable after						
one year	\$ 1,489,000	\$ 33,778	\$ 6,647,000	\$ 1,285,832	\$ 9,723,009	\$ 1,428,549

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

Leases- Lessee

Governmental Activities

The City is the lessee for the acquisition of various vehicles through financed purchases. The interest rate is 5.64%. Future minimum payments are as follows:

<i>For the years ending September 30,</i>	Principal Payments	Interest Expense	Total
2023	\$ 257,624	\$ 63,406	\$ 321,030
2024	251,073	48,041	299,114
2025	203,140	33,474	236,614
2026	180,852	21,748	202,600
2027	102,410	11,629	114,039
2028-2032	108,070	5,971	114,041
Total	\$ 1,103,169	\$ 184,269	\$ 1,287,438

The City has entered into lease agreement to obtain the right-to-use an office building and gymnasium. The total annual rent paid for the fiscal year ended September 30, 2022 was \$145,000.

At September 30, 2022, the City's lease payable of \$680,480 was composed of the following:

Office building lease for City operations – monthly payments totaling \$5,000 for the initial 5-year term and \$6,000 per month for the 3-year additional lease term at the option of the tenant, including interest at an annual rate of 0.77%. Payments are due monthly, and the lease, including the additional optional period, expires in September 2028. The City paid a security deposit of \$40,000, of which \$20,000 is refundable and \$20,000 is to be applied to rent in the last year of the lease. The lease liability balance was \$366,464 at September 30, 2022.

Gymnasium lease for community enrichment programs, focusing on youth, requiring annual payments totaling \$85,000 including interest at an annual rate of 3.21%. Payments are due annually, and the lease expires in March 2027. The lease liability balance was \$314,016 at September 30, 2022.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

The following is a schedule by years of minimum future expenses from lease agreements as of September 30:

<i>For the years ending September 30,</i>	Principal Payments	Interest Expense	Total
2023	\$ 131,996	\$ 11,998	\$ 143,994
2024	134,874	9,088	143,962
2025	117,835	6,093	123,928
2026	152,924	2,970	155,894
2027	71,151	849	72,000
2028	71,700	299	71,999
Total	\$ 680,480	\$ 31,297	\$ 711,777

Business-Type Activities

The Utility System Fund is the lessee for the acquisition of various vehicles through financed purchases. The interest rate is 5.64%. Future minimum payments are as follows:

<i>For the years ending September 30,</i>	Principal Payments	Interest Expense	Total
2023	\$ 13,092	\$ 2,149	\$ 15,241
2024	7,219	1,292	8,511
2025	7,626	885	8,511
2026	8,057	455	8,512
Total	\$ 35,994	\$ 4,781	\$ 40,775

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable:					
Capital Improvement Revenue Refunding Note, Series 2021A	\$ 3,706,000	\$ -	\$ (106,000)	\$ 3,600,000	\$ 156,000
Taxable Capital Improvement Revenue Note, Series 2021B	4,300,000	-	(115,000)	4,185,000	171,000
Capital Improvement Revenue Note, Series 2021C	-	9,986,000	-	9,986,000	-
Note - Lake County	298,771	-	(39,518)	259,253	40,528
Total notes from direct borrowings	8,304,771	9,986,000	(260,518)	18,030,253	367,528
Other postemployment benefits	1,048,460	-	(565,991)	482,469	34,665
Compensated absences	921,013	1,002,745	(925,097)	998,661	478,059
Financed purchases	762,516	812,572	(471,919)	1,103,169	257,624
Lease liabilities	443,252	399,016	(161,788)	680,480	131,996
Governmental activity long-term liabilities	\$ 11,480,012	\$ 12,200,333	\$ (2,385,313)	\$ 21,295,032	\$ 1,269,872

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

Changes in long-term liabilities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
State Revolving Loan CS38507P	\$ 256,222	\$ -	\$ (83,271)	\$ 172,951	\$ 85,392
State Revolving Loan WW350610	253,606	-	(12,484)	241,122	12,538
State Revolving Loan DW350620	514,000	818,854	-	1,332,854	61,988
State Revolving Loan WW350612	-	1,489,000	-	1,489,000	-
Water and Sewer Revenue Refunding Note, Series 2021	7,290,000	-	(318,000)	6,972,000	325,000
Total notes from direct borrowings	8,313,828	2,307,854	(413,755)	10,207,927	484,918
Other postemployment benefits	59,380	-	(21,667)	37,713	2,710
Compensated absences	44,733	86,959	(58,916)	72,776	34,840
Financed purchases	64,580	-	(28,586)	35,994	13,092
Business-type activity long-term liabilities	\$ 8,482,521	\$ 2,394,813	\$ (522,924)	\$ 10,354,410	\$ 535,560

Compensated absences, lease liabilities, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences, lease liabilities, and outstanding notes and revenue bonds will be liquidated by the respective proprietary fund.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term debt and liabilities (continued)

Pledged revenues

The City has revenue notes outstanding at September 30, 2022, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
Governmental Activities:					
Revenue Notes:					
Capital Improvement Revenue Refunding Note, Series 2021A Maturity: 2041 Interest rate: 2.11%	\$ 3,706,000	\$ 4,407,033	\$ 17,452,806	\$ 231,960	1.3%
Purpose: Refinance the Series 2017 Note, reimburse costs of the public safety complex, land acquisition, and related capital improvements Pledged revenue: Non-Ad Valorem Revenues					
Taxable Capital Improvement Revenue Note, Series 2021B Maturity: 2041 Interest rate: 2.75%	\$ 4,300,000	\$ 5,429,130	\$ 17,452,806	\$ 286,088	1.6%
Purpose: Refinance the Series 2017 Note, reimburse costs of the public safety complex, land acquisition, and related capital improvements Pledged revenue: Non-Ad Valorem Revenues					
Capital Improvement Revenue Note, Series 2021C Maturity: 2029 Interest rate: 1.99%	\$ 9,986,000	\$ 11,376,148	\$ 17,452,806	\$ 198,721	1.1%
Purpose: Finance a road project Pledged revenue: Non-Ad Valorem Revenues					

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund transfers

Operating Transfers	Transfers		Net
	In	Out	
Major Funds:			
General Fund	\$ 1,614,324	\$ (5)	\$ 1,614,319
CRA fund	-	(61,000)	(61,000)
Nonmajor governmental funds	485,842	(627,842)	(142,000)
Water and Sewer System Fund	-	(1,153,850)	(1,153,850)
Sanitation Fund	-	(257,469)	(257,469)
Total	\$ 2,100,166	\$ (2,100,166)	\$ -

The transfers from the Community Redevelopment Fund, Water and Sewer Fund, and nonmajor governmental funds to the General Fund were to provide IT and fleet and facilities support and services. Transfers from the Water and Sewer Fund to the general fund provides reimbursement for support and payment in lieu of taxes and franchise fees. Transfers from the Sanitation Fund to the General Fund were to close out the fund in fiscal year 2022.

F. Net investment in capital assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 46,566,095	\$ 49,115,957	\$ 95,682,052
Contracts and retainage payable	(87,957)	(20,408)	(108,365)
Outstanding debt related to capital assets	(19,813,902)	(10,243,921)	(30,057,823)
Net investment in capital assets	\$ 26,664,236	\$ 38,851,628	\$ 65,515,864

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. Retirement plans

The City has established the City of Groveland, Florida 457(b) Retirement Plan, which is a defined contribution plan established to provide benefits at retirement for all employees with more than one year of service. At September 30, 2022, there were 83 participants. The City is required to contribute 4% of eligible compensation and match 100% of employee contributions up to 3% of total eligible compensation. Employees vest in the employer contribution ratably over the 5 year period following eligibility. Plan provisions and contribution requirements are established and may be amended by the City Council. Total employee contributions to this plan were \$401,368 for the fiscal year ended September 30, 2022.

In October 2018, the City Council approved the adoption of the City of Groveland, Florida 401(a) Retirement Plan. At September 30, 2022, there were 76 participants. The City is required to contribute 4% of eligible compensation and match 100% of employee contributions up to 3% of total eligible compensation for regular employees. For managerial employees, the City is required to contribute 8% of eligible compensation and match 100% of employee contributions up to 60% of total eligible compensation. Employee contributions to the existing 457 plan are eligible for matching in the 401(a) plan. The City's contributions to the 401(a) Retirement Plans were \$656,388 for the fiscal year ended September 30, 2022.

Defined Benefit Plan

The City Council has approved to join the Florida Retirement System (FRS) Pension Plan and Retiree Health Insurance Subsidy (HIS) Program effective July 1, 2022 for its public safety employees.

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

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

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. Retirement plans (continued)

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

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2022, were as follows:

	FRS	HIS
Regular class	10.25%	1.66%
Special risk class	26.17%	1.66%
Senior management service class	29.91%	1.66%
DROP from FRS	16.94%	1.66%

The employer's contributions for the year ended September 30, 2022 were \$302,938 to the FRS Pension Plan and \$21,042 to the HIS Program.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. Retirement plans (continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2022, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2022 and since the City joined July 1, 2022, its proportionate share of the liability is 0%.

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 302,938	\$ -	\$ 21,042	\$ -
Total	\$ 302,938	\$ -	\$ 21,042	\$ -

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2022.

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2022. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2021. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Payroll growth, including inflation	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.54%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. Retirement plans (continued)

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2022:

- FRS: The discount rate used to determine the total pension liability decreased from 6.80% to 6.70%.
- HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.6%	2.6%
Fixed income	19.8%	4.4%	4.4%
Global equity	54.0%	8.8%	7.3%
Real estate	10.3%	7.4%	6.3%
Private equity	11.1%	12.0%	8.9%
Strategic investments	3.8%	6.2%	5.9%
Total	100%		

Discount Rate

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. Retirement plans (continued)

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

H. Post-employment benefits other than pensions (OPEB)

The City follows Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria* of the GASB Codification (GASBC P52) for certain postemployment health care benefits provided by the City.

Plan description. The OPEB plan is a single-employer benefit plan administered by the City. Medical insurance benefits are provided to employees and their eligible dependents through an employee group medical insurance plan. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical plan to active employees and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this insurance. Benefit provisions for the insurance are established and may be amended by the City Council. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City.

Funding policy. Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate, which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. OPEB liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, OPEB liabilities are generally liquidated by the general fund. For the year ended September 30, 2022, the City estimated it subsidized \$359 of medical costs for its retirees and their covered dependents.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Post-employment benefits other than pensions (OPEB) (continued)

As of September 30, 2022, no trust has been established for the other postemployment benefits.

Plan membership. At October 1, 2020, OPEB membership consisted of the following:

	Number of Covered Individuals
Inactive members currently receiving benefits	-
Inactive members entitled to but not yet receiving benefits	-
Active members	157
Total	157

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2022 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00 % projected annual salary increase
Discount rate	4.59 % investment rate of return
Health care cost trend rates	7.00 % trending down to 4.50%

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included an annual healthcare cost trend rate of 7.00% initially, reduced by decrements of 0.50% to an ultimate rate of 4.50% after two years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The October 1, 2020 actuarial valuation included changes in assumptions for the discount rate and in the health care cost trend rates. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2020. These calculations are based on the Entry Age Normal cost method required by GASBC P52.

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Post-employment benefits other than pensions (OPEB) (continued)

At September 30, 2022, the City reported a total OPEB liability of \$520,182. The other postemployment benefit information has been provided as of the September 30, 2022 measurement date.

	Increase (Decrease) Total OPEB Liability
Change in total OPEB liability	
Balance, at September 30, 2021	\$ 1,107,840
Service cost	30,733
Expected interest growth	50,842
Change in assumptions	(668,874)
Benefit payments	(359)
Net changes	(587,658)
Balance, at September 30, 2022	\$ 520,182

Sensitivity of the OPEB liability. The following presents the City's OPEB liability as if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate:

	1% Decrease (3.59%)	Current Discount Rate (4.59%)	1% Increase (5.59%)
Net OPEB Liability	\$ 731,785	\$ 520,182	\$ 378,644

The following presents the City's total OPEB liability as if it were calculated using a trend rate that is one percentage-point lower or higher than the current trend rate:

	1% Decrease (6.00%)	Ultimate Trend (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 377,896	\$ 520,182	\$ 726,775

City of Groveland, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Post-employment benefits other than pensions (OPEB) (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

For the fiscal year ended September 30, 2022, the City recognized an OPEB expense of \$37,734.

At September 30, 2022, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 143,976	\$ 655,011
Total	\$ 143,976	\$ 655,011

The deferred outflows of resources related to OPEB will be recognized in the expense as follows:

<i>Year ending September 30,</i>	
2023	\$ (43,841)
2024	(43,841)
2025	(43,841)
2026	(43,841)
2027	(43,841)
2028-2032	(222,589)
2033-2035	(69,241)
Total	\$ (511,035)

Note 4: RISK MANAGEMENT

The City is a member of Public Risk Management of Florida (the pool), a local government liability risk pool. The pool administers insurance activities relating to property, general liability, police, professional, automobile liability, public officials' liability, workers' compensation, and boiler and machinery. The pool absorbs losses up to a specified amount for each pool year and purchases excess and other specific coverage's from third-party carriers. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the pool can make additional limited assessments. Losses, if any, in excess of the pools ability to assess its members would revert back to the member that incurred the loss. There has been no significant reduction in insurance coverage from the prior year, and no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2022. The cost of the insurance is allocated among the appropriate departments and funds.

City of Groveland, Florida Notes to Financial Statements

Note 5: COMMITMENTS AND CONTINGENCIES

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

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2022. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

The City has active construction projects as of September 30, 2022. At year-end, the City's commitments with contractors are as follows:

Construction Fund	\$	87,957
Water and Sewer System Fund		37,248
Non-major governmental funds		983,073
<hr/>		
Total outstanding commitments	\$	1,108,278
<hr/> <hr/>		

Note 6: ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The City assesses asset retirement obligations on a periodic basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

The City operates a wastewater treatment plant, which is regulated by the Florida Department of Environmental Protection, and requires certain cleanup and remediation activities if use of the wastewater treatment plant is discontinued. The City plans ongoing refurbishment to the plant as needed and has no plans to discontinue use of the plant. As such, the City is not able to readily estimate the fair value of the liability for discontinuing use of the plant, and has not recorded an asset retirement obligation for this asset.

Note 7: TAX ABATEMENTS

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program authorized by Groveland City Code, Chapter 25, and Section 166.021(9) Florida Statutes. Under the program, the City grants up to 100% property tax abatements from one to 10 years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applications on the number of employees, average payroll, capital investment, and additional high economic impact factors such as capital investments over \$25 million, the purchase and use of local materials goods and services to be utilized in the construction or expansion of facilities, providing healthcare, daycare and other benefits to the employees. Benefitting businesses are required to file an annual performance report on the anniversary date of the execution of the performance agreement to verify compliance with the terms and conditions of the Performance Agreement. For the fiscal year ending September 30, 2022, the City had the following agreements:

Kroger Co. of Ohio - The City entered into an Economic Development Agreement (Agreement) with Kroger Co. of Ohio on July 1, 2019 in which, Kroger Co. of Ohio agreed to construct a 350,000 square foot robotically operated fulfillment center to source, package, and prepare grocery products for delivery to consumers and create 350 full-time jobs. The agreement remains in effect for a period of fifteen years after the date the City issues a final certificate of occupancy for the fulfillment center. The City waived \$261,250 in City permit fees, paid \$644,750 in City permit fees on behalf of Kroger Co. of Ohio. In addition, the City agreed to pay Kroger Co. of Ohio, a \$500,000 job growth incentive payment plus a rebate of City ad valorem taxes on real property and tangible personal property over ten years that gradually decreases from 80% to 10% of the incremental increase in ad valorem taxes on the real property and tangible personal property over said period. In exchange, Kroger Co. of Ohio, agreed to invest, by July 1, 2021, a total of \$55 million (\$45 million in real property and \$10 million in tangible personal property) and within nine months of the final certificate of occupancy, create 350 full-time jobs with an average annual payroll of \$14 million. Kroger Co. of Ohio's investment will create new jobs, promote state and local economic development and stimulate business and commercial activity in the City. There are no provisions in the Agreement for recapturing rebated taxes.

Ocado Solutions, USA, Inc. - The City entered into an Economic Development Agreement (Agreement) with Ocado Solutions, USA, Inc. on January 21, 2020 in which Ocado Solutions, USA, Inc. agreed to install robotics technology at Kroger Co. of Ohio's 350,000 square robotically operated fulfillment center and create 60 full-time jobs. The agreement remains in effect for a period of fifteen years after the date the City issues a final certificate of occupancy for the fulfillment center to be constructed by Kroger of Ohio. The City agreed to pay OCADO a \$60,000 job growth incentive payment plus a rebate of City ad valorem taxes on tangible personal property over ten years that gradually decreases from 80% to 10% of the incremental increase in ad valorem taxes on the tangible personal property over said period. In exchange, Ocado Solutions, USA, Inc. agreed to, by December 31, 2022, create 60 full-time jobs with an average annual salary of \$60,000 each and invest \$70 million in robotics technology. Ocado Solutions, USA, Inc. investment will create new jobs, promote state and local economic development and stimulate business and commercial activity in the City. There are no provisions in the Agreement for recapturing rebated taxes.

City of Groveland, Florida
Notes to Financial Statements

Note 8: SUBSEQUENT EVENTS

The City entered into a contract for construction of the South Lake Regional Park in the amount of \$4,247,653.

On March 6, 2023, the City approved Resolution 2023-23 to enter into a construction manager at risk continuing services agreement for construction of the Cherry Lake Park expansion for an amount not to exceed \$4,000,000.

On February 6, 2023, the City approved Resolution 2023-15 to enter into a design build contract for construction of a new Elese Tomlin Community Center for an amount not to exceed \$2,000,000.

On February 6, 2023, the City approved Ordinance 2023-01 to implement a non-ad valorem assessment to fund the basic life support costs of the fire department.



**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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City of Groveland, Florida
Schedule of Proportionate Share of Net Pension Liability
Last Ten Fiscal Years

<i>Florida Retirement System (FRS)</i>	2022
Employer's proportion of the net pension liability (asset)	0.0000%
Employer's proportionate share of the net pension liability (asset)	\$ -
Employer's covered payroll ⁽²⁾	\$ -
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%
<hr/>	
<i>Health Insurance Subsidy Program (HIS)</i>	2022
Employer's proportion of the net pension liability (asset)	0.0000%
Employer's proportionate share of the net pension liability (asset)	\$ -
Employer's covered payroll ⁽²⁾	\$ -
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%

Notes to schedule:

⁽¹⁾ The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

⁽²⁾ GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, were implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan actives, members in DROP and investment plan members.

⁽³⁾ GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, the City is presenting information only for those years for which it is available.

**City of Groveland, Florida
Schedule of Contributions
Last Ten Fiscal Years**

<i>Florida Retirement System (FRS)</i>		2022
Contractually required contribution	\$	302,938
Contributions in relation to the contractually required contribution		(302,938)
Contribution deficiency (excess)		\$ -
<hr/>		
Employer's covered payroll ⁽¹⁾	\$	1,270,752
Contributions as a percentage of covered payroll		23.84%

<i>Health Insurance Subsidy Program (HIS)</i>		2022
Contractually required contribution	\$	21,042
Contributions in relation to the contractually required contribution		(21,042)
Contribution deficiency (excess)		\$ -
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Employer's covered payroll ⁽¹⁾	\$	1,270,752
Contributions as a percentage of covered payroll		1.66%

Notes to schedules:

⁽¹⁾ Covered payroll includes the payroll for defined benefit actives, members in DROP and investment plan members.

⁽²⁾ GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Groveland, Florida
Required Other Post-employment Benefits Supplementary Information
Schedules of Changes in Total OPEB Liability and Related Ratios

<i>September 30,</i>	2022	2021	2020	2019
Total OPEB Liability - beginning	\$ 1,107,840	\$ 1,075,967	\$ 817,004	\$ 755,286
Changes due to:				
Service cost	30,733	56,083	48,234	39,195
Interest	50,842	24,638	22,715	22,657
Change in assumptions	(668,874)	(48,690)	188,184	-
Benefit payments	(359)	(158)	(170)	(134)
Net changes in total OPEB liability	(587,658)	31,873	258,963	61,718
Total OPEB Liability - ending (a)	\$ 520,182	\$ 1,107,840	\$ 1,075,967	\$ 817,004
Plan fiduciary net position (b)	\$ -	\$ -	\$ -	\$ -
OPEB liability - ending (a) - (b)	\$ 520,182	\$ 1,107,840	\$ 1,075,967	\$ 817,004
Covered-employee payroll for measurement period	8,751,150	8,751,150	\$ 5,834,221	\$ 5,831,221
OPEB liability as a percentage of covered-employee payroll	5.94%	12.66%	18.44%	14.01%

Notes to schedule:

⁽¹⁾ The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Pensions*, in 2019. The employer must eventually disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

⁽²⁾ The following discount rate was used in each period:

9/30/2019 - 3.00%

9/30/2020 - 2.30%

9/30/2021 - 2.29%

9/30/2022 - 4.59%

City of Groveland, Florida
Budgetary Comparison Schedule – General Fund

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,081,156	\$ 6,081,156	\$ 6,029,056	\$ (52,100)
Franchise and utility taxes	2,584,878	2,644,878	3,208,929	564,051
License and permits	207,600	117,600	207,480	89,880
Intergovernmental	4,525,527	8,638,249	9,002,291	364,042
Charges for services	2,537,155	2,537,155	3,145,824	608,669
Fines and forfeitures	85,844	85,844	107,224	21,380
Investment income	12,000	12,000	10,743	(1,257)
Miscellaneous revenue	165,941	209,941	172,385	(37,556)
Total revenues	16,200,101	20,326,823	21,883,932	1,557,109
EXPENDITURES				
General government	4,674,425	4,975,480	4,759,692	215,788
Public safety	9,210,582	10,551,187	10,196,369	354,818
Transportation	1,015,280	1,118,577	987,874	130,703
Economic development	71,274	782,774	284,527	498,247
Physical environment	1,349,542	1,699,542	1,684,095	15,447
Parks and recreation	1,322,648	1,660,882	1,131,141	529,741
Capital outlay	(72,086)	578,414	461,061	117,353
Debt service:				
Principal	30,000	30,000	141,788	(111,788)
Interest and fiscal charges	1,200	1,200	3,212	(2,012)
Total expenditures	17,602,865	21,398,056	19,649,759	1,748,297
Excess (deficit) of revenues over expenditures	(1,402,764)	(1,071,233)	2,234,173	3,305,406
OTHER FINANCING SOURCES				
Transfers in	1,316,850	1,316,850	1,614,324	297,474
Transfers out	(521,000)	-	(5)	(5)
Lease proceeds	-	-	399,016	399,016
Proceeds from sale of assets	-	-	155,903	155,903
Total other financing sources	795,850	1,316,850	2,169,238	852,388
Net change in fund balance	(606,914)	245,617	4,403,411	4,157,794
Fund balance, beginning of the year	9,506,413	9,506,413	9,506,413	-
Fund balance, end of year	\$ 8,899,499	\$ 9,752,030	\$ 13,909,824	\$ 4,157,794

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

City of Groveland, Florida
Budgetary Comparison Schedule – Community Redevelopment Agency

<i>For the year ended September 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 763,633	\$ 763,633	\$ 759,643	\$ (3,990)
Investment income	-	-	413	413
Miscellaneous revenue	49,529	49,529	54,366	4,837
Total revenues	813,162	813,162	814,422	1,260
EXPENDITURES				
Community development	561,362	561,362	570,051	(8,689)
Capital outlay	535,000	572,054	57,223	514,831
Total expenditures	1,096,362	1,133,416	627,274	506,142
Excess (deficiency) of revenues over (under) expenditures	(283,200)	(320,254)	187,148	507,402
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	(21,000)	(21,000)	(61,000)	(40,000)
Total other financing sources	(21,000)	(21,000)	(61,000)	(40,000)
Net change in fund balance	(304,200)	(341,254)	126,148	467,402
Fund balance, beginning of year	391,255	391,255	391,255	-
Fund balance, end of year	\$ 87,055	\$ 50,001	\$ 517,403	\$ 467,402

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

City of Groveland, Florida
Notes to Required Supplementary Information

A. 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 Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public budget workshops are held where the Mayor, City Council, City Manager and department heads refine budget detail items.
3. The general summary of the budget and notice of public hearing is published in the local newspaper.
4. Public hearings are conducted to obtain taxpayer comments.
5. Prior to October 1, the budgets are legally enacted through passage of a resolution.
6. The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that alter the total appropriations of any department must be approved by a majority vote of the City Council.
7. The level of classification detail at which expenditures may not legally exceed appropriations is the department level.
8. Unexpended, unencumbered appropriations lapse at the close of the fiscal year.
9. Budgets are adopted for the general fund and community redevelopment fund on a basis consistent with generally accepted accounting principles, except as described below under Budget Basis of Accounting. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.
10. The City Council, by Ordinance, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

Budgetary basis of accounting

The City includes a portion of the prior year's fund balances represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures.

City of Groveland, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2022

Federal/ State Grantor, Program or Cluster Title	Contract No.	Assistance Listing/ CSFA No.	Federal/State Expenditures(\$)	Transfers to Subrecipients
United States Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2018-FH-00296	97.083	\$ 267,904	\$ -
Total Department of Homeland Security			<u>267,904</u>	<u>-</u>
United States Department of Justice Passed through the Florida Department of Emergency Management:				
COVID-19 Coronavirus Emergency Supplemental Funding Program	2021-CESF-LAKE-1-C9-037	16.034	4,118	-
Bulletproof Vest Partnership Program		16.607	<u>10,218</u>	<u>-</u>
Total United States Department of Justice			<u>14,336</u>	<u>-</u>
United States Department of Housing and Urban Development Passed through the Florida Department of Economic Opportunity:				
Community Development Block Grants/State's program and Non-Entitlement Grants	20DB-OO-06-45-02-H 05	14.228	<u>86,830</u>	<u>-</u>
Total Department of Housing and Urban Development			<u>86,830</u>	<u>-</u>
United States Department of the Treasury COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Y5103	21.027	<u>3,936,101</u>	<u>-</u>
Total Department of the Treasury			<u>3,936,101</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 4,305,171</u>	<u>\$ -</u>
Florida Department of Environmental Protection Wastewater Treatment Facility Construction	WW350612	37.077	\$ 1,489,000	\$ -
Drinking Water Facility Construction	DW350620	37.076	<u>818,854</u>	<u>-</u>
Total Florida Department of Environmental Protection			<u>2,307,854</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 2,307,854</u>	<u>\$ -</u>

City of Groveland, Florida
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2022

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award activity and state award activity of the City of Groveland, Florida, under programs of the federal government and state government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City of Groveland, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Groveland, Florida.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

C. SUBRECIPIENTS

The City of Groveland, Florida provided no federal awards to subrecipients in the fiscal year ended September 30, 2022.

D. INDIRECT COST RATE

The City of Groveland, Florida has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

E. NONCASH AWARDS

The City of Groveland, Florida received no noncash awards in the fiscal year ended September 30, 2022.



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

To the City Council
City of Groveland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Groveland, Florida (the "City"), as of and for the year ended September 30, 2022, 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 29, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Groveland, Florida's Response to Findings

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

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.

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida

June 29, 2023



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

Honorable Mayor and Members of the City Council
City of Groveland, Florida

Report on Compliance for the Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Groveland, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Florida Compliance Supplement that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2022. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Florida Auditor General. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and Chapter 10.550, Rules of the Florida Auditor General we:

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program and state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and 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 federal program and 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida

June 29, 2023

City of Groveland, Florida
Schedule of Findings and Questioned Costs

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes ___ no
- Significant deficiency(ies) identified?
noted _X_ yes ___ none

Noncompliance material to financial statements noted? ___ yes _X_ no

Federal Programs and State Awards

Internal control over major federal programs and state awards:

- Material weakness(es) identified? ___ yes _X_ no
- Significant deficiency(ies) identified?
noted ___ yes _X_ none

Type of auditors’ report issued on compliance for major federal programs and state awards: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) of OMB Compliance Supplement and/or Chapter 10.554(1)(l)(4)? ___ yes _X_ none noted

Identification of major federal programs and state awards:

<u>Assistance Listing/CSFA Number</u>	<u>Federal Program/State Award or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs and \$692,356 for major state awards.

Auditee qualified as a low-risk auditee for federal purposes? ___ yes _X_ no

City of Groveland, Florida
Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

SD 2022-001 UTILITY BILLING RATES

Criteria: Utility rates should be charged in accordance with Resolution 2016-68 adopted by City Council.

Condition: The City overcharged its customers assigned to three different rates codes due to a rate entry error. The tiered volume rates per 1,000 gallons for the following rates codes were not entered in accordance with the rates set by City Council:

- i. 4" Meter Water Commercial Water Inside City
- ii. 3" Irrigation/ Reclaimed Meter Outside City
- iii. 2" Irrigation/ Reclaimed Meter Outside City

Cause: Utility billing rates were not reviewed in sufficient detail when rates changes were entered into the Black Mountain system to identify the data entry error.

Effect: Three of the thirty-eight customer utility bills tested were not charged the appropriate rates; the customers were overcharged by \$81.73. As a result, water and reclaimed water sales are projected to be misstated by \$70,136.

Recommendation: A person independent of the person who entered the rates into the system should perform a thorough review of the changes to water and sewer fees for accuracy and compliance with City Code.

Management Response: Staff concurs with the recommendation. Staff identified the noted deficiencies mid fiscal year 2023. At the time the deficiencies were detected, a full and complete audit was conducted, and incorrect rate tables were remedied. Procedures have been put in place to ensure changes to utility billing tables are proofed by someone other than the person making the changes. In addition, system audit logs are reviewed on a regular basis to verify that all utility billing database changes have been verified. On a monthly basis, the utility bills, prior to being sent to customers, are reviewed by a third party to ensure the charges are calculating in accordance with the City's adopted rates.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section V – Prior Findings and Questioned Costs for Federal Awards and State Projects

MW 2021-001 UNBILLED RECEIVABLES

Status: Cleared



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Carr, Riggs & Ingram, LLC
 215 Baytree Drive
 Melbourne, Florida 32940

 321.255.0088
 386.336.4189 (fax)
 CRlcpa.com

INDEPENDENT AUDITORS’ MANAGEMENT LETTER

The Honorable Mayor and City Council
 City of Groveland, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Groveland, Florida (the “City”) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 30, 2022.

Auditors’ 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ 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 Auditors’ Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants’ Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The status of each finding and recommendation made in the preceding annual financial audit report, is noted below:

Prior Year Management Letter Comments:*

2021-001	Unbilled Receivables	Corrected
-----------------	-----------------------------	-----------

* The findings listed above originated in the fiscal year 2021 audit.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the City of Groveland, Florida and its component unit is disclosed in the footnotes.

The City of Groveland, Florida includes the following component units:

Component Unit	Established by:
Groveland Community Redevelopment Agency	City Ordinance

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Groveland, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Groveland, Florida did not meet 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 Groveland, Florida. It is management's responsibility to monitor the City of Groveland, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida

Auditor General, Federal and other granting agencies, the City Council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida

June 29, 2023



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Honorable Mayor and City Council
City of Groveland, Florida

We have examined the City of Groveland, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022.

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

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
June 29, 2023



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156 S. Lake Avenue
Groveland, FL 34736
352-429-2141
www.groveland-fl.gov

CORRECTIVE ACTION PLAN

The City of Groveland respectfully submits the following corrective action plan for the year ended September 30, 2022.

SD 2022-001 UTILITY BILLING RATES

Recommendation: A person independent of the person who entered the rates into the system should perform a thorough review of the changes to water and sewer fees for accuracy and compliance with City Code.

Corrective Action: Staff concurs with the recommendation. Staff identified the noted deficiencies mid fiscal year 2023. At the time the deficiencies were detected, a full and complete audit was conducted, and incorrect rate tables were remedied. Procedures have been put in place to ensure changes to utility billing tables are proofed by someone other than the person making the changes. In addition, system audit logs are reviewed on a regular basis to verify that all utility billing database changes have been verified. On a monthly basis, the utility bills, prior to being sent to customers, are reviewed by a third party to ensure the charges are calculating in accordance with the City's adopted rates.

Responsible Party: Jo-Anne Drury, Finance Director
Anticipated Completion Date : June 2023



352-730-9264
Jo-Anne.Drury@groveland-fl.gov

156 S. Lake Avenue • Groveland, FL 34736 • www.Groveland-FL.gov

May 3, 2023

BEFORE ME, the undersigned authority, personally appeared Jo-Anne Drury, who being duly sworn, deposes and says on oath that:

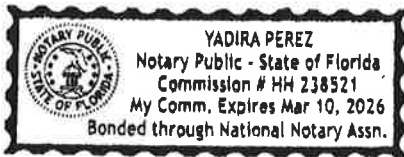
1. I am the Finance Director of the City of Groveland which is a political subdivision of the State of Florida;
2. City of Groveland adopted Resolution No. 2013-04-07 implementing an impact fee as amended by Ordinance No. 2019-50 on September 16, 2019, Ordinance No. 2022-02 on March 7, 2022, and
3. City of Groveland has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Jo-Anne Drury, Finance Director

STATE OF FLORIDA
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 4 day of May, 2023.



NOTARY PUBLIC
Print Name Yadira Perez

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

03/10/2026