CITY OF DAVENPORT, FLORIDA

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

SEPTEMBER 30, 2025

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the City Commission
City of Davenport, Florida

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS 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 aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified 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 schedule of expenditures of state financial assistance as required by section 215.97, Florida Statutes, *Florida Single Audit Act*; Chapter 10.550, *Rules of the State of Florida, Office of the Auditor General*, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance 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 state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Other Reporting Required by Chapter 10.550, *Rules of the Auditor General*

In accordance with Chapter 10.550, *Rules of the Auditor General*, we have issued our report dated August 26, 2026 on our examination of compliance with requirements of section 218.415, Florida Statutes. The purpose of this report is to describe the scope of our examination and the issuance of an opinion on the City's compliance with requirements of section 218.415, *Florida Statutes*.

Powell & Jones

Powell and Jones CPA
Lake City, Florida
August 26, 2026

As management of the City of Davenport, Florida (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, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 13.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows on September 30, 2025 by $117,426,676 (net position). Of this amount, $19,479,252 (unrestricted net position) may be used to meet the City's ongoing obligations compared to $16,896,836 at the end of the prior year.

- The change in the City's net position was $14,010,479 (14% increase) for the year ended September 30, 2025 compared to an increase of $14,367,358 (16% increase) in the prior year. Governmental activities increased net position by $5,518,717 (13%) and the business-type activities increased net position by $8,491,762 (14%) in the current year.

- Total revenue for all City activities for the year ended September 30, 2025 was $36,751,008 an increase of 13% or $4,087,365.

- Total expenses for all City activities for the year ended September 30, 2025 were $22,740,529 an increase of 24% or $4,444,244.

- As of September 30, 2025, the City's general fund reported ending combined unassigned and assigned fund balance of $18,141,528 or 87% of total general fund expenditures compared to the prior year of $14,904,524 or 109% of total general fund expenditures in the prior year.

UNDERSTANDING THE BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

The government-wide financial statements consist of a statement of net position and a statement of activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government, police, fire, code enforcement, sanitation, streets, parks and recreation, cemetery management and interest on long-term debt. The business-type activities of the City consist of water, sewer, and stormwater utilities. All information is presented utilizing the economic resource measurement focus and accrual basis of accounting.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net cost of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues.

Fund financial statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the City, rather than reporting on the City as a whole. 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 three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains two governmental funds, the general fund and the impact fee special revenue fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental fund financial statements can be found by referencing the table of contents of this report.

Proprietary Funds: The City maintains only one of the two proprietary fund types, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses an enterprise fund to account for its water and sewer utilities and a separate enterprise fund to report the activity of its stormwater utility. The basic proprietary fund financial statements can be found by referencing the table of contents of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for proprietary funds. The City maintains two pension trust funds that are used to report resources held in trust for retirees and beneficiaries covered by the general employees' pension trust fund and the police officers' and firefighters' pension trust fund. Additionally, the City reports a custodial fund to account for certain fees collected on behalf of other governments.

All of the City's funds are considered major funds with the exception of the stormwater enterprise fund.

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. They can be found by referencing the table of contents of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's general fund and impact fee special revenue fund budgetary comparison schedules as well as a schedule of the net pension liability and related ratios, schedule of contributions and a schedule of investment returns for the City's pension trust funds and information about the City's other post-employment benefit liability.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position

The following table reflects a summary of net position compared to prior year. See the statement of net position by referencing the table of contents of this report for further information.

Statement of Net Position (Summary)
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Current and other assets	$ 28,435,361	$ 24,511,209	$ 20,030,604	$ 18,186,650	$ 48,465,965	$ 42,697,859
Capital assets	27,052,315	25,552,663	80,326,817	70,568,975	107,379,132	96,121,638
Total assets	55,487,676	50,063,872	100,357,421	88,755,625	155,845,097	138,819,497
Deferred Outflows	597,262	445,988	135,041	97,384	732,303	543,372
Long-term liabilities	5,333,343	5,421,722	30,280,632	27,512,211	35,613,975	32,933,933
Other liabilities	482,407	441,793	2,260,432	1,912,912	2,742,839	2,354,705
Total liabilities	5,815,750	5,863,515	32,541,064	29,425,123	38,356,814	35,288,638
Deferred Inflows	732,245	628,119	61,665	29,915	793,910	658,034
Net position:						
Net investment in capital assets	22,731,555	21,030,775	49,257,683	42,544,772	71,989,238	63,575,547
Restricted	9,483,243	8,801,813	16,474,943	14,142,001	25,958,186	22,943,814
Unrestricted	17,322,145	14,185,638	2,157,107	2,711,198	19,479,252	16,896,836
Total net position	$ 49,536,943	$ 44,018,226	$ 67,889,733	$ 59,397,971	$ 117,426,676	$ 103,416,197

Approximately 61% of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding, compared to 62% for the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 22% of the City's net position represents resources that are subject to external restrictions on how they may be used, compared to 22% for the prior year. The remaining balance of unrestricted net position, $19,273,444 or 17% of net position may be used to meet the City's ongoing obligations to citizens and creditors.

On September 30, 2025 and 2024, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Statement of Activities

The following table reflects the condensed statement of activities for the current and previous year. See the statement of activities by referencing the table of contents of this report for further information.

Statement of Activities (Summary)
For the year ended September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenues:						
Program Revenues:						
Charges for services	$ 4,254,418	$ 4,884,552	$ 6,861,608	$ 5,728,504	$ 11,116,026	$ 10,613,056
Operating grants and contributions	690,595	582,290	-	-	690,595	582,290
Capital grants and contributions	1,207,382	1,709,110	8,422,014	5,792,389	9,629,396	7,501,499
General revenues:						
Property taxes	8,617,017	7,336,460	-	-	8,617,017	7,336,460
Franchise/Public Ser. Tax	2,687,905	2,205,476	-	-	2,687,905	2,205,476
Fuel taxes	510,308	454,737	-	-	510,308	454,737
State shared revenues	1,594,325	1,461,048	-	-	1,594,325	1,461,048
Other	1,684,483	2,334,804	220,953	174,273	1,905,436	2,509,077
Total revenues	21,246,433	20,968,477	15,504,575	11,695,166	36,751,008	32,663,643
Expenses:						
General government	4,094,744	3,588,314	-	-	4,094,744	3,588,314
Police	3,560,172	2,835,367	-	-	3,560,172	2,835,367
Fire	2,678,030	2,292,286	-	-	2,678,030	2,292,286
Code enforcement	79,182	68,673	-	-	79,182	68,673
Streets	1,436,741	1,262,699	-	-	1,436,741	1,262,699
Sanitation	1,957,715	1,507,502	-	-	1,957,715	1,507,502
Parks and recreation	1,768,761	1,643,075	-	-	1,768,761	1,643,075
Cemetery	23,297	9,449	-	-	23,297	9,449
Interest on long-term debt	129,074	134,005	-	-	129,074	134,005
Water	-	-	3,808,077	2,560,685	3,808,077	2,560,685
Sewer	-	-	3,013,547	2,214,743	3,013,547	2,214,743
Stormwater	-	-	191,190	179,487	191,190	179,487
Total expenses	15,727,716	13,341,370	7,012,813	4,954,915	22,740,529	18,296,285
Change in Net Position	5,518,717	7,627,107	8,491,762	6,740,251	14,010,479	14,367,358
Net position - October 1	44,018,226	36,391,119	59,397,971	52,657,720	103,416,197	89,048,839
Net position - September 30	$ 49,536,943	$ 44,018,226	$ 67,889,733	$ 59,397,971	$ 117,426,676	$ 103,416,197

Governmental activities

Governmental activities increased the City's net position by $5,518,717 during the current year. There were no transfers to or from the business-type activities in the current or prior year. In the prior year, net position increased by $7,627,107. The cause of the decline from the prior year is due mainly to an increase in revenue of $277,956 (1%) and increased expenses of $2,386,346 (18%).

The main drivers of the increased revenue were as follows:

- Increased property tax revenue of $1,280,557 (17%) due to increased property development and increasing property values.
- Charges for services decreased by approximately $630,000, or 13%, primarily due to a $940,000 decrease in building-related fees driven by decreased construction activity within the City, partially offset by a $308,000 increase in solid waste charges resulting from a growth in the number of customers.
- Capital grants and contributions decreased by approximately $500,000 or 29% due mainly to lower impact fees driven by decreased construction activity within the City.
- Earnings on surplus cash deposits decreased by approximately $549,000 (26%) due mainly to decreasing interest rates.

Expenses increased due to broad increases in costs or increased purchases including the following:

- General government expenses increased by approximately $506,000 mainly due to the following:
  - Personnel-related expenses increased by approximately $231,000 or 12% due to general cost increases and increases in staffing.
  - General liability, property and workers' compensation insurance expenses of the general government function increased by approximately $96,000 or 15% due to rising premiums.
  - Depreciation expense increased by approximately $85,570 (176%), primarily because the new Building Department facility was completed and placed in service late in FY 2024, resulting in its first full year of depreciation in FY 2025.
- Police expenses increased by approximately $725,000 mainly due to increased personnel-related expenses of approximately $510,000 or 24% mainly due to increased staffing. Depreciation expense also increased approximately $70,000 or 28% due to increased equipment purchases.
- Fire expenses increased by approximately $385,000 mainly due to increased personnel-related expenses of approximately $335,000 or 18% mainly due to increased staffing.
- Sanitation expenses increased by approximately $450,000 or 30% mainly due to increased utility customers.
- The remaining functional expenses increased by approximately $319,154 or 10% due to a myriad of reasons across various functions and expense categories.

Business-type activities

Business-type activities increased the City's net position by $8,491,762 during the current year. There were no transfers to or from the business-type activities in the current or prior year. In the prior year, net position increased by $6,740,251.

The main reason for the increase in the change in net position in the current year as compared to the prior year is mainly due to a $3,809,409 (33%) increase in revenue and a $2,057,898 (42%) increase in expenses.

The main drivers of the increased revenue were as follows:

- Increased charges for services of approximately $1,130,000 (20%) as additional construction within the City has added customers to the City utilities.
- Increased capital grants and contributions by approximately $2,630,000 (45%), primarily due to an approximately $2,888,000 increase in grant revenue related to water and sewer projects partially offset by decreases in water and sewer impact fees due to less construction related activity within the City.

The main drivers of the increased expenses were as follows:

- Water expenses increased by approximately $1,247,000 or 49% due mainly to the following:
    - Depreciation expense increased by approximately $289,000 or 42% mainly due to water system expansion assets placed in service at the end of 2024 that experienced a full year of depreciation in 2025.
    - Repair and maintenance expense increased by approximately $129,000 (49%), primarily due to higher repair and maintenance activity across multiple categories, driven largely by the timing of required maintenance and repairs during the year.
    - Polk Regional Water Cooperative annual water charges increased by approximately $290,000 or 69%.
    - Costs of approximately $154,000 were incurred in 2025 to remove the conservation designation from certain City property, half of which was allocated to the water function.
- Sewer expenses increased by approximately $800,000 or 36% due mainly to the following:
    - Personnel-related expenses increased by approximately $115,000 or 40% due to increased wage rates and additional staff.
    - Depreciation expense increased by approximately $100,000 or 14% mainly due to sewer system expansion assets placed in service at the end of 2024 that experienced a full year of depreciation in 2025.
    - Costs of approximately $154,000 were incurred in 2025 to remove the conservation designation from certain City property, half of which was allocated to the sewer function.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

As of September 30, 2025, the City's governmental funds reported a combined ending fund balance of $27,105,150. This is an increase of $3,488,948 or 15% from last year.

Approximately $18,140,000 (67%) of the total fund balance constitutes unassigned and assigned fund balance (i.e. available for spending at the City's discretion) which is an increase in unassigned and assigned fund balance of approximately $3,237,000 (22%) from last year. The remainder of fund balance totaling $8,963,622 is nonspendable, restricted or committed for the specific purpose for which the monies were collected.

General Fund: In the general fund, the City's revenues exceeded its expenditures by $3,727,761 as compared to expenditures exceeding revenue by $761,188 in the prior year. Total revenues were up $751,329 (4%) over the prior year and expenditures decreased $3,737,620 (14%) from 2024.

Revenues increased mainly due to the following:

- Tax revenue increased by approximately $1,896,000 (18%) due largely to a $1,280,000 (17%) increase in property tax revenue due to increased construction within the City and increased property values.
- Intergovernmental revenue increased by approximately $333,000, (22%), primarily due to increased federal grant funding for hurricane-related disaster relief.
- Licenses and permit revenue decreased by approximately $1,013,000 (36%) due to a decrease in the volume of construction related activity within the City reducing the level of building permit fee revenue.
- Other revenue decreased by approximately $623,000 or 25% largely due to earnings on surplus cash deposits that decreased by approximately $549,000 (26%) due mainly to decreasing interest rates.

Expenditures decreased mainly due to the following:

- An approximate $5,383,000 (67%) decrease in capital outlay expenditures due to decreased building improvement projects and equipment purchases.
- Personnel-related expenditures increased by approximately $1,650,000 or 23% due to general cost increases and additional staffing.

Impact Fee Special Revenue Fund – This fund was established effective October 1, 2021 to account for impact fees other than water and sewer impact fees. Total revenue consisted of impact fees ($806,147) and interest income ($80,465). Expenditures totaled $1,137,955 for a negative net change in fund balance of $251,343. Expenditures were for capital-related expenditures and debt service on projects that were necessitated by new residential and commercial growth within the City.

Proprietary Funds

The City has two proprietary funds, an enterprise fund which provides water and sewer collection and treatment services and a non-major enterprise fund to report the activity of the City's stormwater utility. The water and wastewater enterprise fund generated an operating loss of -$211,148 in the current year as compared to an operating profit of $786,941 for the prior year. The main reason for the decrease in operational results of the water and wastewater enterprise fund is due to the following:

- Increased charges for services revenue of approximately $1,133,000 (20%) due to increased utility customers due to increased construction related activity within the City.
- Personnel-related expenses increased by approximately $285,000 (22%) due to increased wage rates and increased level of staffing.

- Operating expenses increased approximately $2,138,000 (44%) due mainly because of the following:
  - Repair and maintenance expenses increased by approximately $175,000 (30%), due to the timing of repair activity and ongoing maintenance needs.
  - Polk Regional Water Cooperative annual water charges increased by approximately $290,000 or 69%.
  - Costs of approximately $154,000 were incurred in 2025 to remove the conservation designation from certain City property.
- Depreciation expense increased approximately $388,000 (27%) mainly due to water system expansion assets placed in service at the end of 2024 that experienced a full year of depreciation in 2025.

ANALYSIS OF SIGNIFICANT BUDGET VARIANCES – GENERAL FUND

The City adopts an annual budget each year in September. The budgetary comparison statement is presented for the general fund to demonstrate compliance with the budget which can be found by referencing the table of contents of this report.

The 2025 budget was amended to increase budgeted resources (revenues and other financing sources) by $267,100 (1%) and to increase budgeted outflows (expenditures) by $267,100 (1%). Budgetary resources received were $6,189,466 less than the final budgeted amount and budgetary charges to appropriation were $10,204,277 less than the budgeted amount. This resulted in an overall favorable budgetary variance for 2025 of $4,014,811.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The investment in capital assets includes land, buildings, improvements, infrastructure, and equipment**.** The City elected to record and depreciate its infrastructure, rather than use the optional "modified approach." Additional information on the City's capital assets can be found in Note 5 of the notes to the financial statements which can be found by referencing the table of contents of this report.

The following table presents a comparison of the capital assets for the current and previous year.

Capital Assets Activity
(net of depreciation)
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Land	$ 5,285,008	$ 5,285,008	$ 1,281,203	$ 1,020,361	$ 6,566,211	$ 6,305,369
Buildings and improvements	14,839,012	14,640,216	69,308,247	40,114,361	84,147,259	54,754,577
Equipment	3,324,696	2,255,136	1,740,642	1,260,128	5,065,338	3,515,264
Infrastructure	3,159,508	3,372,303	-	-	3,159,508	3,372,303
Construction in progress	444,091	-	7,996,725	28,174,125	8,440,816	28,174,125
Total	$ 27,052,315	$ 25,552,663	$ 80,326,817	$ 70,568,975	$ 107,379,132	$ 96,121,638

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $107,263,682 (net of accumulated depreciation). That is an increase of $11,142,044 or 12% from the prior year.

Long-term debt – The following table presents a comparison of revenue bonds and notes payable for the current and previous year. Further information on long-term obligations is contained in Note 6 of the notes to the financial statements which can be found by referencing the table of contents of this report.

Revenue Notes and Notes Payable

as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenue notes	$ 4,320,760	$ 4,521,888	$ 30,106,062	$ 27,369,203	$ 34,426,822	$ 31,891,091
Other liabilities	1,012,583	899,834	174,570	143,008	1,187,153	1,042,842
Less amount due in one year	(207,065)	(280,130)	(813,947)	(540,623)	(1,021,012)	(820,753)
Total	$ 5,126,278	$ 5,141,592	$ 29,466,685	$ 26,971,588	$ 34,592,963	$ 32,113,180

At the end of the current fiscal year, the governmental activities had total long-term obligations outstanding of $5,333,343, a decrease of $88,379 or 2%. The long-term obligations consist of compensated absences totaling $578,003, net pension liabilities totaling $37,104, OPEB liability totaling $397,476 and notes payable of $4,320,760.

The business-type activities had total long-term obligations outstanding of $30,280,632 which is a net increase of $2,768,421 (10%) over the prior year. The increase was due to current-year borrowings for water and wastewater system improvements of $3,456,255 which was partially offset by principal reductions of $719,396 due to normal principal payments for a long-term *debt* balance at September 30, 2025 of $30,106,062. The business-type activities also report $111,255 of compensated absences, $15,078 of net pension liabilities and a total OPEB liability of $48,237.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The City of Davenport is still one of the fastest growing spots in the State of Florida, as the housing boom continues with no end in sight. Over the past few years more than 1,500 new homes have been built with a current population nearing 15,000 residents. The City remains an ideal landing spot because of its location along Interstate 4 between Orlando and Tampa and proximity to Disney and the other area attractions. The City's property values continue to climb at a very rapid rate. The City realized a 15% increase in property values from $1,234,447,374 in 2025 to $1,419,306,024 in 2026. Future annexation plans are expected which will see the city expand geographically as well.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Davenport's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City of Davenport Finance Department at 1 S. Allapaha Avenue, Davenport, Florida 33837, or by phone at (863) 419-3300.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 18,016,935	$ 1,567,167	$ 19,584,102
Receivables, current:			
Intergovernmental	217,135	205,809	422,944
Franchise and public service taxes	220,780	-	220,780
Customer accounts, net	108,405	644,290	752,695
Leases	368,061	-	368,061
Prepaid expenses	9,009	-	9,009
Restricted assets:			
Cash and cash equivalents	8,938,270	17,613,338	26,551,608
Net pension asset	556,766	-	556,766
Capital Assets:			
Non-depreciable	5,729,099	9,277,928	15,007,027
Depreciable, net	21,323,216	71,048,889	92,372,105
TOTAL ASSETS	55,487,676	100,357,421	155,845,097
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	597,262	135,041	732,303
LIABILITIES			
Accounts payable	146,273	108,871	255,144
Accrued payroll	171,259	50,052	221,311
Construction payable	-	963,072	963,072
Due to other governments	59,210	42	59,252
Accrued interest payable	42,480	24,509	66,989
Customer deposits	63,185	1,113,886	1,177,071
Long-term obligations:			
Due within one year	207,065	813,947	1,021,012
Due in more than one year	5,126,278	29,466,685	34,592,963
TOTAL LIABILITIES	5,815,750	32,541,064	38,356,814
DEFERRED INFLOWS OF RESOURCES			
Pension related	398,727	61,665	460,392
Lease related	333,518	-	333,518
TOTAL DEFERRED INFLOWS OF RESOURCES	732,245	61,665	793,910
NET POSITION			
Net investment in capital assets	22,731,555	49,257,683	71,989,238
Restricted for:			
Debt service	-	227,965	227,965
Parks and recreation improvements (impact fees)	2,410,407	-	2,410,407
Fire protection improvements (impact fees)	15,090	-	15,090
Law enforcement improvements (impact fees)	147,010	-	147,010
Public building improvements (impact fees)	1,371,376	-	1,371,376
Transportation infrastructure (impact fees)	2,291,668	-	2,291,668
Transportation infrastructure (gas taxes)	186,912	-	186,912
Building code enforcement	2,478,100	-	2,478,100
Crime prevention	25,914	-	25,914
Pension benefits	556,766	-	556,766
Water system improvements (impact fees)	-	8,323,378	8,323,378
Wastewater system improvements (impact fees)	-	7,923,600	7,923,600
Unrestricted	17,322,145	2,157,107	19,479,252
TOTAL NET POSITION	$ 49,536,943	$ 67,889,733	$ 117,426,676

See Accompanying Notes to Financial Statements

CITY OF DAVENPORT, FLORIDA
Government-Wide Statement of Activities
for the year ended September 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	$ 4,094,744	$ 1,715,767	$ 230,471	$ 313,063	$ (1,835,443)	$ -	$ (1,835,443)
Police	3,560,172	76,759	314,168	120,156	(3,049,089)	-	(3,049,089)
Fire	2,678,030	-	145,956	138,039	(2,394,035)	-	(2,394,035)
Code enforcement	79,182	28,296	-	-	(50,886)	-	(50,886)
Streets	1,436,741	9,140	-	159,372	(1,268,229)	-	(1,268,229)
Sanitation	1,957,715	2,196,136	-	-	238,421	-	238,421
Parks and recreation	1,768,761	187,520	-	476,752	(1,104,489)	-	(1,104,489)
Cemetery	23,297	40,800	-	-	17,503	-	17,503
Interest on long-term debt	129,074	-	-	-	(129,074)	-	(129,074)
Total governmental activities	15,727,716	4,254,418	690,595	1,207,382	(9,575,321)	-	(9,575,321)
Business-type activities							
Water utility	3,808,077	3,761,918	-	3,740,392	-	3,694,234	3,694,234
Sewer utility	3,013,547	2,786,483	-	4,681,622	-	4,454,559	4,454,559
Stormwater utility	191,190	313,207	-	-	-	122,017	122,017
Total business-type activities	7,012,813	6,861,608	-	8,422,014	-	8,270,809	8,270,809
TOTAL PRIMARY GOVERNMENT	$ 22,740,529	$ 11,116,026	$ 690,595	$ 9,629,396	(9,575,321)	8,270,809	(1,304,512)

	Governmental Activities	Business-Type Activities	Total
GENERAL REVENUES			
Taxes:			
Property taxes, levied for general purposes	8,617,017	-	8,617,017
Franchise taxes	1,031,346	-	1,031,346
Public service taxes	1,656,559	-	1,656,559
Fuel taxes for transportation purposes	510,308	-	510,308
State shared revenue	1,594,325	-	1,594,325
Investment earnings	1,585,275	220,953	1,806,228
Gain on disposal of property	43,485	-	43,485
Other revenues	55,723	-	55,723
Total general revenues	15,094,038	220,953	15,314,991
Change in net position	5,518,717	8,491,762	14,010,479
NET POSITION, beginning of year	44,018,226	59,397,971	103,416,197
NET POSITION, end of year	$ 49,536,943	$ 67,889,733	$ 117,426,676

See Accompanying Notes to Financial Statements

	General Fund	Impact Fee Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	$ 18,016,935	$ 6,235,551	$ 24,252,486
Receivables:			
Intergovernmental	217,135	-	217,135
Franchise and public service taxes	220,780	-	220,780
Customer accounts, net	108,405	-	108,405
Leases	368,061	-	368,061
Prepaid expenditures	9,009	-	9,009
Restricted assets:			
Cash and cash equivalents	2,702,719	-	2,702,719
TOTAL ASSETS	$ 21,643,044	$ 6,235,551	$ 27,878,595
LIABILITIES			
Accounts payable	146,273	-	146,273
Accrued payroll	171,259	-	171,259
Due to other governments	59,210	-	59,210
Customer deposits	63,185	-	63,185
TOTAL LIABILITIES	439,927	-	439,927
DEFERRED INFLOWS OF RESOURCES			
Lease related	333,518	-	333,518
FUND BALANCE			
Nonspendable:			
Prepaid expenditures	9,009	-	9,009
Restricted:			
Parks and recreation improvements (impact fees)	-	2,410,407	2,410,407
Fire protection improvements (impact fees)	-	15,090	15,090
Law enforcement improvements (impact fees)	-	147,010	147,010
Public building improvements (impact fees)	-	1,371,376	1,371,376
Transportation infrastructure (impact fees)	-	2,291,668	2,291,668
Transportation infrastructure (gas taxes)	186,912	-	186,912
Building code enforcement	2,478,100	-	2,478,100
Crime prevention	25,914	-	25,914
Committed for:			
Cemetery perpetual care	28,136	-	28,136
Assigned for:			
Fire department	3,863	-	3,863
Police department	2,916	-	2,916
Park improvements	1,337,653	-	1,337,653
Special events	69,865	-	69,865
Unassigned	16,727,231	-	16,727,231
TOTAL FUND BALANCE	20,869,599	6,235,551	27,105,150
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 21,643,044	$ 6,235,551	$ 27,878,595

See Accompanying Notes to Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	27,105,150
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		27,052,315
The net pension asset is not a current financial resource and therefore is not reported as assets in the governmental funds.		556,766
Deferred outflows of resources represent a decrease in net assets that applies to a future period(s) and, therefore, are not reported in the governmental funds.		597,262
Deferred inflows of resources represent an increase in net assets that applies to a future period(s) and, therefore, are not reported in the governmental funds.		(398,727)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.		(42,480)
Long-term liabilities, including bonds and notes payable, compensated absences, other postemployment benefit liability and the City's net pension liabilities are not due and payable in the current period and therefore they are not reported in the governmental funds.		(5,333,343)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	49,536,943

CITY OF DAVENPORT, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
for the year ended September 30, 2025

	General Fund	Impact Fee Special Revenue Fund	Total
REVENUES:			
Taxes	$ 12,271,661	$ -	$ 12,271,661
Licenses and permits	1,812,415	-	1,812,415
Intergovernmental revenue	1,830,494	-	1,830,494
Charges for services	2,448,220	-	2,448,220
Fines and forfeitures	102,885	-	102,885
Impact fees	-	806,147	806,147
Other	1,881,614	80,465	1,962,079
Total revenues	20,347,289	886,612	21,233,901
EXPENDITURES:			
Current:			
General government	3,715,647	-	3,715,647
Public safety	6,003,175	-	6,003,175
Physical environment	1,970,379	-	1,970,379
Transportation	1,070,367	-	1,070,367
Culture/recreation	1,261,467	-	1,261,467
Capital outlay	2,598,493	805,772	3,404,265
Debt service	-	332,183	332,183
Total expenditures	16,619,528	1,137,955	17,757,483
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,727,761	(251,343)	3,476,418
OTHER FINANCING SOURCES (USES)			
Insurance proceeds	12,530	-	12,530
Total other financing sources (uses)	12,530	-	12,530
NET CHANGE IN FUND BALANCE	3,740,291	(251,343)	3,488,948
FUND BALANCE, beginning of year	17,129,308	6,486,894	23,616,202
FUND BALANCE, end of year	$ 20,869,599	$ 6,235,551	$ 27,105,150

See Accompanying Notes to Financial Statements

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	3,488,948
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount of capital assets recorded in the current period.		3,019,698
This is the amount of depreciation expense recorded in the current period.		(1,520,046)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
This is the repayment of long-term debt principal during the year.		201,128
Other long-term obligations are reported in the government-wide statement of net position as liabilities, but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources and therefore are reported as revenues when received and expenditures when paid.		
This is the change in accrued compensated absences during the year.		(41,603)
This is the change in the total OPEB liability during the year.		(50,068)
This is the change in accrued interest payable during the year.		1,981
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:		
This amount represents the change in deferred outflows related to pensions.		151,274
This amount represents the change in deferred inflows related to pensions.		(172,931)
This amount represents the change in the net pension asset.		461,414
This amount represents the change in the net pension liability.		(21,078)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	5,518,717

	Business-type Activities - Enterprise Funds		
	Water and Wastewater Fund	Non-major Stormwater Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,201,750	$ 365,417	$ 1,567,167
Customer accounts receivable, net	644,290	-	644,290
Due from other governments	205,809	-	205,809
Total current assets	2,051,849	365,417	2,417,266
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	17,613,338	-	17,613,338
Capital assets:			
Non-depreciable	9,021,043	256,885	9,277,928
Depreciable, net	70,678,757	370,132	71,048,889
Total noncurrent assets	97,313,138	627,017	97,940,155
TOTAL ASSETS	99,364,987	992,434	100,357,421
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	135,041	-	135,041
LIABILITIES			
Current liabilities:			
Accounts payable	92,756	16,115	108,871
Construction payable	963,072	-	963,072
Accrued payroll	48,536	1,516	50,052
Due to other governments	42	-	42
Bonds and notes payable, current	813,947	-	813,947
Total current liabilities	1,918,353	17,631	1,935,984
Noncurrent liabilities:			
Compensated absences	104,269	6,986	111,255
Liabilities payable from restricted assets:			
Accrued interest payable	24,509	-	24,509
Customer deposits	1,113,886	-	1,113,886
Net pension liabilities	15,078	-	15,078
OPEB liability payable	43,447	4,790	48,237
Bonds and notes payable, noncurrent portion	29,292,115	-	29,292,115
Total noncurrent liabilities	30,593,304	11,776	30,605,080
TOTAL LIABILITIES	32,511,657	29,407	32,541,064
DEFERRED INFLOWS			
Pension related	61,665	-	61,665
NET POSITION			
Net investment in capital assets	48,630,666	627,017	49,257,683
Restricted (expendable) for:			
Revenue bond retirement	227,965	-	227,965
Water system improvements (impact fees)	8,323,378	-	8,323,378
Sewer system improvements (impact fees)	7,923,600	-	7,923,600
Unrestricted	1,821,097	336,010	2,157,107
TOTAL NET POSITION	$ 66,926,706	$ 963,027	$ 67,889,733

See Accompanying Notes to Financial Statements

	Business-type Activities - Enterprise Funds		
	Water and Wastewater Fund	**Non-major Stormwater Fund**	**Total Enterprise Funds**
OPERATING REVENUES:			
Charges for services	$ 6,548,401	$ 313,207	$ 6,861,608
Total operating revenues	6,548,401	313,207	6,861,608
OPERATING EXPENSES:			
Personnel services	1,550,957	79,497	1,630,454
Operating expenses	3,405,133	89,283	3,494,416
Depreciation expense	1,803,459	22,410	1,825,869
Total operating expenses	6,759,549	191,190	6,950,739
OPERATING INCOME (LOSS)	(211,148)	122,017	(89,131)
NONOPERATING REVENUE (EXPENSE)			
Interest expense	(70,359)	-	(70,359)
Interest income	216,152	4,801	220,953
Other income	8,285	-	8,285
Total nonoperating revenues (expense)	154,078	4,801	158,879
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(57,070)	126,818	69,748
CAPITAL CONTRIBUTIONS			
Grants	2,909,282	-	2,909,282
Impact fees	2,530,631	-	2,530,631
Donated infrastructure	2,982,101	-	2,982,101
Total capital contributions	8,422,014	-	8,422,014
CHANGE IN NET POSITION	8,364,944	126,818	8,491,762
NET POSITION, beginning of year	58,561,762	836,209	59,397,971
NET POSITION, end of year	$ 66,926,706	$ 963,027	$ 67,889,733

CITY OF DAVENPORT, FLORIDA
Statement of Cash Flows – Proprietary Funds
for the year ended September 30, 2025

	Business-type Activities - Enterprise Funds		
	Water and Wastewater Fund	Non-major Stormwater Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$ 6,387,191	$ 313,207	$ 6,700,398
Other cash payments	8,285	-	8,285
Payments to suppliers	(3,460,337)	(76,960)	(3,537,297)
Payments for salaries and benefits	(1,515,671)	(79,121)	(1,594,792)
Net cash flows from operating activities	1,419,468	157,126	1,576,594
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets, net of related payables	(8,249,188)	(44,350)	(8,293,538)
Sale of capital assets	-	-	-
Loan proceeds	3,456,255	-	3,456,255
Principal paid on long-term debt	(679,396)	-	(679,396)
Interest paid on borrowings	(72,979)	-	(72,979)
Impact fees received	2,530,631	-	2,530,631
Capital grants received, net of change in related receivable	2,663,473	-	2,663,473
Net cash flows from capital and related financing activities	(351,204)	(44,350)	(395,554)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on invested funds	216,152	4,801	220,953
Net cash flows from investing activities	216,152	4,801	220,953
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,284,416	117,577	1,401,993
CASH AND CASH EQUIVALENTS, beginning of year	17,530,672	247,840	17,778,512
CASH AND CASH EQUIVALENTS, end of year	$ 18,815,088	$ 365,417	$ 19,180,505
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (211,148)	122,017	$ (89,131)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	1,803,459	22,410	1,825,869
Nonoperating payments reported as operating cash flows	8,285	-	8,285
(Increase) decrease in accounts receivable	(236,152)	-	(236,152)
Increase (decrease) in customer deposits	74,942	-	74,942
Increase (decrease) in accounts payable	(55,204)	12,323	(42,881)
Increase (decrease) in accrued wages and comp absences	31,246	195	31,441
Increase (decrease) in the total OPEB liability	1,215	181	1,396
(Increase) decrease in deferred outflows related to pensions	(37,657)	-	(37,657)
Increase (decrease) in deferred inflows related to pensions	31,750	-	31,750
Increase (decrease) in the net pension liability	8,732	-	8,732
Net cash flows from operating activities	$ 1,419,468	$ 157,126	$ 1,576,594
As shown in the Accompanying Financial Statements			
Cash and cash equivalents	$ 1,201,750	$ 365,417	$ 1,567,167
Restricted cash and cash equivalents	17,613,338	-	17,613,338
Total cash and cash equivalents	$ 18,815,088	$ 365,417	$ 19,180,505
Noncash financing and investing activities:			
Donated infrastructure capital assets	$ 2,982,101	$ -	$ 2,982,101
Capital acquisition on credit (construction accounts payable)	$ 308,072	$ -	$ 308,072
Principal forgiveness grant applied to principal	$ 40,000.00	$ -	$ 40,000

See Accompanying Notes to Financial Statements

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and cash equivalents	$ -	$ 1,048,300
Receivables:		
State	456,432	-
Members	14,838	-
Total receivables	471,270	-
Investments:		
Short-term money market fund	230,535	-
Fixed income mutual fund	1,968,866	-
Equity mutual funds	4,580,966	-
Total investments	6,780,367	-
Total assets	7,251,637	1,048,300
LIABILITIES		
Accounts payable	13,475	-
Benefits and refunds payable	9,820	-
Due to other governments	-	1,048,300
Total liabilities	23,295	1,048,300
NET POSITION		
Restricted for pension benefits	$ 7,228,342	$ -

	Pension Trust Funds	Custodial Fund
ADDITIONS		
Contributions:		
City	$ 856,530	$ -
Plan members	368,501	-
State of Florida	456,432	-
Fee collected on behalf of other governments	-	4,279,210
Total contributions	1,681,463	4,279,210
Investment income	712,770	-
Less: investment expenses		
Custodial fees	9,457	-
Performance evaluation	20,038	-
Total investment expenses	29,495	-
Net investment income	683,275	-
Total additions	2,364,738	4,279,210
DEDUCTIONS		
Administrative expenses:		
Legal	10,630	-
Administrator fee	27,600	-
Actuarial	64,051	-
Insurance, supplies and other	2,732	-
Total administrative expenses	105,013	-
Benefit payments and refunds of member contributions	69,894	-
Remittance of fees to other governments	-	4,279,210
Total deductions	174,907	4,279,210
CHANGE IN NET POSITION	2,189,831	-
NET POSITION, beginning of year	5,038,511	-
NET POSITION, end of year	$ 7,228,342	$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. REPORTING ENTITY

The City of Davenport, Florida (the "City") is a Municipal Corporation incorporated in 1925 by Chapter 10463, Laws of Florida. The Corporation operates under a charter form of government created by an unnumbered City Ordinance dated November 11, 1975, and most recently recodifed and readopted by Ordinance No. 596 in 1978, Ordinance No. 93-7 in 1993 and again in 2008 by Ordinance No. 638. The City is governed by a board of five elected commission members. These financial statements include all of the funds, organizations, agencies and departments of the City (the "primary government") and any legally separate entities ("component units") required by generally accepted accounting principles to be included in the reporting entity.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Criteria for determining if other entities are potential component units of the City which should be reported with the City's basic financial statements are identified and described in the GASB *Codification of Governmental Accounting and Financial Reporting Standards.* The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

Fiduciary Component Units: The City reports two fiduciary component units: the General Employees' Pension Trust Fund and the Police Officers and Firefighters Pension Trust Fund. The plans are legally separate from the City; however, they meet the criteria for inclusion in the City's financial reporting entity as fiduciary component units. Accordingly, the plans are reported in the City's fiduciary fund financial statements as pension trust funds.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. The City's fiduciary funds are excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. The City does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. The City maintains one non-major fund, the stormwater enterprise fund. The various funds are reported by type within the financial statements.

The following fund types and funds are used and reported by the City:

a) Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- **General Fund:** The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

- **Impact Fee Special Revenue Fund**: In response to the requirements of Section 163.31801, Florida Statutes, this fund was created to account for the financial transactions of the City impact fees other than water and sewer impact fees, which are accounted for in the enterprise fund.

b) Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the major proprietary (enterprise) funds of the City:

- **Water and Wastewater Enterprise Fund:** accounts for the activities of the City's water production and distribution operations and the wastewater collection and treatment systems.
- **Stormwater Enterprise fund:** accounts for the activities of the City's stormwater management utility. This is a non-major fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

c) Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City reports the following fiduciary funds:

- Pension Trust Funds: The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the General Employees' Pension Trust Fund and the Police Officers' and Firefighters' Pension Trust Fund.
- Custodial Fund: The custodial fund is to account for impact fees collected on behalf of Polk County, Florida (the "County"). These funds are collected on behalf of the County as new construction takes place within the City and then periodically remitted to the County.

C. MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 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 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 acquisition under capital leases are reported as other financing sources.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period.

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.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as water, sewer and sanitation utility services. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS – The City maintains a central pooled cash account that is used by all operating funds of the City. Interest income earned in the pooled cash account is allocated to the funds. Each fund's equity in pooled cash is recorded on its respective balance sheet or statement of net position in the financial statement caption "cash and cash equivalents" and includes all short-term highly liquid investments with a maturity of three months or less when purchased, including all bank demand deposits, certificates of deposit, money-market and savings accounts. On September 30, 2025, all of the City's cash and investments met this definition.

RESTRICTED ASSETS - Include cash and investments that are legally restricted to specific uses by external parties or enabling legislation. The City generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

CUSTOMER ACCOUNTS RECEIVABLE - The City accrues the unbilled service of its enterprise fund, which represents the estimated value of service from the last billing date to year end and totaled approximately $326,366 on September 30, 2025. A reserve for doubtful accounts is maintained in the enterprise fund and the general fund equal to the amount of the utility customer receivables that are not expected to be collected. As of September 30, 2025, the allowance for doubtful accounts associated with the receivables of the enterprise fund and the general fund totaled $161,495 and $65,908 respectively.

INTERFUND BALANCES - To the extent any interfund balances exist, management anticipates that they will be settled in cash as opposed to a permanent transfer.

INVENTORY - Inventories are not reported as they are insignificant.

CAPITAL ASSETS - In the government-wide financial statements, capital assets include land, buildings, improvements, utility plant, infrastructure and furniture and equipment. Capital assets are defined by City policy as tangible property with an individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at acquisition value at date of gift, if donated. Maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting systems), acquired prior to October 1, 2003, have not been reported.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives of the related assets as follows:

	Years
Buildings and improvements	5-40
Utility plant in service	15-40
Machinery and equipment	3-15
Infrastructure:	
Streets	20-60
Drainage	50

INTEREST COSTS - Interest costs incurred before the end of the construction period are classified as a financing activity separate from the related capital asset and are recognized as expense as incurred. Accordingly, these interest costs are not capitalized as part of the asset's historical cost.

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

COMPENSATED ABSENCES - The City's personnel policies permit eligible employees to accumulate vacation and sick leave up to established limits. Accumulated vacation leave is payable upon separation from employment in accordance with the City's policies. Accumulated sick leave is payable upon separation at 50% of accumulated hours, subject to applicable policy limitations.

For purposes of measuring compensated absences, the City applies a last-in, first-out (LIFO) leave usage assumption. Under this assumption, leave expected to be used in the future is considered to be earned in the future. Accordingly, the City's liability for compensated absences at any reporting date is limited to the amount that would be paid in cash if employees separated from employment as of that date, including applicable salary-related payments.

The compensated absences liability is reported in the government-wide financial statements and proprietary fund financial statements. Governmental funds report compensated absences only to the extent the amounts are due and payable using available financial resources. The liability is generally liquidated by the funds that account for the employees' compensation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont…)

CONNECTION FEES AND IMPACT FEES - Connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid impact fees received which reserve capacity in the City's future water or sewer facilities are deferred and reported as capital contributions when the requirements of the developer agreements are met by the City.

INTERFUND TRANSFERS - Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the Government-wide Statement of Activities, all interfund transfers between individual funds within a fund type are eliminated.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The City has one item that qualifies for reporting as deferred outflows of resources. That item is the deferred outflows related to pensions. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized in pension expense in future reporting years.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has two items that qualify for reporting as deferred inflows of resources. The first item is the deferred inflows related to pensions. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as a reduction in pension expense in future reporting years. The second item is deferred inflows related to leases which is the total unrecognized revenue to be received from the City's antenna placement leases.

ON-BEHALF PAYMENTS FOR FRINGE BENEFITS - The City receives on-behalf payments from the State of Florida to be used for Police Officers' and Firefighters' Pension Trust Fund contributions which totaled $456,432 for the fiscal year ended September 30, 2025. Such payments are recorded as a component of tax revenue and public safety expenses/expenditures in the government-wide and general fund financial statements.

PENSION COSTS - The actuarially determined provision for pension costs is recorded on an accrual basis in the period for which the costs pertain, and the City's policy is to fund pension costs as they accrue.

LEASES –

Lessee: The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements and the enterprise fund financial statements when the initial, individual values of the lease liability is considered material and this decision is assessed on a case by case basis as new leases are executed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont…)

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 its useful life.

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 City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for two noncancellable antenna placement leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

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

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

EQUITY CLASSIFICATIONS -

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

> *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City's circumstances. The following classifications describe the relative strength of the spending constraints:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed —amounts constrained to specific purposes by formal action (ordinance) of the City using its highest level of decision making authority (the City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes the same highest-level action (ordinance) to remove or change the constraint.

Assigned —amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. The City Commission has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.

Unassigned — this classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not nonspendable, restricted, committed, or assigned.

The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal, special districts, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2025 was 7.25.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by Ordinance on a City-wide basis for all City funds on or before October 1 of each year as required by State Statute. The City's Charter specifies that the City Manager has the authority to transfer unencumbered appropriation balances within a department; however, any transfers beyond this level must be done by City Ordinance. Budgets for all funds are adopted on the basis of cash receipts and disbursements which differs from the basis used for financial reporting purposes.

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS -The City's deposits are insured by the FDIC up to $250,000 per financial institution. 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 Deposits 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.

INVESTMENTS - CITY - The types of investments in which the City may invest are governed by City ordinance, which defers to Florida Statutes Chapter 218.415(17), which permits investments in the Local Government Surplus Trust Fund, direct obligations of the U.S. Treasury, interest-bearing time deposits or savings accounts in qualified public depositories, S.E.C. registered money market funds with the highest credit rating.

The captions on the government-wide statement of net position for "cash and cash equivalents", both restricted and unrestricted, were insured or fully collateralized bank deposits. There were no investment securities maintained during the year other than in the City's pension trust funds.

INVESTMENTS – PENSION TRUST FUND – Investment authority for the City's pension trust funds is delegated to the individual pension's board of trustees via City ordinance and permits for any investments allowable under the provisions of Florida Statutes Chapters 112, 175 and 185, as applicable. The individual board of trustees has adopted an investment policy that limits investments in foreign securities to a maximum of 25% of plan assets (at market value), limits the investments in equity securities to a maximum of 70% of plan assets (at market value) and a maximum investment in real estate of 15% of the plan assets (at cost).

NOTE 4 - DEPOSITS AND INVESTMENTS (cont…)

Investment valuation - Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. All other investments are stated at fair value and are categorized using the fair value hierarchy established by GASB Cod. Sec. 3100 and are recorded as of the trade date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The investment securities held by the City's pension trust funds have the following carrying values as of September 30, 2025, based upon the measurement criteria as specified.

General Employees' Pension Trust Fund:

	September 30, 2025	Level 1
Investments at fair value:		
Fixed income mutual fund	$ 918,811	$ 918,811
Equity mutual funds	2,144,217	2,144,217
Total investments at fair value	3,063,028	$ 3,063,028
Investments measured at amortized cost		
Short-term money market fund	123,193	
Total investments	$ 3,186,221	

Police Officers' and Firefighters' Pension Trust Fund:

	September 30, 2025	Level 1
Investments at fair value:		
Fixed income mutual fund	$ 1,050,055	$ 1,050,055
Equity mutual funds	2,436,749	2,436,749
Total investments at fair value	3,486,804	$ 3,486,804
Investments measured at amortized cost		
Short-term money market fund	107,342	
Total investments	$ 3,594,146	

Interest rate and credit risk – While the City's pension trust funds' have an investment policy, they do not have a specific policy to address interest rate or credit risk. Information related to interest rate and credit risk for the pension trust funds' fixed income investments is summarized below.

General Employees' Pension Trust Fund:

Investment Type	S&P Rating	Fair Value/ Amortized Cost	Weighted Average Maturity (Years)
Short-term money market fund	Not Rated	$ 123,193	0.13
Fixed income mutual funds	Not Rated	918,811	7.24
Total		$ 1,042,004	

NOTE 4 - DEPOSITS AND INVESTMENTS (cont…)

Police Officers' and Firefighters' Pension Trust Fund:

Investment Type	S&P Rating	Fair Value/ Amortized Cost	Weighted Average Maturity (Years)
Short-term money market fund	Not Rated	$ 107,342	0.13
Fixed income mutual funds	Not Rated	1,050,055	7.22
Total		$ 1,157,397	

Concentration of credit risk - The City's pension trust funds' investment policies states that the plans' assets shall be diversified to reduce the risk of large losses. The plans did not hold investments in any one organization that represented 5% or more of the plan's fiduciary net position as of September 30, 2025 (excluding investments issued or explicitly guaranteed by the U.S. government or those in pooled investments).

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NOTE 5 - CAPITAL ASSETS

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

	Balance October 1, 2024	Transfers	Increases	Decreases	Balance September 30, 2025
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 5,285,008	$ -	$ -	$ -	$ 5,285,008
Construction-in-progress	-	-	444,091	-	444,091
Total capital assets, not being depreciated	5,285,008	-	444,091	-	5,729,099
Capital assets, being depreciated:					
Buildings & improvements	17,954,782	-	860,236	-	18,815,018
Equipment	5,489,270	-	1,687,669	-	7,176,939
Infrastructure:					
Road network	3,808,586	-	-	-	3,808,586
Sidewalk network	904,152	-	27,702	-	931,854
Total capital assets, being depreciated	28,156,790	-	2,575,607	-	30,732,397
Less accumulated depreciation for:					
Buildings & improvements	(3,314,566)	-	(661,440)	-	(3,976,006)
Equipment	(3,234,134)	-	(618,109)	-	(3,852,243)
Infrastructure:					
Road network	(919,741)	-	(196,941)	-	(1,116,682)
Sidewalk network	(420,694)	-	(43,556)	-	(464,250)
Total accumulated depreciation	(7,889,135)	-	(1,520,046)	-	(9,409,181)
Total capital assets being depreciated, net	20,267,655	-	1,055,561	-	21,323,216
Governmental activities capital assets, net	$ 25,552,663	$ -	$ 1,499,652	$ -	$ 27,052,315
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 1,020,361	$ -	$ 260,842	$ -	$ 1,281,203
Construction-in-progress	28,174,125	(26,995,540)	6,818,140	-	7,996,725
Total capital assets, not being depreciated	29,194,486	(26,995,540)	7,078,982	-	9,277,928
Capital assets, being depreciated:					
Buildings and improvements	49,922,905	26,995,540	3,720,706	-	80,639,151
Equipment	2,115,084	-	784,023	-	2,899,107
Total capital assets, being depreciated	52,037,989	26,995,540	4,504,729	-	83,538,258
Less accumulated depreciation for:					
Buildings and improvements	(9,808,544)	-	(1,522,360)	-	(11,330,904)
Equipment	(854,956)	-	(303,509)	-	(1,158,465)
Total accumulated depreciation	(10,663,500)	-	(1,825,869)	-	(12,489,369)
Total capital assets being depreciated, net	41,374,489	26,995,540	2,678,860	-	71,048,889
Business-type activities capital assets, net	$ 70,568,975	$ -	$ 9,757,842	$ -	$ 80,326,817

NOTE 5 - CAPITAL ASSETS (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:		
General government	$	114,312
Building code enforcement		134,324
Law enforcement		315,814
Fire protection		207,917
Roads and streets		354,767
Parks and recreation		382,279
Cemetery		10,633
Total depreciation expense - governmental activities	$	1,520,046

Business-type Activities:		
Water	$	976,329
Sewer		827,130
Stormwater		22,410
Total depreciation expense - business-type activities	$	1,825,869

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NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2025:

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025	Amounts Due within One Year
Governmental Activities:					
Long-term debt:					
Notes payable:					
Capital improvement revenue note, series 2020A	$ 4,521,888	$ -	$ (201,128)	$ 4,320,760	$ 207,065
Total long-term debt	4,521,888	-	(201,128)	4,320,760	207,065
Other liabilities:					
Compensated absences	536,400	41,603	-	578,003	-
Total OPEB liability	347,408	50,068	-	397,476	-
Net pension liabilities	16,026	21,078	-	37,104	-
Total long-term liabilities	$ 5,421,722	$ 112,749	$ (201,128)	5,333,343	$ 207,065
Less amounts due in one year				(207,065)	
Net long-term liabilities due after one year				$ 5,126,278	
Business-type Activities:					
Long-term debt:					
Revenue certificates (State Revolving Fund Loans):					
Loan - DW5312010	$ 37,273	$ -	$ (4,495)	$ 32,778	$ 4,633
Loan - DW5312020	712,485	-	(121,600)	590,885	125,016
Loan - DW530700	245,958	-	(47,454)	198,504	48,307
Loan - DW530730	-	80,000	(40,000)	40,000	-
Loan - WW530710	122,230	-	(6,892)	115,338	6,956
Loan - DW530701	4,775,683	-	(256,585)	4,519,098	258,487
Loan - WW530720	572,306	-	(31,250)	541,056	31,538
Loan - WW530721	17,103,111	3,376,255	-	20,479,366	127,890
Loan - WW530712	3,800,157	-	(211,120)	3,589,037	211,120
Total long-term debt	27,369,203	3,456,255	(719,396)	30,106,062	813,947
Other liabilities:					
Compensated absences	89,821	21,434	-	111,255	-
Net pension liabilities	6,346	8,732	-	15,078	-
Total OPEB liability	46,841	1,396	-	48,237	-
Total long-term liabilities	$ 27,512,211	$ 3,487,817	$ (719,396)	30,280,632	$ 813,947
Less amounts due in one year	.			(813,947)	
Net long-term liabilities in excess of one year				$ 29,466,685	

Notes to the Long-Term Obligations Table

Long term liabilities, including accumulated compensated absences and the City's net pension liabilities, are typically liquidated by the individual fund to which the liability is directly associated.

All of the City's long-term debt arose through direct borrowings or direct placements.

NOTE 6 - LONG-TERM OBLIGATIONS (cont...)

Governmental Activities:

- Series 2020A Capital Improvement Revenue Note – The Capital Improvement Revenue Note, Series 2020A was issued on November 18, 2020 totaling $5,000,000 which was used to finance the cost of the City's new community center. The note bore interest at 2.89% per annum and required semiannual principal and interest payments, with an original scheduled final maturity date of November 1, 2041. The City paid the note in full in November 2025.

Business-Type Activities:

- The State of Florida Department of Environmental Protection (FDEP) Drinking Water State Revolving Loan (DW5312010), dated August 14, 2000, is secured by the water system net revenues and bears interest at the rate of 3.05% payable in 60 semi-annual payments of principal and interest totaling $2,799 on the 15th day of December and June of each year, commencing June 15, 2002 with a final payment due June 15, 2032. The ordinance authorizing the loan includes various covenants and restrictions including the requirements to maintain, as of September 30, 2025 (1) a sinking account balance of $1,400, and (2) a reserve account balance of $3,126.
- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (DW5312020), dated September 11, 2008, is secured by the water system net revenues and bears interest at the rate of 2.79% payable in 40 semi-annual payments of principal and interest totaling $70,318 on the 15th day of October and April of each year, commencing April 15, 2010. The loan proceeds were used to fund expansions to the City's water system. As of September 30, 2025, the loan has a requirement for a sinking fund totaling $70,318.
- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (DW530700), dated August 22, 2018, is secured by the water system net revenues and bears interest at the rate of 1.79% payable in 20 semi-annual payments of principal and interest totaling $25,823 on the 15th day of February and August of each year. The loan proceeds were used to fund expansions to the City's water system. On September 30, 2025, the loan has a requirement for a sinking fund totaling $8,608.
- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (CW530710), dated July 22, 2019, is secured by the water, sewer and stormwater system net revenues and bears interest at the rate of .46% payable in 40 semi-annual payments of principal and interest totaling $4,000 on the 15th day of November and May of each year, commencing May 15, 2021. The loan proceeds were used to fund expansions to the City's water system. On September 30, 2025, the loan has a requirement for a sinking fund totaling $2,667.
- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (DW530701), dated October 17, 2019, is secured by the water, sewer and stormwater system net revenues and bears interest at the rate of .74% payable in 40 semi-annual payments of principal and interest totaling $145,726 on the 15th day of October and April of each year. The loan proceeds were used to fund expansions to the City's water system. On September 30, 2025, the loan has a requirement for a sinking fund totaling $145,726.

NOTE 6 - LONG-TERM OBLIGATIONS (concluded)

Business-Type Activities: (cont…)

- The State of Florida Department of Environmental Protection Clean Water State Revolving Loan (WW530720), dated July 22, 2019, is secured by the water, sewer and stormwater system net revenues and bears interest at the rate of .92% payable in 40 semi-annual payments of principal and interest $18,230 on the 15th day of February and August of each year. The loan proceeds were used to fund expansions to the City's wastewater system. On September 30, 2025, the loan has a requirement for a sinking fund totaling $3,037.
- The State of Florida Department of Environmental Protection Clean Water State Revolving Loan (WW530712), dated March 24, 2020, is secured by the water, sewer and stormwater system net revenues with a zero percent interest rate payable in 40 semi-annual payments of principal and interest of $105,560 on the 15th day of February and August of each year. The loan proceeds were used to fund expansions to the City's wastewater system. On September 30, 2025, the loan has a requirement for a sinking fund totaling $17,593.
- The State of Florida Department of Environmental Protection Clean Water State Revolving Loan (WW530721), dated February 18, 2022, is secured by the water and sewer system net revenues with a zero percent interest rate payable in 40 semi-annual payments of principal and interest on the 15th day of April and October of each year, commencing April 15, 2025. The loan proceeds are being used to fund expansions to the City's wastewater system. The loan agreement was amended on August 23, 2022 and again on April 14, 2023 increasing the maximum disbursable amount to $21,750,000 of which $20,471,886 had been drawn as of September 30, 2025. Sinking fund deposits are required to begin in the future on November 15, 2025.
- The State of Florida Department of Environmental Protection Drinking Water State Revolving Loan (DW530730), dated November 15, 2023, as amended May 22, 2025 and September 9, 2025, is secured by the water, sewer, and stormwater system net revenues and bears interest at 1.78 percent per annum. The September 9, 2025 amendment expanded the project from planning activities to include design activities for the alternative water supply project and increased total authorized financing to $1,548,900, consisting of $774,450 of principal forgiveness and $774,450 of repayable loan proceeds, excluding capitalized interest.

  The estimated loan principal was revised to $783,150, consisting of $774,450 authorized for disbursement and $8,700 of estimated capitalized interest. An estimated loan service fee of $30,978 was also assessed. The loan requires semiannual payments of $44,617 beginning May 15, 2027 and continuing each May 15 and November 15 thereafter until all amounts due are paid.

  Monthly deposits to the Loan Debt Service Account are required to begin no later than November 15, 2026; accordingly, no sinking fund requirement existed as of September 30, 2025.

NOTE 6 - LONG-TERM OBLIGATIONS (cont...)

Undrawn Loan – As of September 30, 2025 the City has been approved for the following loan through the State of Florida Department of Environmental Protection State Revolving Loan Program but no funds have been drawn as of September 30, 2025

- **State of Florida Department of Environmental Protection Clean Water State Revolving Loan (CW530740)** dated May 1, 2025. This funding agreement has a maximum approved amount of $3,285,000 to assist with planning activities for a pilot study to identify pre-treatment and treatment wetland alternatives to reduce PFAS and other emerging contaminants. The approved funding is expected to be provided entirely through principal forgiveness; accordingly, the agreement shows no repayable loan amount, no service fee, and a 0.00% interest rate. As of September 30, 2025, no funds had been drawn under this agreement.
- **State of Florida Department of Environmental Protection Clean Water State Revolving Loan (CW530760)** approved for the City's wastewater treatment facility improvements. This loan has a 1.85% interest rate per annum with a maximum approved funding amount of $20,000,000 to assist with modifications and improvements to the City's wastewater treatment facility to allow the facility to produce advanced wastewater. The approved funding consists of $5,426,372 in repayable loan proceeds, estimated $145,200 of capitalized interest and $14,573,628 of principal forgiveness. Repayment is scheduled over 36 semiannual payments of $179,289, with payments due on February 15 and August 15 of each year beginning August 15, 2029. As of September 30, 2025, no funds had been drawn under this agreement.

Remedies in the Event of Default – The City's debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of default as follows:

- State Revolving Funds (SRF) Loans – The lender, subject to the rights of superior liens on the pledged revenues, may request a court to appoint a receiver to manage the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors and may accelerate the repayment schedule or increase the interest rate on the unpaid principal of the loan to 1.667 times the loan interest rate.

Maturities:

Annual requirements to repay all debt and lease obligations as of September 30, 2025, were as follows:

	Governmental Activities		Business-type Activities	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2026	$ 207,065	$ 125,118	$ 813,947	$ 472,555
2027	213,176	119,007	1,807,966	62,101
2028	219,164	113,019	1,775,331	52,780
2029	225,937	106,246	1,782,836	45,276
2030	232,606	99,577	1,668,287	37,860
2031-2035	1,269,907	391,007	8,018,698	140,859
2036-2040	1,468,750	192,164	8,082,279	68,882
2041-2045	484,155	14,297	6,156,718	9,167
Total	$ 4,320,760	$ 1,160,435	$ 30,106,062	$ 889,480

NOTE 7 - FUTURE REVENUES THAT ARE PLEDGED

The City has pledged various future revenue sources for various debt issues. For the water and stormwater systems, the City has pledged future revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City's outstanding debt issues. Additional information regarding the City's pledged revenue can be found in note 6.

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Water system net revenue	2032	$ 875,827	$ 196,149	$ 1,071,333	546.18%
Water, sewer and stormwater system net revenue	2042	30,119,715	546,068	1,965,975	360.02%

NOTE 8 – LEASES

Lease Receivable – The City reports two reportable lease receivables related to antenna lease agreements originally executed in prior years. The lease terms, as amended, were for an initial 5-year period with the option of 5 separate 5-year renewal periods thereafter ending in 2029 and 2031. The City receives monthly payments for one lease and quarterly payments for the other, each of which are increased each year, or at each renewal period, by a 3% annual increase and the City recognized $68,806 in lease revenue and $9,905 in interest revenue during the fiscal year related to these two leases. On September 30, 2025, the City's receivable for lease payments was $368,061. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. On September 30, 2025, the balance of the deferred inflow of resources was $333,518.

The future lease receipts were discounted using the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices which was 2.43% as of the restatement date of October 1, 2022.

NOTE 9 - INTERFUND TRANSACTIONS

There were no interfund receivables or payables as of September 30, 2025 and there were no interfund transfers for the year ended September 30, 2025.

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The City has outstanding debt secured solely by its water system revenues. The water system's operations are accounted for in an enterprise fund along with the City's wastewater systems. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for some components of net position, revenues and cash flows. Segment financial information that can be separately identified for the water and wastewater system operations as of and for the year ended September 30, 2025, is presented below:

	Water System	Wastewater System	Total
Condensed statement of revenue, expenses and changes in net position:			
Operating revenues	$ 3,761,918	$ 2,786,483	$ 6,548,401
Personnel services	(745,798)	(805,159)	(1,550,957)
Operating expenses	(2,069,905)	(1,335,229)	(3,405,133)
Depreciation expense	(976,329)	(827,130)	(1,803,459)
Operating Income (Loss)	(30,114)	(181,035)	(211,148)
Nonoperating revenue (expense):			
Interest expense	(24,330)	(46,029)	(70,359)
Other income, net	8,285	-	8,285
Interest income	116,834	99,318	216,152
Capital contributions:			
Impact fees	1,283,231	1,247,400	2,530,631
Grants and other capital contributions	2,457,161	3,434,222	5,891,383
Change in net position	$ 3,842,318	$ 4,522,627	$ 8,364,944
Summary information from statement of net position:			
Capital assets, net	$ 28,001,447	$ 51,698,352	$ 79,699,799
Long-term debt, including current portion	$ 5,381,265	$ 24,724,797	$ 30,106,062

NOTE 11 – PENSION TRUST FUNDS

Plan Descriptions - The City of Davenport contributes to two single-employer defined benefit pension plans: The General Employees' Pension Trust Fund and the Police Officers' and Firefighters' Pension Trust Fund (hereinafter referred to collectively as the "Plans"). Each plan provides retirement and disability benefits to plan members and beneficiaries. The Plans are established by City Ordinance and the benefits and contribution requirements can be amended by the City Commission through ordinance. Both plans are administered by separate boards of trustees who are either appointed by the City Commission, elected by plan members or appointed by the existing board of trustees. It is the City's policy to annually fund the annual required contribution amount for each plan. The Plans do not issue separate reports containing financial statements; therefore, financial statements are included below.

Financial Statements

As of September 30, 2025, the Plans' statement of fiduciary net position was as follows:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund	Total
ASSETS			
Receivables:			
State	$ -	$ 456,432	$ 456,432
Members	6,788	8,050	14,838
Total receivables	6,788	464,482	471,270
Investments:			
Short-term money market fund	123,193	107,342	230,535
Fixed income mutual fund	918,811	1,050,055	1,968,866
Equity mutual funds	2,144,217	2,436,749	4,580,966
Total investments	3,186,221	3,594,146	6,780,367
Total assets	3,193,009	4,058,628	7,251,637
LIABILITIES			
Accounts payable	7,419	6,056	13,475
Benefits and refunds payable	-	9,820	9,820
Total liabilities	7,419	15,876	23,295
NET POSITION			
Restricted for pension benefits	$ 3,185,590	$ 4,042,752	$ 7,228,342

NOTE 11 – PENSION TRUST FUNDS (cont…)

For the fiscal year ended September 30, 2025, the Plans' statement of changes in fiduciary net position was as follows:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund	Total
ADDITIONS			
Contributions:			
City	$ 437,685	$ 418,845	$ 856,530
Plan members	205,754	162,747	368,501
State of Florida	-	456,432	456,432
Total contributions	643,439	1,038,024	1,681,463
Investment income	338,204	374,566	712,770
Less: investment expenses			
Custodial fees	4,250	5,207	9,457
Performance evaluation	9,463	10,575	20,038
Total investment expenses	13,713	15,782	29,495
Net investment income	324,491	358,784	683,275
Total additions	967,930	1,396,808	2,364,738
DEDUCTIONS			
Administrative expenses:			
Legal	5,264	5,366	10,630
Administrator fee	13,800	13,800	27,600
Actuarial	30,048	34,003	64,051
Insurance, supplies and other	-	2,732	2,732
Total administrative expenses	49,112	55,901	105,013
Benefit payments and refund of member contributions	25,624	44,270	69,894
Total deductions	74,736	100,171	174,907
CHANGE IN NET POSITION	893,194	1,296,637	2,189,831
NET POSITION, beginning of year	2,292,396	2,746,115	5,038,511
NET POSITION, end of year	$ 3,185,590	$ 4,042,752	$ 7,228,342

Basis of accounting: The General Employees' Pension Trust Fund and the Police Officers' and Firefighters' Pension Trust Fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required to be made and benefits and refunds are recognized as an expense and liability when due and payable. Administrative costs are financed through contributions and investment income.

Benefits - The Plans provide retirement and disability benefits. Benefits for all members vest after 7 years of service. Retirement benefits for general employee members are calculated at 2.75% and police officers' and firefighters are calculated at 3% of average compensation of the best 5 years of the preceding 10 years multiplied by years of creditable service.

NOTE 11 – PENSION TRUST FUNDS (cont…)

Deferred retirement option program (DROP) – Both Plans permit its members to elect to receive retirement benefits while still employed and receiving a salary. Members are eligible upon reaching normal retirement. The participant's retirement benefits are credited into an individual member account and paid out to the member upon termination or retirement not to exceed a period of up to 96 months. Amounts credited to the members' DROP accounts earn interest and remain in the Plan's net position until paid out. No amounts were held in DROP accounts as of September 30, 2025.

Normal retirement date:

General Employees' Pension Trust Fund: Earlier of age 62 with 7 years of service or age 55 with 30 years of service.

Police Officers' and Firefighters' Pension Trust Fund: Earlier of age 55 with 7 years of service or age 52 with 25 years of service.

Contributions – It is the City's policy to annually fund the actuarially determined required contributions representing the difference between the actuarially determined amount. Contribution rates and other information for the year ended September 30, 2025, is presented below:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Required Contribution rates:		
City	11.80%	17.30%
Plan members	5.00%	5.00%
Actuarially determined contribution	$ 427,351	$ 561,844
Contributions made in relation to the Actuarially determined contribution	$ 437,685	$ 875,398

Plan Membership – Participant data for the City pension plans, as of the latest available actuarial valuation was as follows:

	as of October 1, 2024	
	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	-	1
Inactive plan members entitled to by not yet receiving benefits	25	22
Active plan members	58	43
Total	83	66

NOTE 11 – PENSION TRUST FUNDS (cont…)

As of and for the year ended September 30, 2025, the Plans had the following balances reported in the government-wide financial statements:

Pension Trust Fund	Total Pension Liability	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
General Employees	$ 3,237,772	$ 52,182	$ 467,345	$ 213,408
Police Officers' and Firefighters'	3,485,986	(556,766)	264,958	246,984
Total	$ 6,723,758	$ (504,584)	$ 732,303	$ 460,392

Net Pension Liability (Asset) – The components of the changes in the net pension liability (asset) for both pension plans for the year ended September 30, 2025 is shown below. The net pension liability (asset) as of September 30, 2025, for City financial reporting purposes, was determined by actuarial valuations as of October 1, 2024 updated to September 30, 2025 (the measurement date).

General Employees' Pension Trust Fund:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Reporting period ending September 30, 2024	$ 2,314,768	$ 2,292,396	$ 22,372
Changes for year:			
Service cost	448,078	-	448,078
Interest	206,253	-	206,253
Difference between actual and expected experience	285,607	-	285,607
Change of assumptions	(15,683)	-	(15,683)
Contributions - Buy Back	24,373	-	24,373
Contributions - City	-	437,685	(437,685)
Contributions - employee	-	205,754	(205,754)
Net investment income	-	324,491	(324,491)
Benefit payments, including refunds of employee contributions	(25,624)	(25,624)	-
Administrative expense	-	(49,112)	49,112
Net changes	923,004	893,194	29,810
Reporting period ending September 30, 2025	$ 3,237,772	$ 3,185,590	$ 52,182

Plan fiduciary net position as a percentage of the total pension liability 98%

NOTE 11 – PENSION TRUST FUNDS (cont…)

Police Officers' and Firefighters' Pension Trust Fund:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Reporting period ending September 30, 2024	$ 2,650,763	$ 2,746,115	$ (95,352)
Changes for year:			
Service cost	528,070	-	528,070
Interest	236,752	-	236,752
Difference between actual and expected experience	(27,028)	-	(27,028)
Change of assumptions	141,699	-	141,699
Contributions - City	-	418,845	(418,845)
Contributions - State	-	456,432	(456,432)
Contributions - employee	-	162,747	(162,747)
Net investment income	-	358,784	(358,784)
Benefit payments, including refunds of employee contributions	(44,270)	(44,270)	-
Administrative expense	-	(55,901)	55,901
Net changes	835,223	1,296,637	(461,414)
Reporting period ending September 30, 2025	$ 3,485,986	$ 4,042,752	$ (556,766)

Plan fiduciary net position as a percentage of the total pension liability	116%

Actuarial Assumptions – The actuarial valuation date and significant actuarial assumptions used to measure the total pension liability on September 30, 2025 were as follows:

	General Employees' Pension Trust Fund	Police Officers' and Firefighters' Pension Trust Fund
Actuarial valuation date	October 1, 2024	October 1, 2024
Measurement date	September 30, 2025	September 30, 2025
Inflation	2.50%	2.50%
Projected salary increases	Age based	Age based
Investment rate of return	7.40%	7.30%
Discount rate	7.40%	7.30%

Mortality rates for the September 30, 2025 measurement date were based on The Society of Actuaries' Retirement Plans Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Reports.

There is currently insufficient plan experience to develop actuarial assumptions based on the Plan's own experience. Accordingly, the actuary has used assumptions based on similar plans and will continue to monitor the Plan's experience. An experience study will be performed when sufficient credible experience becomes available.

NOTE 11 – PENSION TRUST FUNDS (cont…)

Long-term Expected Rate of Return on Pension Plan Investments - Best estimates of arithmetic real rates of return for each major asset class and the target asset allocations as of September 30, 2025 for each of the City's pension trust funds, are summarized in the following table.

Asset Class	Long-term Expected Real Rates of Return	Target Asset Allocations
Domestic equity	7.80%	50%
International equity	3.80%	10%
Bonds	1.80%	40%
Total		100%

Actual Rate of Return – For the year ended September 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for each plan was as follows:

Pension Trust Fund	Rate of Return
General Employees'	12.85%
Police Officers' and Firefighters'	12.19%

NOTE 11 – PENSION TRUST FUNDS (cont…)

Deferred Outflows and Inflows of Resources Related to Pensions - On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, combined and individually for both plans, were as follows:

Combined All Pension Trust Funds:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 618,943	$ 59,403
Change in assumptions	113,360	15,308
Net difference between expected and actual earnings on Plan investments	-	385,681
Total combined all pension trust funds	$ 732,303	$ 460,392

General Employees' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 467,345	$ 1,187
Change in assumptions	-	13,273
Net difference between expected and actual earnings on Plan investments	-	198,948
Total general employees' pension trust fund	$ 467,345	$ 213,408

Police Officers' and Firefighters' Pension Trust Fund:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 151,598	$ 58,216
Change in assumptions	113,360	2,035
Net difference between expected and actual earnings on Plan investments	-	186,733
Total police officers' and firefighters' pension trust fund	$ 264,958	$ 246,984

NOTE 11 – PENSION TRUST FUNDS (cont…)

Amounts reported as deferred inflows and outflows of resources will be recognized in pension expense in the years and amounts shown below:

Year ending September 30,	General Employees' Pension Trust Fund	Police Officers; and Firefighters' Pension Trust Fund	Total
2026	$ 133,650	$ 38,959	$ 172,609
2027	75,375	(27,733)	47,642
2028	17,174	(15,726)	1,448
2029	27,738	22,474	50,212
Total	$ 253,937	$ 17,974	$ 271,911

Discount Rate – The rates used to measure the total pension liability of each plan as of September 30, 2025, which is the measurement date for financial reporting purposes, is shown in the table below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City as of the measurement date (September 30, 2025), calculated using the discount rates discussed above for each plan, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount	**Net Pension Liability (Asset) at Measurement Date**		
Pension Trust Fund	Rate	1% Decrease	Current Discount	1% Increase
General Employees'	7.40%	$ 535,394	$ 52,182	$ (342,776)
Police Officers' and Firefighters'	7.30%	63,473	(556,766)	(1,051,294)
City's Net Pension Liability (Asset)		$ 598,867	$ (504,584)	$ (1,394,070)

Pension Expense – For the year ended September 30, 2025, the City recognized total pension expense of $897,229 consisting of pension expense for the General Employees’ Pension Trust Fund of $451,411 and $445,818 for the Police Officers’ and Firefighters’ Pension Trust Fund.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

The City follows GASB Cod. Sec. P52 for certain postemployment healthcare benefits provided by the City.

Plan Description – The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the City. The OPEB Plan allows employees who retire and meet retirement eligibility requirements under the applicable City retirement plan to continue medical insurance coverage as a participant in the City's health insurance plan.

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the City are eligible to participate in the City's healthcare and life insurance benefits. The City subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The City does not offer any explicit subsidies for retiree coverage. The OPEB Plan doesn't issue a stand-alone financial report and is not included in the annual report of a public employee retirement system or another entity.

There are currently 91 active plan members and no inactive plan members.

Funding Policy – Currently, the City's OPEB benefits are unfunded. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB liability, and the OPEB Plan is financed on a pay-as-you-go basis.

Benefits Provided – The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City who meet the eligibility requirements of the applicable City retirement plan are eligible to receive postemployment health care benefits. *All retiree, spouse and dependent coverage is at the expense of the retiree*.

Total OPEB Liability – The City's total OPEB liability as of September 30, 2025 (the measurement date) was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2025. The actuarial assumptions used were as follows:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.50%
Initial health care trend rate	7.00%
Ultimate health care trend rate	4.00%
Year to ultimate rate	51

For all lives, mortality rates were PubG-2010 Mortality Tables. As published by the Society of Actuaries and projected to the valuation date using projection scale MP-2019.

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 4.50%. The high-quality bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (cont…)

The OPEB Plan qualifies for the alternative measurement method in determining their total OPEB liability. Under the alternative measurement method, changes in the total OPEB liability are not permitted to be included in deferred outflows or inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense.

OPEB Expense – For the year ended September 30, 2025, the City recognized OPEB expense of $59,424.

Changes in Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2024	$ 394,249
Changes for the year:	
Service cost	65,734
Interest	18,543
Changes of assumptions	(26,179)
Benefit payments	(6,634)
Net changes	51,464
Reporting period ending September 30, 2025	$ 445,713

Sensitivity of the Total OPEB Liability to changes in the discount rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.50%)	Discount Rate (4.50%)	1% Increase (5.50%)
Total OPEB liability	$ 508,441	$ 445,713	$ 393,367

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

	1% Decrease (6.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.00%)	1% Increase (8.00% decreasing to 5.00%)
Total OPEB liability	$ 377,813	$ 445,713	$ 529,927

NOTE 13 - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. There have been no significant reductions in coverage nor have settlement amounts exceeded the City's coverage during the year ended September 30, 2025 or the two previous years. The City's workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool. Settled claims resulting from these risks have not exceeded insurance coverage.

The City has elected to reimburse the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provision for potential claims has been made in the financial statements.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The City participates in several programs that are fully or partially funded by grants received from Federal, state, or county agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government/agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor government/agency. As of September 30, 2025, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

Construction commitments – As of September 30, 2025, the City had outstanding commitments totaling approximately $6,790,000 for capital projects currently underway within its business-type activities and $5,779,000 in the governmental activities.

NOTE 15 – JOINT VENTURE

Background - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the City of Davenport, City of Auburndale, City of Bartow, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, City of Mulberry, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

Membership fees - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2025, the total annual working capital needs of the PRWC was $346,516 of which the City's proportionate share was $8,658.

Contact - Complete financial statements of the PRWC may be obtained from the PRWC's Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.

NOTE 15 – JOINT VENTURE (cont…)

Project Implementation Agreements - Effective April 19, 2021, the City entered into a project implementation agreement with other PRWC participating governments for the Southeast Wellfield Project. The purpose of the agreement is to govern the design, permitting, construction, operation, maintenance, and funding of the project. The City's commitment as a party to this agreement is to pay the PRWC for alternative water services consisting of a base rate charge and a water use rate charge. The City will be notified as to the amount of these water charges on or before May 31st prior to the fiscal year in which finished water service is scheduled to commence and on or before May 31st thereafter. The City water charges to the PRWC for the fiscal year ending September 30, 2025 were $705,360 and recorded as an operating expense of the water function.

NOTE 16 – IMPLEMENTATION OF GASB STATEMENT NO. 101

For the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. GASB Statement No. 101 establishes updated recognition and measurement requirements for compensated absences, including leave that is more likely than not to be used for time off or otherwise paid or settled.

In connection with implementation, management evaluated the City's vacation and sick leave policies, historical leave balance trends, and the expected manner in which accumulated leave will be used or paid. For measurement purposes, the City applies a last-in, first-out (LIFO) leave usage assumption. Under this assumption, leave expected to be used in the future is considered to be earned in the future, and the compensated absences liability at the reporting date is based on amounts that would be payable if employees separated from employment as of that date.

The City's implementation of GASB Statement No. 101 did not result in a material change to the City's beginning net position, fund net position, or compensated absences liability. Accordingly, no restatement of beginning balances was recorded.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAVENPORT, FLORIDA
Budgetary Comparison Schedule – General Fund
for the year ended September 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
RESOURCES (inflows):				
Taxes	$ 11,495,015	$ 11,495,015	$ 12,271,661	$ 776,646
Licenses and permits	2,171,200	2,171,200	1,812,415	(358,785)
Intergovernmental revenue	6,464,970	6,464,970	1,830,494	(4,634,476)
Charges for services	2,296,500	2,563,600	2,448,220	(115,380)
Fines and forfeitures	32,500	32,500	102,885	70,385
Other	3,802,000	3,802,000	1,881,614	(1,920,386)
Insurance proceeds	20,000	20,000	12,530	(7,470)
Total resources	26,282,185	26,549,285	20,359,819	(6,189,466)
CHARGES TO APPROPRIATIONS (outflows):				
General government:				
Commission	171,170	165,120	142,812	22,308
City manager	593,695	583,695	563,142	20,553
Finance	749,295	729,295	714,298	14,997
Legal	100,000	104,000	80,655	23,345
City clerk	238,580	233,580	233,402	178
Human resources	147,240	149,290	148,922	368
Development services	1,037,775	1,069,975	1,053,413	16,562
Other general government	1,211,500	1,131,500	1,045,413	86,087
Total general government	4,249,255	4,166,455	3,982,057	184,398
Public safety:				
Police department	3,605,945	3,850,445	3,844,412	6,033
Fire department	2,522,810	2,623,560	2,656,772	(33,212)
Code enforcement	98,640	98,640	78,535	20,105
Total public safety	6,227,395	6,572,645	6,579,719	(7,074)
Physical environment:				
Garbage	1,700,000	1,960,000	1,957,715	2,285
City cemetery	5,600	12,700	12,664	36
Total physical environment	1,705,600	1,972,700	1,970,379	2,321
Transportation	1,958,970	1,958,970	1,745,577	213,393
Culture/recreation:				
Parks and recreation	12,415,485	12,153,035	2,341,796	9,811,239
Total culture/recreation	12,415,485	12,153,035	2,341,796	9,811,239
Total charges to appropriations	26,556,705	26,823,805	16,619,528	10,204,277
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(274,520)	(274,520)	$ 3,740,291	$ 4,014,811
Surplus carried to subsequent year	274,520	274,520		
NET CHANGE IN FUND BALANCE	$ -	$ -		

CITY OF DAVENPORT, FLORIDA
Budgetary Comparison Schedule – Impact Fee Special Revenue Fund
for the year ended September 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
RESOURCES (inflows):				
Impact fees	$ 781,395	$ 796,395	$ 806,147	$ 9,752
Other	-	2,000	80,465	78,465
Total resources	781,395	798,395	886,612	88,217
CHARGES TO APPROPRIATIONS (outflows):				
General government:				
Transfer to general fund	1,400,000	1,400,000	-	1,400,000
Total general government	1,400,000	1,400,000	-	1,400,000
Public safety:				
Police department	-	150,775	150,772	3
Fire department	-	655,000	655,000	-
Total public safety	-	805,775	805,772	3
Culture/recreation:				
Parks and recreation	332,185	332,185	332,183	2
Total culture/recreation	332,185	332,185	332,183	2
Total charges to appropriations	1,732,185	2,537,960	1,137,955	1,400,005
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(950,790)	(1,739,565)	$ (251,343)	$ 1,488,222
Surplus carried to subsequent year	950,790	1,739,565		
NET CHANGE IN FUND BALANCE	$ -	$ -		

BASIS OF ACCOUNTING

The general fund and impact fee special revenue fund budgets are adopted on the basis of cash receipts and disbursements which differs from the basis used for financial reporting purposes. For the year ended September 30, 2025, there were no significant differences between the budgetary basis and the basis used for financial reporting purposes.

Total budgetary resources consist of total revenue and other financing sources from the accompanying statement of revenues, expenditures and changes in fund balance for the general fund and the special revenue fund. Furthermore, budgeted interfund transfers are reported as budgetary outflows (charges to appropriations) in the budgetary comparison schedule.

CITY OF DAVENPORT, FLORIDA
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Trust Fund

City reporting period date	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Total pension liability				
Service cost	$ 448,078	$ 359,556	$ 307,066	$ 240,778
Interest	206,253	148,927	99,901	67,666
Change in assumptions	(15,683)	-	-	-
Difference between expected and actual experience	285,607	192,341	224,511	75,424
Contributions - Buy Back	24,373	-	-	-
Benefit payments, including refunds of employee contributions	(25,624)	(24,395)	(36,169)	(4,551)
Net change in total pension liability	923,004	676,429	595,309	379,317
Total pension liability, beginning	2,314,768	1,638,339	1,043,030	663,713
Total pension liability, ending (a)	$ 3,237,772	$ 2,314,768	$ 1,638,339	$ 1,043,030
Plan fiduciary net position				
Contributions - City	$ 437,685	$ 378,955	$ 320,250	$ 308,065
Contributions - Employee	205,754	154,159	122,906	111,921
Net investment income (loss)	324,491	371,572	84,685	(184,890)
Benefit payments, including refunds of employee contributions	(25,624)	(24,395)	(36,169)	(4,551)
Administrative expenses	(49,112)	(38,077)	(31,379)	(26,087)
Net change in plan fiduciary net position	893,194	842,214	460,293	204,458
Plan fiduciary net position, beginning	2,292,396	1,450,182	989,889	785,431
Plan fiduciary net position, ending (b)	$ 3,185,590	$ 2,292,396	$ 1,450,182	$ 989,889
Net pension liability (assets) (a)-(b)	$ 52,182	$ 22,372	$ 188,157	$ 53,141
Plan fiduciary net position as a percentage of total pension liability	98.39%	99.03%	88.52%	94.91%
Covered payroll	$ 3,621,615	$ 3,089,659	$ 2,458,115	$ 2,238,424
Net pension liability as a percentage of covered payroll	1.44%	0.72%	7.65%	2.37%

Continued…

CITY OF DAVENPORT, FLORIDA

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Trust Fund (concluded)

City reporting period date	9/30/2021	9/30/2020	9/30/2019
Measurement date	9/30/2021	9/30/2020	9/30/2019
Total pension liability			
Service cost	$ 213,549	$ 195,436	$ 152,019
Interest	43,211	26,700	8,551
Change in assumptions	-	(5,101)	-
Difference between expected and actual experience	51,063	(8,311)	-
Contributions - Buy Back	-	-	-
Benefit payments, including refunds of employee contributions	(13,404)	-	-
Net change in total pension liability	294,419	208,724	160,570
Total pension liability, beginning	369,294	160,570	-
Total pension liability, ending (a)	$ 663,713	$ 369,294	$ 160,570
Plan fiduciary net position			
Contributions - City	$ 216,805	$ 215,089	$ 130,985
Contributions - Employee	78,077	67,217	42,920
Net investment income (loss)	97,299	28,287	1,827
Benefit payments, including refunds of employee contributions	(13,404)	-	-
Administrative expenses	(27,260)	(31,418)	(20,993)
Net change in plan fiduciary net position	351,517	279,175	154,739
Plan fiduciary net position, beginning	433,914	154,739	-
Plan fiduciary net position, ending (b)	$ 785,431	$ 433,914	$ 154,739
Net pension liability (assets) (a)-(b)	$ (121,718)	$ (64,620)	$ 5,831
Plan fiduciary net position as a percentage of total pension liability	118.34%	117.50%	96.37%
Covered payroll	$ 1,562,617	$ 1,341,141	$ 858,399
Net pension liability as a percentage of covered payroll	-7.79%	-4.82%	0.68%

Notes to the Schedule:
The Plan became effective as of January 1, 2019.

Additional years will be added to this schedule annually until 10 years' data is presented.

Changes of Assumptions:

- For measurement date September 30, 2025:
    - The discount rate was updated from 7.50% to 7.40%.
    - As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for non-special risk employees.
    - The assumed rates of individual salary increases were adjusted upwards to reflect recent experience.
    - The assumed rates of Normal and DROP retirement were amended to reflect recent experience.
    - The assumed rates of withdrawal prior to retirement were amended to reflect recent experience.
- For measurement date September 30, 2020, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for non-special risk employees

CITY OF DAVENPORT, FLORIDA

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' and Firefighters' Pension Trust Fund

City reporting period date	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Total pension liability				
Service cost	$ 528,070	$ 417,539	$ 275,047	$ 233,487
Interest	236,752	176,332	123,471	99,325
Change in assumptions	141,699	-	-	-
Change of benefit terms	-	-	97,385	-
Difference between expected and actual experience	(27,028)	138,424	101,774	(18,187)
Benefit payments, including refunds of employee contributions	(44,270)	(30,183)	(40,520)	(27,938)
Net change in total pension liability	835,223	702,112	557,157	286,687
Total pension liability, beginning	2,650,763	1,948,651	1,391,494	1,104,807
Total pension liability, ending (a)	$ 3,485,986	$ 2,650,763	$ 1,948,651	$ 1,391,494
Plan fiduciary net position				
Contributions - City	$ 418,845	$ 100,475	$ 83,213	$ 139,805
Contributions - Employee	162,747	133,910	94,507	84,883
Contributions - State	456,432	379,940	314,262	212,744
Net investment income (loss)	358,784	413,888	99,706	(205,053)
Benefit payments, including refunds of employee contributions	(44,270)	(30,183)	(40,520)	(27,938)
Administrative expenses	(55,901)	(37,942)	(36,390)	(28,717)
Net change in plan fiduciary net position	1,296,637	960,088	514,778	175,724
Plan fiduciary net position, beginning	2,746,115	1,786,027	1,271,249	1,095,525
Plan fiduciary net position, ending (b)	$ 4,042,752	$ 2,746,115	$ 1,786,027	$ 1,271,249
Net pension liability (assets) (a)-(b)	$ (556,766)	$ (95,352)	$ 162,624	$ 120,245
Plan fiduciary net position as a percentage of total pension liability	115.97%	103.60%	91.65%	91.36%
Covered payroll	$ 3,247,650	$ 2,678,205	$ 1,890,127	$ 1,697,668
Net pension liability as a percentage of covered payroll	-17.14%	-3.56%	8.60%	7.08%

Continued...

CITY OF DAVENPORT, FLORIDA

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' and Firefighters' Pension Trust Fund (concluded)

City reporting period date	9/30/2021	9/30/2020	9/30/2019
Measurement date	9/30/2021	9/30/2020	9/30/2019
Total pension liability			
Service cost	$ 196,394	$ 180,092	$ 97,718
Interest	84,524	57,633	33,241
Change in assumptions	-	(14,246)	-
Change of benefit terms	68,958	-	-
Difference between expected and actual experience	(100,793)	58,996	-
Benefit payments, including refunds of employee contributions	(11,826)	(6,538)	-
Net change in total pension liability	237,257	275,937	130,959
Total pension liability, beginning	867,550	591,613	460,654
Total pension liability, ending (a)	$ 1,104,807	$ 867,550	$ 591,613
Plan fiduciary net position			
Contributions - City	$ 280,435	$ 234,712	$ 134,608
Contributions - Employee	62,125	54,469	28,772
Contributions - State	165,058	116,366	-
Net investment income (loss)	107,361	23,098	1,590
Benefit payments, including refunds of employee contributions	(11,826)	(6,538)	-
Administrative expenses	(34,456)	(34,863)	(25,386)
Net change in plan fiduciary net position	568,697	387,244	139,584
Plan fiduciary net position, beginning	526,828	139,584	-
Plan fiduciary net position, ending (b)	$ 1,095,525	$ 526,828	$ 139,584
Net pension liability (assets) (a)-(b)	$ 9,282	$ 340,722	$ 452,029
Plan fiduciary net position as a percentage of total pension liability	99.16%	60.73%	23.59%
Covered payroll	$ 1,245,214	$ 1,082,200	$ 575,446
Net pension liability as a percentage of covered payroll	0.75%	31.48%	78.55%

Notes to the Schedule:
The Plan became effective as of January 1, 2019.

Additional years will be added to this schedule annually until 10 years' data is presented.

Changes of Benefits:

- 2021: Ordinance No. 1038 amended the plan to increase the benefit accrual rate from 2.75% to 3.00% of average final compensation for each year of credited service and this increase applies to all years of service and would apply to those who have already terminated.
- 2023: Ordinance No. 1204 amended the plan to allow up to 300 hours of overtime per year to be included in the members' pensionable compensation.

Changes of Assumptions:

- For measurement date September 30, 2025:
  - The discount rate was updated from 7.50% to 7.30%.
  - As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for special risk employees.
  - The assumed rates of individual salary increases were changed to be based on service instead of age and were generally adjusted upward to reflect recent experience.
  - The assumed rates of Normal and DROP retirement were amended to reflect recent experience.
  - The assumed rates of withdrawal prior to retirement were amended to reflect recent experience.
- For measurement date September 30, 2020, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for non-special risk employees.

Fiscal Year End	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2025	$ 427,351	$ 437,685	$ (10,334)	$ 3,621,615	12.09%
9/30/2024	364,580	378,372	(13,792)	3,089,659	12.25%
9/30/2023	307,264	320,250	(12,986)	2,458,115	13.03%
9/30/2022	299,949	308,065	(8,116)	2,238,424	13.76%
9/30/2021	214,079	216,805	(2,726)	1,562,617	13.87%
9/30/2020	183,736	215,089	(31,353)	1,341,141	16.04%
9/30/2019	128,760	130,985	(2,225)	858,399	15.26%

Notes to the Schedule:

The Plan became effective as of January 1, 2019.

Additional years will be added to this schedule annually until 10 years' data is presented.

Significant methods and assumptions used in calculating the actuary determined contribution requirement:

- Valuation date: October 1, 2023 for fiscal year 2025 contributions.
- Actuarial Cost Method: Entry Age Normal Actuarial Cost Method.
- Asset Valuation Method: Actuarial value of assets is developed by recognizing the total actuarial investment gain or loss for each Plan year over a four-year period. The gain or loss is equal to the actual return on investments minus the actuarial assumed investment return.
- Funding Method: Entry Age Normal Actuarial Cost Method.
- Salary Increases: 6.00% per year until age 30 and 5.25% per year thereafter.
- Investment Rate of Return: 7.50% per year, compounded annually, gross of investment related expenses.
- Payroll Growth: None
- Retirement Age: Earlier of age 62 and 7 years of service or age 55 and 30 years of service. Any member who has reached normal retirement is assumed to continue employment for one additional year.
- Early Retirement: Commencing with the earliest eligibility age (55), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
- Mortality rates were based on the PubG.H-2010 tables for active, inactive, and disabled males or females, as appropriate, with all rates being projected generationally with mortality improvement scale MP-2018.
- Termination and Disability Rate Tables:

% Terminating During the Year			% Becoming Disabled During the Year	
Service Years	Age	Rate	Age	Rate
0-1	All	18.00%	25	0.05%
2-5	All	14.00%	30	0.06%
6+	30	19.40%	35	0.07%
6+	35	12.30%	40	0.12%
6+	40	7.30%	45	0.22%
6+	45	4.20%	50	0.43%
6+	50	2.70%	55	0.89%
6+	55	1.80%		

Fiscal Year End	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2025	$ 561,844	$ 875,398	$ (313,554)	$ 3,247,650	26.95%
9/30/2024	449,938	479,462	(29,524)	2,678,205	17.90%
9/30/2023	313,761	397,475	(83,714)	1,890,127	21.03%
9/30/2022	320,859	352,549	(31,690)	1,697,668	20.77%
9/30/2021	277,683	445,493	(167,810)	1,245,214	35.78%
9/30/2020	241,330	346,428	(105,098)	1,082,200	32.01%
9/30/2019	139,258	139,258	-	575,446	24.20%

Notes to the Schedule:

The Plan became effective as of January 1, 2019.

Additional years will be added to this schedule annually until 10 years' data is presented.

Significant methods and assumptions used in calculating the actuary determined contribution requirement:

- Valuation date: October 1, 2023 for fiscal year 2025 contributions.
- Actuarial Cost Method: Entry Age Normal Actuarial Cost Method.
- Asset Valuation Method: Actuarial value of assets is developed by recognizing the total actuarial investment gain or loss for each Plan year over a four-year period. The gain or loss is equal to the actual return on investments minus the actuarial assumed investment return.
- Funding Method: Entry Age Normal Actuarial Cost Method.
- Salary Increases: 6.00% per year until age 30 and 5.25% per year thereafter.
- Investment Rate of Return: 7.50% per year, compounded annually, gross of investment related expenses.
- Payroll Growth: None
- Retirement Age: Earlier of age 55 and 7 years of service or age 52 and 25 years of service. Any member who has reached normal retirement is assumed to continue employment for one additional year.
- Early Retirement: Commencing with the earliest eligibility age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
- Mortality rates were based on the PubS.H-2010 tables for active and inactive lives, PubG.H-2010 for beneficiary lives, and 80% PubG.H-2010 for disabled lives, as appropriate, with all rates being projected generationally with mortality improvement scale MP-2018.
- Termination and Disability Rate Tables: % terminating or becoming disables during the year based on age.

	Rate	
Age	Termination	Disability
25	13.10%	0.03%
30	11.50%	0.04%
35	8.70%	0.05%
40	6.00%	0.07%
45	3.70%	0.10%
50	1.80%	0.18%
55	0.70%	0.36%

GENERAL EMPLOYEES' PENSION TRUST FUND

Fiscal year ended	Annual Money-Weighted Rate of Return Net of Investment Expenses
9/30/2025	12.85%
9/30/2024	21.36%
9/30/2023	6.89%
9/30/2022	-17.47%
9/30/2021	15.75%
9/30/2020	9.39%
9/30/2019	0.71%

POLICE OFFICERS' AND FIREFIGHTERS' PENSION TRUST FUND

Fiscal year ended	Annual Money-Weighted Rate of Return Net of Investment Expenses
9/30/2025	12.19%
9/30/2024	22.52%
9/30/2023	7.48%
9/30/2022	-17.03%
9/30/2021	13.65%
9/30/2020	8.65%
9/30/2019	0.45%

Notes to the Schedule:

The Plan became effective as of January 1, 2019.

Additional years will be added to this schedule annually until 10 years’ data is presented.

Reporting date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total OPEB Liability						
Service cost	$ 65,734	$ 75,317	$ 46,357	$ 72,539	$ 58,696	$ 46,750
Interest	18,543	21,710	17,043	11,842	8,052	8,972
Differences between expected and actual experience	-	6,990	-	47,459	-	-
Changes in assumptions	(26,179)	(69,149)	(4,705)	(183,896)	(14,752)	57,986
Benefit payments	(6,634)	(8,133)	(4,220)	(4,455)	-	-
Net change in total OPEB Liability	51,464	26,735	54,475	(56,511)	51,996	113,708
Total OPEB Liability - beginning	394,249	367,514	313,039	369,550	317,554	203,846
Total OPEB Liability - ending	$ 445,713	$ 394,249	$ 367,514	$ 313,039	$ 369,550	$ 317,554
Covered-employee payroll	$ 4,948,116	$ 4,827,430	$ 3,015,387	$ 2,941,841	$ 2,074,448	$ 2,023,852
Total OPEB liability as a percentage of covered-employee payroll	9.01%	8.17%	12.19%	10.64%	17.81%	15.69%

Notes to the Schedule:

No assets are being accumulated in a trust to pay for plan benefits.

Changes in Assumptions:

Changes in assumptions reflect the effect of changes in the discount rate of each period. The following are the discount rates used for each measurement date:

Measurement Date	Discount Rate
September 30, 2025	4.50%
September 30, 2024	4.06%
September 30, 2023	4.87%
September 30, 2022	4.77%
September 30, 2021	2.43%
September 30, 2020	2.14%
September 30, 2019	3.58%

Updated health care costs and premiums are also reflected as changes of assumptions.

Additional years will be added to this schedule annually until 10 years' data is presented.

GOVERNMENT AUDITING SECTION

CITY OF DAVENPORT, FLORIDA
Schedule of Expenditures of State Financial Assistance
for the year ended September 30, 2025

State Agency/Pass-through Entity/State Project	CSFA#	Contract/Grant Identification	Total Expenditures
State of Florida Department of Environmental Protection			
Direct program:			
Wastewater Treatment Facility Construction - Loan	37.077	530721	$ 3,368,775
Total project			3,368,775
Direct program:			
Statewide Water Quality Restoration Projects	37.039	WG095	466,229
Statewide Water Quality Restoration Projects	37.039	L0026	2,403,054
Total project			2,869,283
Total Florida Department of Environmental Protection			6,238,058
Total Expenditures of State Financial Assistance			$ 6,238,058

NOTE 1 – GENERAL - The accompanying schedule of expenditures of state financial assistance above represents the activities of all state grant activity of the City of Davenport, Florida (the City) for the year ended September 30, 2025.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation – The information in this schedule is presented in accordance with the requirements of Rules of the Florida Department of Financial Services; and Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the City.

Basis of Accounting – The expenditures in the accompanying schedule of expenditures of state financial assistance are presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the City's financial statements.

NOTE 3 – CONTINGENCIES - The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such reviews potentially may result in disallowed expenditures.

NOTE 4 – FLORIDA'S STATE REVOLVING FUND PROGRAM – The Drinking Water State Revolving Fund Program and the Clean Water State Revolving Fund Program have executed several loan agreements with the City to assist with water and wastewater system expansions and improvements. The Florida Department of Environmental Protection (FDEP) administers the revolving fund programs with joint funding from the U.S. Environmental Protection Agency and the State of Florida. The Florida State Revolving Fund Program activity funded by the State of Florida during the year ended September 30, 2025 can be found in the accompanying schedule of expenditures of state financial assistance.

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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 Honorable Mayor
And Members of the City Commission
City of Davenport, 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, each major fund, and the aggregate remaining fund information of the City of Davenport, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of This Report

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

Powell & Jones

Powell and Jones CPA
Lake City, Florida
August 26, 2026

Powell and Jones CPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*, OFFICE OF THE AUDITOR GENERAL

To the Honorable Mayor
And Members of the City Commission
City of Davenport, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited the City of Davenport, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of The City's major State projects for the fiscal year ended September 30, 2025. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Pursuant to Chapter 119, *Florida Statutes*, this report is a public record, and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the City's management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Powell & Jones

Powell & Jones CPA
Lake City, Florida
August 26, 2026

CITY OF DAVENPORT, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
For the Fiscal Year Ended September 30, 2025

Summary of Auditor's Results

<u>Financial Statements</u>	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
*Material weaknesses identified?	No
*Reportable conditions identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
<u>State Projects</u>	
Internal control over major projects:	
*Material weaknesses identified?	No
*Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major State projects:	Unmodified
Any audit findints disclosed that are required to be reported in accordance with Rule 10.577, *Rules of the Auditor General*?	No
Identification of major State Projects	
<u>CFSA Number</u>	<u>Name of State Programs</u>
37.077	Department of Environmental Protection Wastewater Treatment Facility Construction
Dollar threshold used to distinguish between type A and type B State projects	$750,000
Findings and Questioned Costs	None
Other issues	None
Summary Schedule of Prior Audit Findings	There were no audit findings in the prior year related to State Projects

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MANAGEMENT LETTER

To the Honorable Mayor
And Members of the City Commission
City of Davenport, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Davenport, Florida (the City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated August 26, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Reports on Compliance for Each Major State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated August 26, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on the representations made by management and review of financial information provided by the same. The assessment was performed as part of our procedures as of the fiscal year ended September 30, 2025.

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, require the City to provide a statement as to whether a PACE program authorized pursuant to section 163.081 or Section 163.082, *Florida Statutes*. Accordingly, the City did not operate a PACE program within its geographical boundaries during the fiscal year under audit.

Purpose of This Letter

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

Powell & Jones

Powell & Jones CPA
Lake City, Florida
August 26, 2026

Powell and Jones CPA

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor
And Members of the City Commission
City of Davenport, Florida

We have examined the City of Davenport, Florida's (the City) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2025. We have also examined the City's compliance with Sections 163.387(6) and (7), *Florida Statutes* during the year ended September 30, 2025. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

Powell & Jones

Powell & Jones CPA
Lake City, Florida
August 26, 2026