City of Tavares, Florida
For Fiscal Year Ending
September 30, 2025

FY 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

TAVARES
America's Seaplane City

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TAVARES, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025

PREPARED BY:

FINANCE DEPARTMENT

City of Tavares, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Year Ended September 30, 2025

Prepared by: Finance Department

City of Tavares, Florida
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2025
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INTRODUCTORY SECTION

America's Seaplane City℠

June 29, 2026

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP) and that they be audited in accordance with Generally Accepted Auditing Standards in the United States of America by a firm of licensed Certified Public Accountants (CPAs). Pursuant to that requirement, it is with great pleasure that we present to you the City of Tavares, Florida Annual Comprehensive Financial Report for the fiscal year ended September 30, 2025.

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

McDirmit Davis & Company, LLC, a firm of licensed Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Tavares's financial statements for the fiscal year ended September 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Tavares, incorporated in 1880, is located in central Lake County. The City currently has a land area of 13.93 square miles and serves a population of approximately 22,490. The City is located in the center of Lake County which contains more than 1,000 lakes within its 1,157 square mile area, and land area of 952.1 square miles. It is one of the few places within Florida that contains rolling hills making it a natural challenge for those who enjoy golfing, hiking or bicycling. Location is another key element that makes Tavares so unique. The City's downtown waterfront on Lake Dora provides an exceptional experience for residents and visitors alike. Probably the most unique aspect of this Florida city is its designation as "America's Seaplane City", accommodating thousands of

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seaplane visits each year. The City is the County Seat, housing the Lake County government campus, courthouse, criminal justice complex and jail. At the northern most tip of the county sits the Ocala National Forest. At the southern border, one is only a short 16 miles to all the major central Florida attractions including Disney Theme Parks, Universal Studios, and Sea World. Further, the City is within a 90 minute drive to either the Gulf of Mexico beaches to the west, or the Atlantic Coast beaches to the east. The City of Tavares is empowered to levy a property tax on both real and personal property located within its boundaries. The City is also empowered by State statute to extend its corporate limits by annexation, which it has done from time to time.

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

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

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

Local economy

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

The City's total assessed valuation for real and personal property increased by approximately 15.58% from the prior year. The increase in valuation was primarily due to new construction as well as property value increases in the real estate markets due to the current economic environment. The millage rate increased from 6.6950 in the prior fiscal year to 6.7756 mills in fiscal year 2025 (tax roll 2025). The millage rate increase can be attributed to maintaining service levels for Information Technology, Public Safety, and Streets Management.

The unemployment rate for Lake County on September 30, 2025, was reported at 3.8%, an increase over the prior year. This compares to the state unemployment rate of 3.9% and the national rate of 4.4%. Business tax receipt applications remained constant in fiscal year 2024, indicating a constant and steady growth in new businesses for the year ended September 30, 2025.

Although the total number of new construction permits increased in fiscal year 2025, permit activities remained constant throughout the year, indicating a stable local economy for new construction as the City issued 361 permits for new home construction and seven permits for new commercial construction for the current year. Permit activity for permits other than new home and new commercial construction remained steady with 55 permits issued for home alterations and additions, 19 permits issued for commercial alterations, and 1,921 permits issued for all other permitted activities. Although Impact Fee waivers for new construction are not offered for new development, the City provides Impact Fee waivers on a case by case basis for new manufacturing related to the seaplane industry. No case by case waivers were issued for the current year.

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

Long-term financial planning

The unassigned fund balance in the General Fund represents approximately 46% of total General Fund expenditures (excluding debt service), the City continued to include budgeting for sustainable reserves in the adopted budget for fiscal year 2025 and will continue to include a focus toward maintaining adequate reserves as part of the annual budgeting process. Total Fund balance is within the policy guidelines set by the City Council for budgetary and planning purposes (i.e., between 5 and 20 percent of total General Fund revenues/expenditures). The City Council does not envision changing the current fund balance reserve range of between 5 and 20 percent.

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

Major initiatives

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

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

In the early morning hours of September 11, 2017 Hurricane Irma arrived at the Tavares Seaplane Base and downtown waterfront, packing Category 2 winds, and delivering extensive damage to the City's Seaplane Base and Marina as the eye of the storm went over Tavares. In January 2018 the City opted to undertake the rebuilding of the project through a design/build initiative. Project design for the rebuild project began in fiscal year 2018, and the City commenced construction in March of 2020. The rebuild project included a best layout of co-located seaplane and recreation boating activities, on-the-water fueling facility with self-service credit card acceptance, sanitary sewer pump out facilities, 80 boat slips with lighting and water availability, and linear dockage to accommodate visiting recreational boats and transient seaplanes. The docks were designed to accommodate commercial operations for a tour vessel with loading, unloading, and long-term vessel storage, as well as use by a boat rental organization. The downtown waterfront seaplane base rebuild project was funded from insurance proceeds and a small contribution from the general government. The project was completed in September 2021, and the Seaplane Base continues to enjoy occupancy for marina slips at the waterfront at nearly 100%, and record seaplane landings at the Seaplane Base. The success for marina occupancy and seaplane landings is attributed to the completed waterfront rebuild project. In current year the City has begun design initiatives for making additional improvements to the Seaplane Base and downtown waterfront. The project will include parking improvements, pedestrian lighting along Lake Dora, and a safety re-route to the Tav-Lee Trail at the Tavares Seaplane Base waterfront and marina. The project is planned to be completed in late 2026.

Ongoing initiatives to stimulate downtown revitalization include a campaign to showcase Tavares as the premiere waterfront Central Florida Capital City for special events. The natural historical waterfront and designated entertainment district provides an ideal setting for various water-oriented community events. Some events that the City has been successful in securing for the downtown include: Sunnyland Antique Classic Boat Festival, Planes-Tunes-Barbeque event, and the Classic Boat Regatta. An air show for the Planes, Tunes and Barbeque event has added a unique experience for this event, bringing many new visitors to Tavares each year. In fiscal year 2022, two additional events were added and showcased: Rocktoberfest, featuring a Monster Splash Fly-in, and Rhythm on Ruby Street. The City included several concerts featuring nationally known musicians and bands to the downtown waterfront events which continue to bring many new visitors to the downtown waterfront.

In 2021, the City began a major downtown renovation project to completely rebuild and replace the City's signature waterfront playground known as Wooton Wonderland. The new playground provides ADA friendly playground components for visiting children to the downtown. The Splashpark which is located next to the Wooton Wonderland Playground also received major improvements as part of the project. The Wooton Wonderland project and the Splashpark project were completed in fiscal year 2023. In fiscal year 2025, the City will update the Splash Park at the Seaplane Base which will enhance the experience for enjoyment and safety for patrons visiting the park. In fiscal year 2026, a new park playground feature will be added. This new feature will enhance the play experience for children visiting the park.

In fiscal 2023, the City began construction of a new Public Works Operation Center. The project includes participation with Lake Technical College, Inc. as the project includes a training component so that students of Lake Technical College may train with certified City tradesmen and tradeswomen. The project was completed in the current fiscal year. The project complex design includes three buildings. One building provides administration and shop work areas for Public Works staff, and the second building provides a shop and education facility for the Lake Technical College Diesel School. The third building provides shop work areas for Fleet Maintenance and Solid Waste operations. The project was funded through grants, a bank loan, and funding from the College.

The City also began construction in fiscal year 2023 for a major water distribution service line and a companion sewer collection gravity line which will service new subdivisions in the northwest quadrant of the City, an area known as the Peninsula. The project is funded with bank loan financing as well as impact fees. The project was completed in fiscal year 2025.

In the fiscal year 2023, the City began an interlocal project in coordination with Lake County, and acquired the well-known YMCA property, including a building with an undeveloped area for expansion. The City will lease a portion of the existing building to the YMCA, and the City will begin improvements to the property to locate and expand City Community Services (Parks and Recreation) to the new location. The project provides the newest regional park to Lake County and has been named the Golden Triangle East Regional Park. This new regional park is anticipated to provide various recreational activities to City and County residents. The project, once complete, will add to the inventory of City Parks and Recreation facilities. Funding for the acquisition was provided by Lake County. The acquisition was completed in fiscal year 2023, and various improvements will be ongoing over the next five years.

In fiscal year 2025, the City sold the City's Stover ballfields to the Lake County School Board. The Stover Fields had provided and will continue to provide 'home" field facilities for the local Tavares High School ball programs. The City will use sale proceeds to plan enhancements, expansion, and repositioning of the Woodlea Sports Park as the Golden Triangle Regional Park West Campus. The master planning process for the Golden Triangle Regional Park commenced in the current fiscal year and is expected to be completed in fiscal year 2026. As part of the planning effort, the City's contracted architecture firm engaged residents, community groups, and other stakeholders to gather input regarding desired improvements and amenities for the regional park.

Enhancements to the Tavares Police Department began in fiscal year 2023 to provide the department with eligibility for certification as an accredited police department. Enhancements include the addition of an evidence technician. The technician will add eligibility for accreditation through collecting, analyzing, processing, cataloging, and safeguarding evidence pertaining to crimes. In addition, the Department began the operation of a new K-9 program. The K-9 program provides an enhanced service level to the Tavares Police Department by greatly aiding the safe return of missing or lost persons, tracking suspects or perpetrators that have fled on foot, and narcotic detection. The Tavares Police Department implemented these enhancements to the department in the current year. The Department received accreditation from the Commission of Florida Law Enforcement Accreditation in the prior fiscal year.

The preparation of this report would not have been possible without the efficient and dedicated services of the staff in the Finance Department. We would like to express our appreciation to all members of the staff who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tavares's finances. Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tavares for its annual comprehensive financial report for the fiscal year ended September 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,

City Administrator

Lori Houghton

Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tavares
Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

CITY OF TAVARES, FLORIDA

LIST OF PRINCIPAL OFFICIALS

Year Ended September 30, 2025

MAYOR

Walter Price, Mayor

CITY COUNCIL

Lori Pfister, Vice-Mayor

Troy Singer

Sandy Gamble

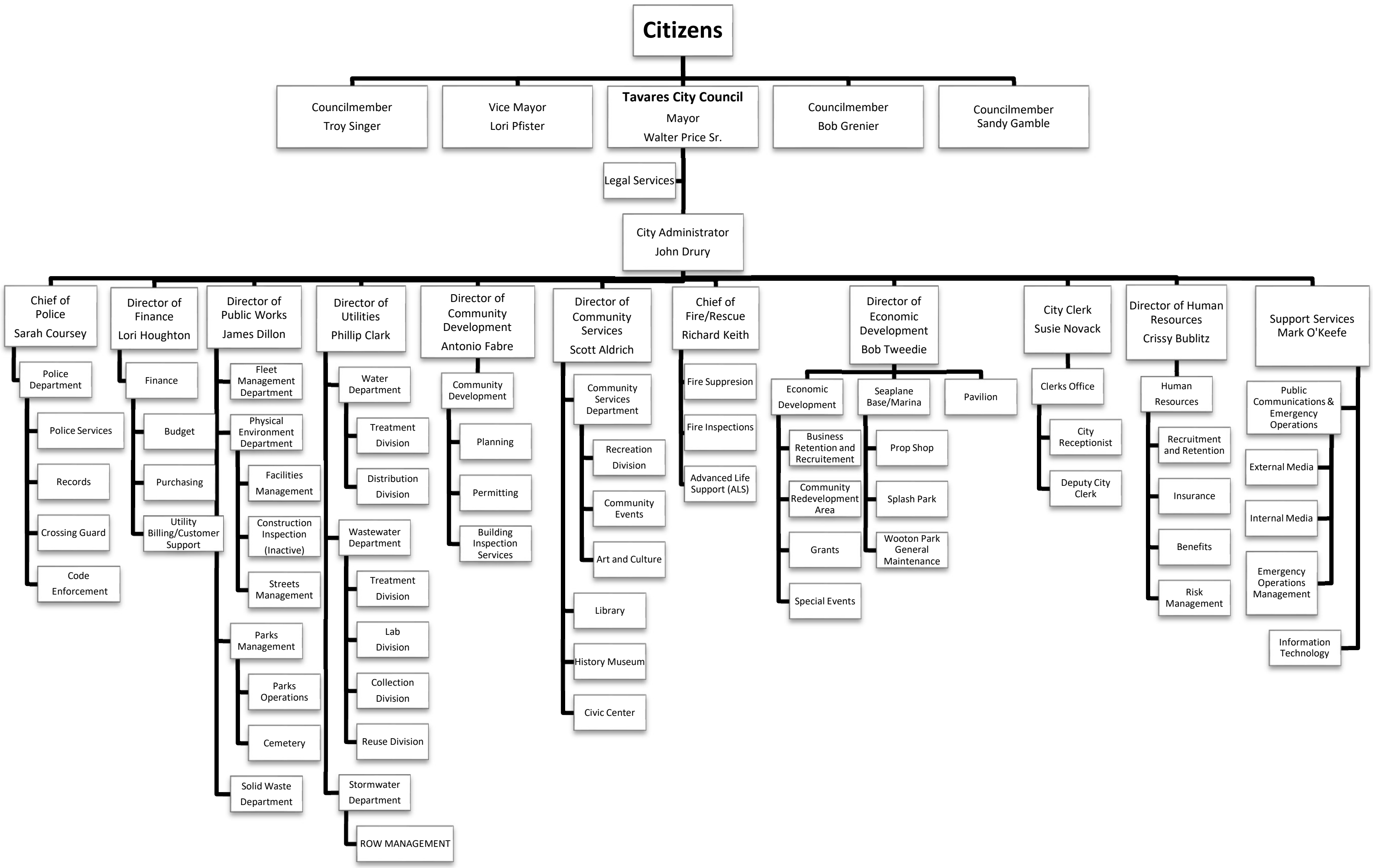
Bob Grenier

CITY ADMINISTRATOR
John Drury

CITY CLERK
Susie Novack

CITY ATTORNEY
Lindsay Holt

FINANCE DIRECTOR
Lori Houghton


Citizens
Councilmember Troy Singer
Vice Mayor Lori Pfister
Tavares City Council Mayor Walter Price Sr.
Councilmember Bob Grenier
Councilmember Sandy Gamble
Legal Services
City Administrator John Drury
Chief of Police Sarah Coursey
Police Department
Police Services
Records
Crossing Guard
Code Enforcement
Director of Finance Lori Houghton
Finance
Budget
Purchasing
Utility Billing/Customer Support
Director of Public Works James Dillon
Fleet Management Department
Physical Environment Department
Facilities Management
Construction Inspection (Inactive)
Streets Management
Parks Management
Parks Operations
Cemetery
Solid Waste Department
Director of Utilities Phillip Clark
Water Department
Treatment Division
Distribution Division
Wastewater Department
Treatment Division
Lab Division
Collection Division
Reuse Division
Stormwater Department
ROW MANAGEMENT
Director of Community Development Antonio Fabre
Community Development
Planning
Permitting
Building Inspection Services
Director of Community Services Scott Aldrich
Community Services Department
Recreation Division
Community Events
Art and Culture
Library
History Museum
Civic Center
Chief of Fire/Rescue Richard Keith
Fire Suppresion
Fire Inspections
Advanced Life Support (ALS)
Director of Economic Development Bob Tweedie
Economic Development
Business Retention and Recruitement
Community Redevelopment Area
Grants
Special Events
Seaplane Base/Marina
Prop Shop
Splash Park
Wooton Park General Maintenance
Pavilion
City Clerk Susie Novack
Clerks Office
City Receptionist
Deputy City Clerk
Director of Human Resources Crissy Bublitz
Human Resources
Recruitment and Retention
Insurance
Benefits
Risk Management
Support Services Mark O'Keefe
Public Communications & Emergency Operations
External Media
Internal Media
Emergency Operations Management
Information Technology

FINANCIAL SECTION

McDirmit Davis

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Tavares, Florida

Report on the Audit of the Financial Statements
Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tavares, 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 and the respective budgetary comparison for the general fund, pavilion fund, infrastructure surtax fund, ARPA grant fund, and grant fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management for the Financial Statements
The City's 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 the 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefits disclosures on pages 4 through 13 and 85 through 95, respectively, 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 combining and individual nonmajor fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards (the Schedule), as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 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.

McDirmit Davis

Orlando, Florida
June 30, 2026

As management of the City of Tavares, Florida, we offer readers of the City of Tavares's financial statements this narrative overview and analysis of the financial activities of the City of Tavares for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of the City of Tavares exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $140,543,453 (net position). Of this amount, $28,748,877 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $7,227,186.
- As of the close of the current fiscal year, the City of Tavares governmental funds reported combined ending fund balances of $16,784,084, an increase of $1,634,086 in comparison with the prior year. This increase resulted primarily from capital outlay expenditures.
- The General Fund experienced an increase of $1,629,766 in fund balance for the fiscal year and ended the year with a fund balance of $15,074,709 with $14,263,025 in unassigned fund balance and available for spending at the City's discretion.
- The Water and Sewer Fund issued $984,363 in notes payable to finance the construction of various improvements within the City.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements include only the City of Tavares itself (known as the *primary government*) and one blended component unit (The City of Tavares Greater Downtown TIF District).

The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City of Tavares maintains eighteen (18) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, the pavilion fund, the infrastructure surtax fund, the ARPA grant fund, and the grant fund all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Tavares adopts an annual appropriated budget for all of its governmental funds except for the permanent funds. Budgetary comparison statements have been provided for the general fund, the pavilion special revenue fund, infrastructure surtax fund, ARPA grant fund, and the grant fund to demonstrate compliance with this budget at pages 22 - 26. Budgetary comparison schedules have been provided for the capital projects fund on page 96 and nonmajor funds at pages 101 - 110.

The basic governmental fund financial statements can be found on pages 16 - 21 of this report.

Proprietary Funds

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

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

The basic proprietary fund financial statements can be found on pages 27 - 31 of this report.

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

The basic fiduciary fund financial statements can be found on pages 32 - 33 of this report.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 34 - 84 of this report.

Other Information
In addition to the basic financial statements and accompanying notes this report also presents certain required supplementary information concerning the City of Tavares progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found starting on page 85.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 96 - 112.

Government-Wide Financial Analysis
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Tavares, assets and deferred outflows exceeded liabilities and deferred inflows by $140,543,453 at the close of the most recent fiscal year. The following table reflects a comparison of the condensed statement of net position for the current year to the prior year. For more detail see the Statement of Net Position on page 14.

City of Tavares
Statement of Net Position

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$21,277,311	$19,051,120	$40,144,152	$39,581,907	$ 61,421,463	$ 58,633,027
Capital assets	88,214,875	90,766,219	66,903,374	64,477,335	155,118,249	155,243,554
Total assets	109,492,186	109,817,339	107,047,526	104,059,242	216,539,712	213,876,581
Total Deferred Outflows of Resources	5,936,978	5,093,249	1,046,622	1,060,625	6,983,600	6,153,874
Liabilities:						
Long-term liabilities outstanding	30,563,689	33,423,751	41,559,131	43,448,556	72,122,820	76,872,307
Other liabilities	3,659,296	3,919,290	2,553,796	2,338,358	6,213,092	6,257,648
Total liabilities	34,222,985	37,343,041	44,112,927	45,786,914	78,335,912	83,129,955
Total Deferred Inflows of Resources	4,100,611	3,111,220	543,336	341,848	4,643,947	3,453,068
Net Position:						
Net investment in capital assets	70,837,413	70,440,361	31,119,052	27,434,739	101,956,465	97,875,100
Restricted	4,118,098	3,506,013	5,720,013	5,607,859	9,838,111	9,113,872
Unrestricted	2,150,057	509,953	26,598,820	25,948,507	28,748,877	26,458,460
Total net position	$77,105,568	$74,456,327	$63,437,885	$58,991,105	$ 140,543,453	$ 133,447,432

The largest portion of the City's net position, $101,956,465, reflects its investments in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt that is outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tavares's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Tavares's net position, $9,838,111, represents resources that are subject to external restriction on how they may be used. The remaining unrestricted net position of $28,748,877 may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased $7,227,186 during the current fiscal year for current activities. The following table reflects the condensed Statement of Activities for the current year compared to the prior year. For more detail see the Statement of Activities on page 15.

City of Tavares
Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 4,987,718	$ 4,344,491	$ 21,012,228	$ 19,946,876	$ 25,999,946	$ 24,291,367
Operating grants and contributions	1,346,885	1,419,264	-	902	1,346,885	1,420,166
Capital grants and contributions	844,963	12,834,870	2,549,962	1,176,470	3,394,925	14,011,340
General revenues:						
Property taxes	11,900,974	10,070,524	-	-	11,900,974	10,070,524
Franchise and utility taxes	4,814,099	4,237,864	-	-	4,814,099	4,237,864
Intergovernmental	5,266,875	5,104,735	-	-	5,266,875	5,104,735
Investment income and miscellaneous	232,070	146,080	382,927	303,532	614,997	449,612
Gain on disposal of capital assets	-	570,883	-	-	-	570,883
Total revenues	29,393,584	38,728,711	23,945,117	21,427,780	53,338,701	60,156,491
Expenses:						
General government	6,035,606	5,779,587	-	-	6,035,606	5,779,587
Public safety	12,479,348	10,703,535	-	-	12,479,348	10,703,535
Physical environment	5,070,804	4,225,855	-	-	5,070,804	4,225,855
Economic environment	765,493	687,810	-	-	765,493	687,810
Culture and recreation	4,684,997	4,497,589	-	-	4,684,997	4,497,589
Interest on long-term debt	556,862	634,280	-	-	556,862	634,280
Water and sewer	-	-	10,513,599	10,477,099	10,513,599	10,477,099
Solid waste	-	-	3,311,728	2,960,798	3,311,728	2,960,798
Stormwater	-	-	1,634,384	1,566,706	1,634,384	1,566,706
Seaplane base	-	-	1,058,694	1,013,284	1,058,694	1,013,284
Total expenses	29,593,110	26,528,656	16,518,405	16,017,887	46,111,515	42,546,543
Increase (Decrease) in Net Position Before Transfers	(199,526)	12,200,055	7,426,712	5,409,893	7,227,186	17,609,948
Transfers	2,861,246	2,881,652	(2,861,246)	(2,881,652)	-	-
Increase in Net Position	2,661,720	15,081,707	4,565,466	2,528,241	7,227,186	17,609,948
Net position, October 1 as restated	74,443,848	59,374,620	58,872,419	56,462,864	133,316,267	115,837,484
Net position, September 30	$ 77,105,568	$ 74,456,327	$ 63,437,885	$ 58,991,105	$ 140,543,453	133,447,432

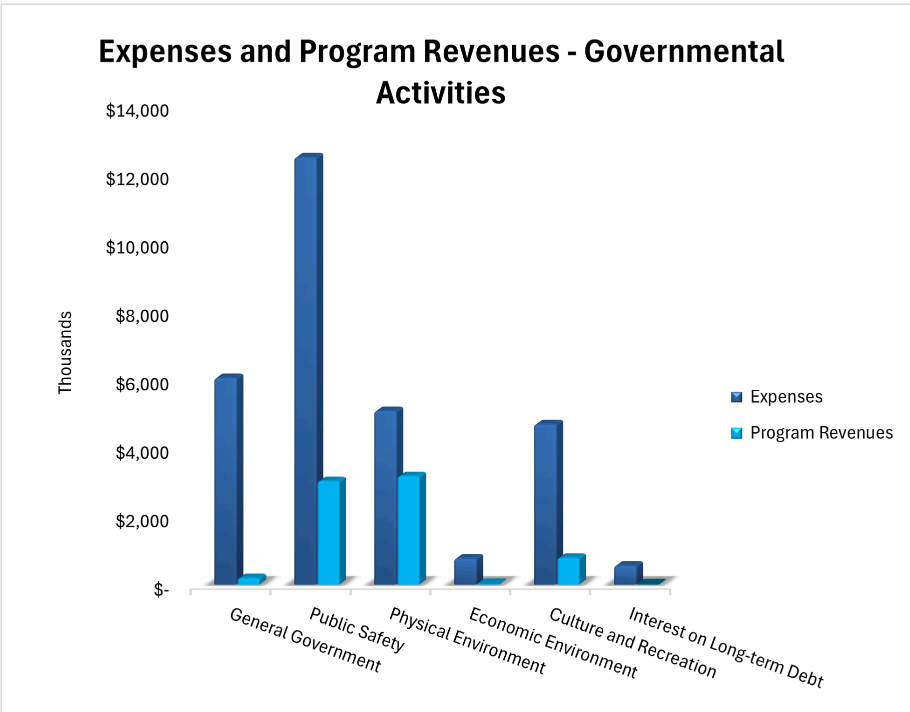
Governmental activities
Governmental activities increased the City of Tavares's net position by $2,661,720. Key elements of this increase are as follows:

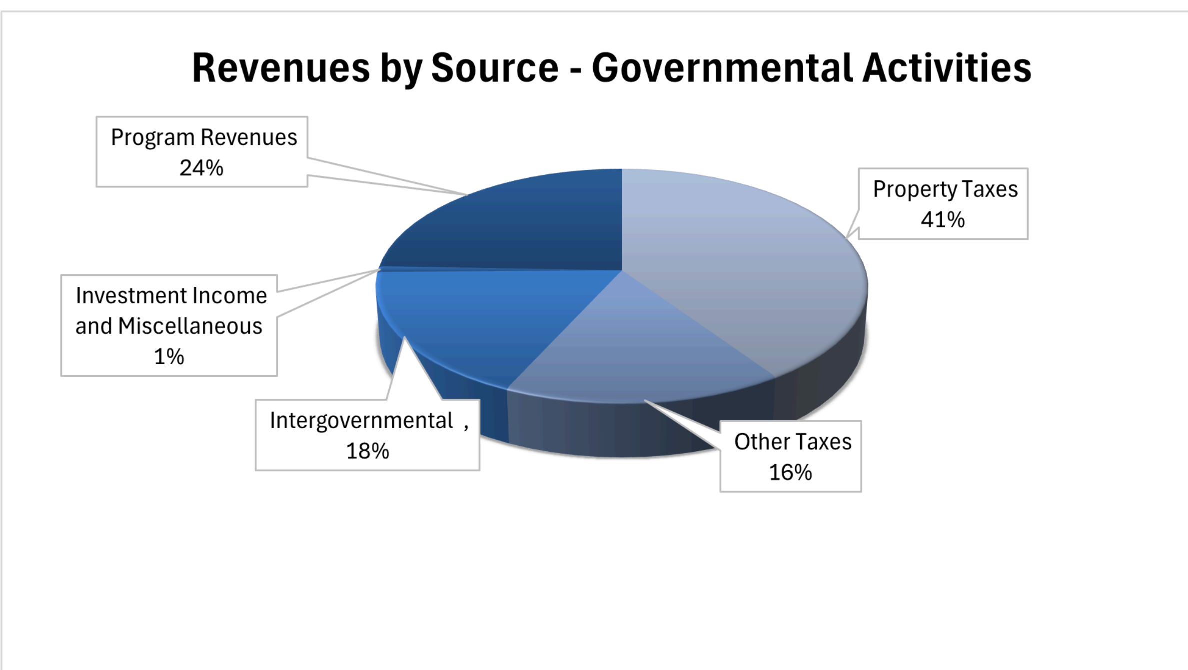
- Operating grants and contribution revenues increased $72,379 primarily due to decreased ARPA grant activity.
- Property taxes increased by $1,830,450 primarily due to increased property values.

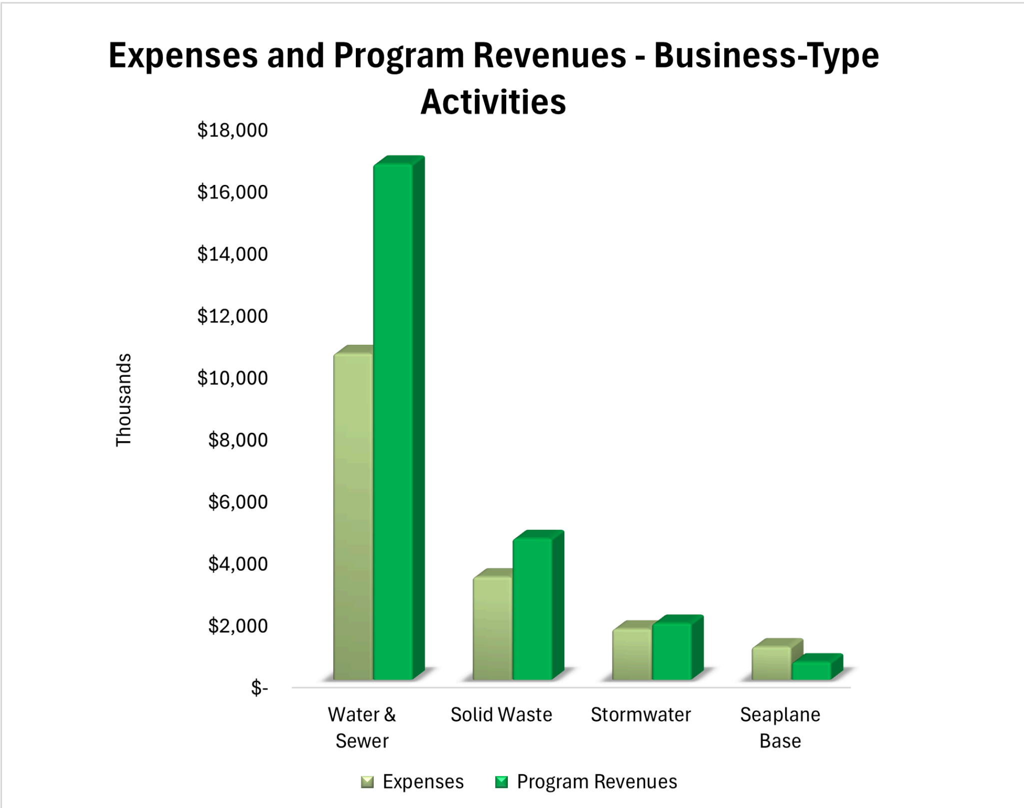
Business-type activities
Overall, net position increased by $4,565,466 (8%) from business-type activities during the current year. Unrestricted net position of the business-type activities at the end of the year amounted to $26,598,820.

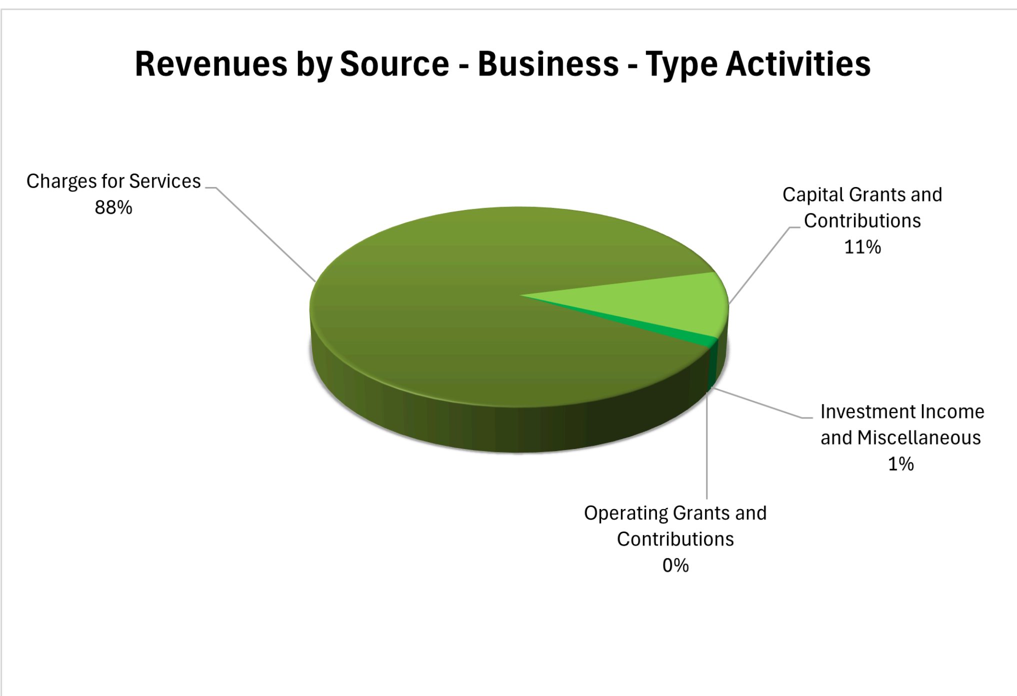
Key highlights for business activities during the current year were as follows:

- Total revenues for all business-type activities increased by $2,517,337 (12%), primarily in user fees.
- Operating expenses for all business-type activities increased over the prior fiscal year by $500,518 (3%). The increase can be attributed to increases for personal services, landfill costs, utilities and repairs and maintenance.






Expenses and Program Revenues - Business-Type Activities
$18,000
$16,000
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$-
Thousands
Water & Sewer
Solid Waste
Stormwater
Seaplane Base
Expenses
Program Revenues


Revenues by Source - Business - Type Activities
Charges for Services 88%
Capital Grants and Contributions 11%
Investment Income and Miscellaneous 1%
Operating Grants and Contributions 0%

Financial Analysis of the Government's Funds
As noted earlier, the City of Tavares used fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

As of the end of the current fiscal year, the City of Tavares's governmental funds reported combined ending fund balances of $16,784,084, an increase of $1,634,086 in comparison with the prior year. The increase is primarily attributable to a decrease in capital expenditures, and an increase in general fund revenues. Unassigned fund balance is $11,266,763. The remainder of fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been assigned or restricted: 1) debt service ($453,253), 2) to fund public safety expansion projects ($1,246,351), 3) to fund various capital projects ($2,559,470), 4) to fund community redevelopment ($56,981), 5) to fund perpetual care ($29,295), and 6) to fund culture and recreation expansion projects ($360,287). In addition, fund balance includes nonspendable amounts ($292,850), and non-expendable trusts ($29,295). The majority of the nonspendable balance, $283,566 relates to long-term advances to other funds.

The general fund is the chief operating fund of the City of Tavares. At the end of the current fiscal year, unassigned fund balance of the general fund was $14,263,025 while total fund balance was $15,074,709. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57% of total general fund expenditures, while total fund balance represents 61% of that same amount.

The fund balance of the general fund increased by $1,629,766 during the current fiscal year. Key factors contributing to the increase are as follows:

- Increase in Taxes of $2,264,766 due to an increase in property values and increases in utility taxes and franchise fees.

The total fund balance of the Capital Projects Fund decreased $53,526. This was due to increased expenditures of $61,912 related to the completion of construction activities of the public works facility.

The fund deficit of the pavilion fund was $2,331,909, which is a decrease in the deficit of $1,186 over the prior year. The small decrease is due to slower than anticipated revenue growth due to the impacts of the local and national economic environment.

The fund balance in the infrastructure surtax fund decreased by $96,623. This decrease is due to fund balance appropriations for capital expenditures.

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

Unrestricted net position of the proprietary funds at the year-end amounted to $26,598,820. Total net position for proprietary funds increased by $4,565,466 (8%). Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Tavares's business-type activities.

General Fund Budgetary Highlights

Increases from original budget appropriations and final amended budget appropriations were $806,115 while original estimated revenues increased by $952,809. The increase in budgeted expenditures was primarily in the public safety, economic environment, and culture and recreation functions. During the year, actual revenues were more than budgetary estimates by $411,203, and expenditures were less than budgetary estimates by $2,136,119. The reasons for the increase in appropriations from original budget to final budget are briefly summarized below:

- Increased appropriations for public safety costs related to personal service costs and capital expenditures for police vehicle replacements.
- Increased appropriations for economic environment costs related to capital improvements to the Historic Fire Station which upon completion will bring new businesses to the local economy.
- Increased appropriations for capital expenditures related to park improvements for the Woodlea ball fields, known as the Golden Triangle Regional Park West.

Capital Asset and Debt Administration

Capital Assets

The City of Tavares's investment in capital assets for its governmental and business-type activities as of September 30, 2025 amounts to $155,118,249 (net of accumulated depreciation/amortization). This investment in capital assets includes land, intangible assets, buildings, improvements/infrastructure, and machinery and equipment. A decrease of 0.08% in the City's investment in capital assets was experienced for the current fiscal year due to several ongoing major capital projects.

City of Tavares
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 7,653,443	$ 8,744,365	$ 533,788	$ 533,788	$ 8,187,231	$ 9,278,153
Software/licenses	217,426	283,125	131,598	224,721	349,024	507,846
Buildings & improvements	46,143,020	25,971,468	59,837,524	55,906,032	105,980,544	81,877,500
Improvements/infrastructure	29,678,387	29,352,126	-	-	29,678,387	29,352,126
Machinery and equipment	4,128,325	3,683,536	2,808,950	2,139,789	6,937,275	5,823,325
Construction in progress	394,274	22,731,599	3,591,514	5,673,005	3,985,788	28,404,604
Total	$ 88,214,875	$ 90,766,219	$ 66,903,374	$ 64,477,335	$ 155,118,249	$ 155,243,554

Additional information on the City of Tavares's capital assets can be found in Note 6 on pages 48 - 49 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Tavares had a total debt outstanding of $55,349,795. This debt includes bonds payable, notes payable and financed purchases payable. Additional information on long-term debt can be found in Note 7 on pages 50 - 58 of this report.

City of Tavares
Long-Term Debt

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Bonds payable	$ -	$ -	$ 5,545,000	$ 6,140,000	$ 5,545,000	$ 6,140,000
Notes payable	17,205,000	19,909,000	32,491,655	33,539,199	49,696,655	53,448,199
Financed Purchases	108,140	144,242	-	-	108,140	144,242
	$ 17,313,140	$ 20,053,242	$ 38,036,655	$ 39,679,199	$ 55,349,795	$ 59,732,441

The City of Tavares's total debt decreased by $4,382,646 (7.34%) during the current fiscal year, primarily because principal payments on notes exceeded the issuance of notes and bonds payable.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Lake County as of September 30, 2025 was reported at 3.8%, an increase over the prior fiscal year. The increase is most likely attributed to the effects of inflationary impacts to the local business environment. This compares with the state unemployment rate of 3.9% and the national unemployment rate of 4.4%
- During the reporting period, the total new construction permits for residential and commercial construction combined, experienced an increase of 49%. The increase in new construction permits may be attributed to approvals for new development from the prior fiscal years. Although the city experienced an increase in new construction activity there were no new annexations approved in fiscal year 2025. Approvals for final plats, site plans, and rezonings remained steady.
- New construction permits in fiscal year 2025 for single family homes resulted in 196 new meter connections to the city's water/wastewater system. Connections for new homes provide needed housing to the local community.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Tavares, Florida
Statement of Net Position
September 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 21,644,245	$ 19,228,149	$ 40,872,394
Investments	268,836	4,247,368	4,516,204
Receivables, net	1,408,174	2,193,999	3,602,173
Inventories	9,284	311,763	321,047
Internal balances	(4,545,836)	4,545,836	-
Due from other governments	946,456	-	946,456
Restricted assets:			
Cash and cash equivalents	1,208,107	7,148,919	8,357,026
Investments	32,112	2,449,715	2,481,827
Special assessments receivable	-	18,403	18,403
Net pension asset	305,933	-	305,933
Capital assets not being depreciated	8,047,717	4,125,302	12,173,019
Capital assets being depreciated, net	80,167,158	62,778,072	142,945,230
Total assets	109,492,186	107,047,526	216,539,712
Deferred Outflows of Resources:			
Deferred charge on refunding	-	10,984	10,984
Deferred outflows of OPEB earnings	144,547	54,636	199,183
Deferred outflows of pension earnings	5,792,431	981,002	6,773,433
Total deferred outflows of resources	5,936,978	1,046,622	6,983,600
Liabilities:			
Accounts payable and other current liabilities	2,208,817	1,321,004	3,529,821
Matured bonds and interest payable	974,659	-	974,659
Accrued interest payable	72,002	213,495	285,497
Unearned revenues	323,504	30,145	353,649
Deposits payable	80,314	989,152	1,069,466
Noncurrent liabilities:			
Due within one year	3,121,352	2,715,227	5,836,579
Due in more than one year	27,442,337	38,843,904	66,286,241
Total liabilities	34,222,985	44,112,927	78,335,912
Deferred Inflows of Resources:			
Deferred inflows of OPEB earnings	117,230	44,310	161,540
Deferred inflows of pension earnings	3,983,381	499,026	4,482,407
Total deferred inflows of resources	4,100,611	543,336	4,643,947
Net Position:			
Net investment in capital assets	70,837,413	31,119,052	101,956,465
Restricted for:			
Capital projects	1,665,998	5,720,013	7,386,011
Culture and recreation	360,287	-	360,287
Public safety	1,246,351	-	1,246,351
Debt Service	453,253	-	453,253
Community redevelopment	56,981		56,981
Pensions	305,933	-	305,933
Perpetual care-nonexpendable	29,295	-	29,295
Unrestricted	2,150,057	26,598,820	28,748,877
Total Net Position	$ 77,105,568	$ 63,437,885	$ 140,543,453

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

City of Tavares, Florida

Statement of Activities

For the Year Ended September 30, 2025

		Program Revenue			Net (Expense) Revenue and Changes in Net Position — Primary Government		
Functions/Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary Government							
Governmental Activities:							
General government	$ 6,035,606	$ 46,147	$ 141,846	$ -	$ (5,847,613)	$ -	$ (5,847,613)
Public safety	12,479,348	2,115,169	609,500	297,143	(9,457,536)	-	(9,457,536)
Physical environment	5,070,804	2,324,265	478,266	364,376	(1,903,897)	-	(1,903,897)
Economic environment	765,493	9,623	392	8,852	(746,626)	-	(746,626)
Culture and recreation	4,684,997	492,514	116,881	174,592	(3,901,010)	-	(3,901,010)
Interest on long-term debt	556,862	-	-	-	(556,862)	-	(556,862)
Total governmental activities	29,593,110	4,987,718	1,346,885	844,963	(22,413,544)	-	(22,413,544)
Business-type Activities:							
Water and sewer	10,513,599	14,070,453	-	2,549,962	-	6,106,816	6,106,816
Solid Waste	3,311,728	4,550,238	-	-	-	1,238,510	1,238,510
Stormwater	1,634,384	1,819,350	-	-	-	184,966	184,966
Seaplane Base	1,058,694	572,187	-	-	-	(486,507)	(486,507)
Total business-type activities	16,518,405	21,012,228	-	2,549,962	-	7,043,785	7,043,785
Total primary government	$ 46,111,515	$ 25,999,946	$ 1,346,885	$ 3,394,925	(22,413,544)	7,043,785	(15,369,759)
General Revenues:							
Taxes:							
Property taxes					11,900,974	-	11,900,974
Franchise fees and utility taxes					4,814,099	-	4,814,099
Intergovernmental-unrestricted					5,266,875	-	5,266,875
Investment income and miscellaneous					232,070	382,927	614,997
Transfers					2,861,246	(2,861,246)	-
Total general revenues and transfers					25,075,264	(2,478,319)	22,596,945
Change in net position					2,661,720	4,565,466	7,227,186
Net position, beginning as previously stated					74,456,327	58,991,105	133,447,432
Restatements					(12,479)	(118,686)	(131,165)
Net position, beginning of year, as restated					74,443,848	58,872,419	133,316,267
Net position, ending					$ 77,105,568	$ 63,437,885	$ 140,543,453

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

City of Tavares, Florida
Balance Sheet
Governmental Funds
September 30, 2025

	General	Capital Projects Fund	Special Revenue Pavilion Fund
Assets:			
Cash and cash equivalents	$ 12,672,558	$ 808,606	$ 116,698
Investments	58,818	-	-
Receivables, net	418,162	-	173,147
Other receivables	-	600,000	-
Inventories, at cost	9,284	-	-
Due from other funds	3,501,540	-	-
Due from other governments	251,371	-	-
Advances to other funds	283,566	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Total assets	$ 17,195,299	$ 1,408,606	$ 289,845
Liabilities:			
Accounts payable	$ 868,351	$ -	$ 23,828
Accrued liabilities	1,023,077	-	11,051
Retainage payable	-	(889)	-
Due to other funds	18,000	1,413,862	2,419,538
Customer deposits	-	-	80,064
Unearned revenue	211,162	-	87,023
Developer deposits	-	-	250
Matured bonds payable	-	-	-
Matured interest payable	-	-	-
Total liabilities	2,120,590	1,412,973	2,621,754
Deferred Inflows of Resources:			
Unavailable revenue	-	600,000	-
Fund Balances (Deficits):			
Nonspendable	292,850	-	-
Restricted	-	-	-
Assigned	518,834	-	-
Unassigned	14,263,025	(604,367)	(2,331,909)
Total fund balances	15,074,709	(604,367)	(2,331,909)
Total liabilities, deferred inflows, and fund balances (deficits)	$ 17,195,299	$ 1,408,606	$ 289,845

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

City of Tavares, Florida
Balance Sheet
Governmental Funds
September 30, 2025

Special Revenue				
Infrastructure Surtax Fund	**ARPA Grant Fund**	**Grant Fund**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
$ 2,085,855	$ 70,438	$ 3,435,315	$ 2,454,775	$ 21,644,245
169,489	-	-	72,641	300,948
-	-	-	216,865	808,174
-	-	-	-	600,000
-	-	-	-	9,284
-	-	-	-	3,501,540
300,902	-	394,183	-	946,456
-	-	-	-	283,566
1,208,107	-	-	-	1,208,107
$ 3,764,353	$ 70,438	$ 3,829,498	$ 2,744,281	$ 29,302,320
$ 97,685	$ -	$ 100,744	$ 18,030	$ 1,108,638
-	-	-	814	1,034,942
-	66,126	-	-	65,237
240,883	-	3,788,659	450,000	8,330,942
-	-	-	-	80,064
-	4,312	81	20,926	323,504
-	-	-	-	250
766,000	-	-	102,000	868,000
100,315	-	-	6,344	106,659
1,204,883	70,438	3,889,484	598,114	11,918,236
-	-	-	-	600,000
-	-	-	29,295	322,145
2,559,470	-	-	2,116,872	4,676,342
-	-	-	-	518,834
-	-	(59,986)	-	11,266,763
2,559,470	-	(59,986)	2,146,167	16,784,084
$ 3,764,353	$ 70,438	$ 3,829,498	$ 2,744,281	29,302,320

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

City of Tavares, Florida

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2025

Total fund balance, governmental funds	$ 16,784,084
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	88,214,875
Some receivables will not be available to pay for current-period expenditures and are offset by unavailable revenues in the governmental funds, but are recognized as revenue in the government-wide statements	600,000
Deferred inflows and outflows of resources related to pension and OPEB earnings are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting.	1,836,367
Net pension asset	305,933
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(72,002)
Some liabilities, (such as Notes Payable, Financed purchases, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(30,563,689)
Net position of governmental activities	$ 77,105,568

City of Tavares, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2025

			Special Revenue
	General	**Capital Projects Fund**	**Pavilion Fund**
Revenues:			
Taxes	$ 15,681,191	$ -	$ -
Licenses and permits	2,337,167	-	-
Intergovernmental revenues	3,862,637	-	-
Special assessments / impact fees	-	-	-
Charges for services	122,891	-	398,081
Fines and forfeitures	101,035	-	-
Investment income	32,625	1,326	-
Miscellaneous	160,777	-	12,750
Total revenues	22,298,323	1,326	410,831
Expenditures:			
Current:			
General government	5,703,659	7,940	-
Public safety	11,570,115	-	-
Physical environment	3,898,421	-	-
Economic environment	489,025	-	-
Culture and recreation	3,146,231	-	650,590
Debt Service:			
Principal	-	-	162,000
Interest and other fiscal charges	-	-	33,559
Capital Outlay	-	61,912	-
Total expenditures	24,807,451	69,852	846,149
Excess (Deficiency) of Revenues Over Expenditures	(2,509,128)	(68,526)	(435,318)
Other Financing Sources (Uses):			
Sale of general capital assets	-	500,000	-
Transfers in	6,240,810	-	436,504
Transfers out	(2,101,916)	(485,000)	-
Total other financing sources (uses)	4,138,894	15,000	436,504
Net change in fund balances	1,629,766	(53,526)	1,186
Fund balances, beginning	13,444,943	(550,841)	(2,333,095)
Fund balances, ending	$ 15,074,709	$ (604,367)	$ (2,331,909)

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

City of Tavares, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2025

Special Revenue				
Infrastructure Surtax Fund	ARPA Grant Fund	Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 1,033,882	$ 16,715,073
-	-	-	-	2,337,167
2,608,885	141,846	374,429	392	6,988,189
-	-	-	2,487,642	2,487,642
-	-	-	9,623	530,595
-	-	-	1,813	102,848
7,576	-	-	5,616	47,143
-	-	-	11,400	184,927
2,616,461	141,846	374,429	3,550,368	29,393,584
81,606	-	-	-	5,793,205
6,085	50,614	3,332	304,895	11,935,041
637,898	91,232	373,765	-	5,001,316
-	-	-	359,624	848,649
260,246	-	99,847	14,764	4,171,678
1,449,000	-	-	1,129,102	2,740,102
438,303	-	-	96,979	568,841
-	-	-	-	61,912
2,873,138	141,846	476,944	1,905,364	31,120,744
(256,677)	-	(102,515)	1,645,004	(1,727,160)
-	-	-	-	500,000
160,054	-	-	913,647	7,751,015
-	-	-	(2,302,853)	(4,889,769)
160,054	-	-	(1,389,206)	3,361,246
(96,623)	-	(102,515)	255,798	1,634,086
2,656,093	-	42,529	1,890,369	15,149,998
$ 2,559,470	$ -	$ (59,986)	$ 2,146,167	$ 16,784,084

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

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

For the Year Ended September 30, 2025

Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Net Change in Fund Balances - total governmental funds:	$	1,634,086
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(1,397,002)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(1,154,342)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds		600,000
Governmental funds report cash contributions to pensions as expenditures because they consume current financial resources. The Statement of Activities reports the change in pension liability and related deferrals as pension expense. This is the amount of the difference between the two amounts.		589,851
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,740,102
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(350,975)
Change in net position of governmental activities	$	2,661,720

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

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 15,745,257	$ 15,674,979	$ 15,681,191	$ 6,212
Licenses and permits	1,503,603	2,334,681	2,337,167	2,486
Intergovernmental revenues	3,350,271	3,491,518	3,862,637	371,119
Charges for services	134,380	122,892	122,891	(1)
Fines and forfeitures	31,267	101,035	101,035	-
Investment income	1,058	2,942	32,625	29,683
Miscellaneous	168,475	159,073	160,777	1,704
Total revenues	20,934,311	21,887,120	22,298,323	411,203
Expenditures:				
Current:				
General government	5,934,802	5,781,016	5,703,659	77,357
Public safety	10,889,877	11,350,620	11,570,115	(219,495)
Physical environment	5,371,497	5,164,254	3,898,421	1,265,833
Economic environment	437,179	840,919	489,025	351,894
Culture and recreation	3,504,100	3,806,761	3,146,231	660,530
Total expenditures	26,137,455	26,943,570	24,807,451	2,136,119
Excess (deficiency) of revenues over expenditures	(5,203,144)	(5,056,450)	(2,509,128)	2,547,322
Other financing sources (uses)				
Transfers in	6,245,536	6,240,811	6,240,810	(1)
Transfers out	(2,061,866)	(2,132,442)	(2,101,916)	30,526
Total other financing sources and uses	4,183,670	4,108,369	4,138,894	30,525
Net change in fund balances	(1,019,474)	(948,081)	1,629,766	2,577,847
Fund balances, beginning	13,444,943	13,444,943	13,444,943	-
Fund balances, ending	$ 12,425,469	$ 12,496,862	$ 15,074,709	$ 2,577,847

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

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	$ 460,998	$ 382,237	$ 398,081	$ 15,844
Miscellaneous	14,576	12,345	12,750	405
Total revenues	475,574	394,582	410,831	16,249
Expenditures:				
Current:				
Culture and recreation	653,485	666,103	650,590	15,513
Debt Service:				
Principal	162,000	162,000	162,000	-
Interest and other charges	33,559	33,559	33,559	-
Total expenditures	849,044	861,662	846,149	15,513
Excess (deficiency) of revenues over expenditures	(373,470)	(467,080)	(435,318)	31,762
Other financing sources (uses)				
Transfers in	396,504	467,080	436,504	(30,576)
Total other financing sources and uses	396,504	467,080	436,504	(30,576)
Net change in fund balances	23,034	-	1,186	1,186
Fund balances, beginning	(2,333,095)	(2,333,095)	(2,333,095)	-
Fund balances, ending	$ (2,310,061)	$ (2,333,095)	$ (2,331,909)	$ 1,186

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

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	$ 2,488,791	$ 2,608,884	$ 2,608,885	$ 1
Investment income	-	-	7,576	7,576
Total revenues	2,488,791	2,608,884	2,616,461	7,577
Expenditures:				
Current:				
General government	110,103	81,616	81,606	10
Public safety	212,000	233,025	6,085	226,940
Physical environment	481,750	1,194,538	637,898	556,640
Culture and recreation	92,230	288,576	260,246	28,330
Debt Service:				
Principal	1,362,000	1,449,000	1,449,000	-
Interest and other charges	365,254	438,304	438,303	1
Total expenditures	2,623,337	3,685,059	2,873,138	811,921
Excess (deficiency) of revenues over expenditures	(134,546)	(1,076,175)	(256,677)	819,498
Other financing sources (uses)				
Transfers in	-	-	160,054	160,054
Total other financing sources and uses	-	-	160,054	160,054
Net change in fund balances	(134,546)	(1,076,175)	(96,623)	979,552
Fund balances, beginning	2,656,093	2,656,093	2,656,093	-
Fund balances, ending	$ 2,521,547	$ 1,579,918	$ 2,559,470	$ 979,552

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

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	$ -	$ -	$ 141,846	$ 141,846
Total revenues	-	-	141,846	141,846
Expenditures:				
Current:				
Public safety	-	250	50,614	(50,364)
Physical environment	-	114,384	91,232	23,152
Culture and recreation	-	-	-	-
Total expenditures	-	114,634	141,846	(27,212)
Excess (deficiency) of revenues over expenditures	-	(114,634)	-	114,634
Net change in fund balances	-	(114,634)	-	114,634
Fund balances, beginning	-	-	-	-
Fund balances, ending	$ -	$ (114,634)	$ -	$ 114,634

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

City of Tavares, Florida
Grant Fund - Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	$ 241,465	$ 1,576,780	$ 374,429	$ (1,202,351)
Total revenues	241,465	1,576,780	374,429	(1,202,351)
Expenditures:				
Current:				
Public safety	241,465	270,796	3,332	267,464
Physical environment	-	1,844,322	373,765	1,470,557
Economic environment	-	174,656	-	174,656
Culture and recreation	-	46,898	99,847	(52,949)
Total expenditures	241,465	2,336,672	476,944	1,859,728
Excess (deficiency) of revenues over expenditures	-	(759,892)	(102,515)	657,377
Net change in fund balances	-	(759,892)	(102,515)	657,377
Fund balances, beginning	42,529	42,529	42,529	-
Fund balances, ending	$ 42,529	$ (717,363)	$ (59,986)	$ 657,377

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

City of Tavares, Florida
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	**Solid Waste**	**Stormwater**	**Seaplane Base**	**Total**
Assets:					
Current assets:					
Cash and cash equivalents	$16,985,364	$ 870,425	$ 951,808	$ 420,552	$ 19,228,149
Investments	4,235,190	856	11,322	-	4,247,368
Receivables, net	1,525,971	476,548	188,996	2,484	2,193,999
Inventories, at cost	267,065	-	-	44,698	311,763
Total current assets	23,013,590	1,347,829	1,152,126	467,734	25,981,279
Non-current assets:					
Restricted cash and cash equivalents	7,148,919	-	-	-	7,148,919
Restricted investments	2,449,715	-	-	-	2,449,715
Due from other funds	4,527,836	18,000	-	-	4,545,836
Special assessments receivable - long-term	18,403	-	-	-	18,403
Capital assets:					
Land, buildings and equipment	116,442,350	4,045,019	4,998,243	875,862	126,361,474
Construction in progress	3,544,099	-	47,415	-	3,591,514
Less: accumulated depreciation	(58,394,262)	(2,010,761)	(2,449,250)	(195,341)	(63,049,614)
Total capital assets (net of accumulated depreciation)	61,592,187	2,034,258	2,596,408	680,521	66,903,374
Total non-current assets	75,737,060	2,052,258	2,596,408	680,521	81,066,247
Total assets	98,750,650	3,400,087	3,748,534	1,148,255	107,047,526
Deferred Outflows of Resources:					
Deferred charge on refunding	10,984	-	-	-	10,984
Deferred outflows of pension and OPEB	689,119	165,696	89,505	91,318	1,035,638
Total deferred outflows of resources	700,103	165,696	89,505	91,318	1,046,622

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

City of Tavares, Florida
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	Solid Waste	Stormwater	Seaplane Base	Total
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	1,133,310	57,066	55,727	74,901	1,321,004
Customer deposits payable	989,152	-	-	-	989,152
Compensated absences - current	90,833	17,954	41,425	9,401	159,613
Notes payable - current	1,945,614	-	-	-	1,945,614
Revenue bonds payable - current	610,000	-	-	-	610,000
Unearned revenue	-	29,895	-	250	30,145
Accrued interest payable	213,495	-	-	-	213,495
Total current liabilities	4,982,404	104,915	97,152	84,552	5,269,023
Non-current liabilities:					
Compensated absences	363,331	71,818	165,698	37,604	638,451
Notes payable	30,546,041	-	-	-	30,546,041
Revenue bonds payable	4,935,000	-	-	-	4,935,000
Net OPEB liability	99,648	33,238	29,419	21,511	183,816
Net pension liability	1,707,971	403,533	209,155	219,937	2,540,596
Total noncurrent liabilities	37,651,991	508,589	404,272	279,052	38,843,904
Total liabilities	42,634,395	613,504	501,424	363,604	44,112,927
Deferred Inflows of Resources:					
Deferred inflows of pension and OPEB	359,503	87,274	48,174	48,385	543,336
Net Position:					
Net investment in capital assets	25,807,865	2,034,258	2,596,408	680,521	31,119,052
Restricted for capital projects	5,720,013	-	-	-	5,720,013
Unrestricted	24,928,977	830,747	692,033	147,063	26,598,820
Total net position	$ 56,456,855	$ 2,865,005	$ 3,288,441	$ 827,584	$ 63,437,885

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

City of Tavares, Florida
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year ended September 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	Solid Waste	Stormwater	Seaplane Base	Total
Operating Revenues:					
User charges	$ 14,068,067	$ 4,550,088	$ 1,819,350	$ 566,428	$ 21,003,933
Other revenue	2,386	150	-	5,759	8,295
Total operating revenues	14,070,453	4,550,238	1,819,350	572,187	21,012,228
Operating Expenses:					
Personal services	2,970,616	774,328	841,404	424,182	5,010,530
Utilities	776,162	1,878,673	-	54,146	2,708,981
Materials and supplies	997,358	290,934	60,320	334,205	1,682,817
Repairs and maintenance	307,181	93,647	35,274	105,508	541,610
Depreciation and amortization	3,593,091	139,655	271,845	33,740	4,038,331
Professional services	536,309	10,193	9,486	21,240	577,228
Other expenses	701,939	124,298	416,055	85,673	1,327,965
Total operating expenses	9,882,656	3,311,728	1,634,384	1,058,694	15,887,462
Operating income (loss)	4,187,797	1,238,510	184,966	(486,507)	5,124,766
Nonoperating Revenue (Expenses):					
Insurance recoveries	2,955	-	-	64,854	67,809
Investment income	307,274	3,669	2,960	1,215	315,118
Interest expense	(630,943)	-	-	-	(630,943)
Total nonoperating revenue (expenses)	(320,714)	3,669	2,960	66,069	(248,016)
Income (loss) before contributions and transfers	3,867,083	1,242,179	187,926	(420,438)	4,876,750
Impact fees	2,385,636	-	-	-	2,385,636
Capital grants	164,326	-	-	-	164,326
Transfers in	247,129	-	476,509	1,040,546	1,764,184
Transfers out	(2,412,336)	(1,474,454)	(738,640)	-	(4,625,430)
Change in net position	4,251,838	(232,275)	(74,205)	620,108	4,565,466
Total net position, beginning, as previously stated	52,208,248	3,122,098	3,431,452	229,307	58,991,105
Restatements	(3,231)	(24,818)	(68,806)	(21,831)	(118,686)
Net position, beginning, as restated	52,205,017	3,097,280	3,362,646	207,476	58,872,419
Total net position, ending	$ 56,456,855	$ 2,865,005	$ 3,288,441	$ 827,584	$ 63,437,885

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

City of Tavares, Florida

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	**Solid Waste**	**Stormwater**	**Seaplane Base**	**Total**
Cash Flows from Operating Activities:					
Receipts from customers	$ 13,964,612	$ 4,511,949	$ 1,804,884	$ 578,057	$ 20,859,502
Payments to suppliers	(3,664,067)	(2,412,826)	(507,341)	(570,694)	(7,154,928)
Payments to employees	(3,052,001)	(794,813)	(849,716)	(440,412)	(5,136,942)
Net cash provided (used) by operating activities	7,248,544	1,304,310	447,827	(433,049)	8,567,632
Cash Flows from Non-Capital Financing Activities:					
Transfers in	247,129	-	476,509	1,040,546	1,764,184
Transfers out	(2,412,336)	(1,474,454)	(738,640)	-	(4,625,430)
Due from	7,060	-	-	-	7,060
Net cash provided (used) by non-capital financing activities	(2,158,147)	(1,474,454)	(262,131)	1,040,546	(2,854,186)
Cash Flows from Capital and Related Financing Activities:					
Proceeds from insurance recoveries	2,955	-	-	64,854	67,809
Proceeds of notes and bonds	984,363	-	-	-	984,363
Acquisition of capital assets	(4,395,888)	(897,765)	(258,520)	(530,675)	(6,082,848)
Principal paid on revenue bonds, notes and leases	(2,626,907)	-	-	-	(2,626,907)
Interest paid on revenue bonds, notes and leases	(645,191)	-	-	-	(645,191)
Capital grants	164,326	-	-	-	164,326
Impact fees received	2,385,636	-	-	-	2,385,636
Net cash provided (used) by capital and related financing activities	(4,130,706)	(897,765)	(258,520)	(465,821)	(5,752,812)
Cash Flows from Investing Activities:					
Purchase of investments	(255,977)	(39)	(506)	-	(256,522)
Investment income	307,274	3,669	2,960	1,215	315,118
Net cash provided (used) by investing activities	51,297	3,630	2,454	1,215	58,596
Net increase (decrease) in cash and cash equivalents	1,010,988	(1,064,279)	(70,370)	142,891	19,230
Cash and cash equivalents, beginning	23,123,295	1,934,704	1,022,178	277,661	26,357,838
Cash and cash equivalents, end	$ 24,134,283	$ 870,425	$ 951,808	$ 420,552	$ 26,377,068
Classified As:					
Cash and cash equivalents	$ 16,985,364	$ 870,425	$ 951,808	$ 420,552	$ 19,228,149
Restricted cash and cash equivalents	7,148,919	-	-	-	7,148,919
Total	$ 24,134,283	$ 870,425	$ 951,808	$ 420,552	$ 26,377,068

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

City of Tavares, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	**Solid Waste**	**Stormwater**	**Seaplane Base**	**Total**
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	$ 4,187,797	$ 1,238,510	$ 184,966	$ (486,507)	$ 5,124,766
Adjustments Not Affecting Cash:					
Depreciation and amortization	3,593,091	139,655	271,845	33,740	4,038,331
Change in Assets and Liabilities:					
(Increase) Decrease in accounts receivable	(91,409)	(38,289)	(14,466)	5,870	(138,294)
(Increase) Decrease in inventories	(152,768)	-	-	(2,491)	(155,259)
(Increase) Decrease in deferred outflows of pension and OPEB earnings	11,380	1,595	(1,559)	(161)	11,255
Increase (decrease) in accounts payable	(192,350)	(15,081)	13,794	32,569	(161,068)
Increase (decrease) in accrued liabilities	17,600	2,419	4,183	2,210	26,412
Increase (decrease) in customer deposits	(14,432)	-	-	-	(14,432)
Increase (decrease) in compensated absences	56,638	14,183	4,812	79	75,712
Increase (decrease) in net pension liability	(322,684)	(77,032)	(37,954)	(40,628)	(478,298)
Increase (decrease) in deferred inflows of pension and OPEB earnings	136,858	31,590	15,738	17,302	201,488
Increase (decrease) in OPEB liability	18,823	6,760	6,468	4,968	37,019
Total adjustments	(532,344)	(73,855)	(8,984)	19,718	(595,465)
Net cash provided (used) by operating activities	$ 7,248,544	$ 1,304,310	$ 447,827	$ (433,049)	$ 8,567,632
Noncash capital and financing activities					
Purchase of capital asset on account	$ 381,522	$ -	$ -	$ -	$ 381,522

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

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

		Total Pension Funds
Assets:		
Cash and cash equivalents	$	561,878
Investments, at fair value:		
Corporate bonds & other debt securities		10,122,234
Mutual funds - equity		20,946,025
Mutual funds - fixed income		1,814,439
Common and collective funds		1,487,476
Total investments		34,370,174
Total assets		34,932,052
Net Position:		
Net position restricted for pensions	$	34,932,052

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

City of Tavares, Florida
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2025

	Total Pension Funds
Additions:	
Contributions:	
Employer	$ 1,388,885
Plan members	211,221
State	422,230
Total contributions	2,022,336
Investment earnings:	
Net increase (decrease) in fair value of investments	1,803,006
Interest	1,088,855
Less: investment expense	(73,758)
Net investment earnings (loss)	2,818,103
Total additions	4,840,439
Deductions:	
Benefits/distributions	1,281,669
Administrative expenses	117,895
Total deductions	1,399,564
Change in net position	3,440,875
Net position, beginning	31,491,177
Net position, ending	$ 34,932,052

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

The City of Tavares Greater Downtown TIF District

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

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

Government-Wide and Fund Financial Statements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The government reports the following funds:

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

American Rescue Plan Act "ARPA" Grant Fund – A special revenue fund used to account for the receipts and spending of the grant funds related to the American Rescue Plan Act.

Grant Fund – A special revenue fund used to account for the expenditure of grant funds awarded by agencies of the Federal and State governments.

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

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

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

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

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

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

Nonmajor Proprietary Funds
No proprietary funds were classified as nonmajor funds.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Deposits and Investments

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

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

Receivables and Payables

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

Assets	Years
Buildings	10-50
Improvements	15-50
Infrastructure	30-50
Equipment	3-15
Software	5-15

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences
The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation
The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave
The City's policy permits employees to accumulate earned but unused sick leave. An employee who separates from the City after completion of their probationary period, shall receive 25% of their unused sick leave or 2% per year of services of their unused sick leave, whichever is greater, not to exceed 500 hours. In addition to the estimated amount due at separation, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Estimates

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

New GASB Statement Implemented

In fiscal year 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement will result in a liability for compensated absences that more appropriately reflects when the City incurs an obligation, which will enhance the relevance and reliability of information. As a result of implementation, the City's changes in beginning balances and net position where applicable is further described below.

In the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation and sick due to employees upon separation of employment, the City now recognizes an estimated portion of sick leave to be used as time off as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement – GASB 101 implementation" column below.

	Net position 9/30/24 as previously reported	Restatement - GASB 101 Implementation	Net position 9/30/24 as restated
Government-wide			
Governmental activities	$ 74,456,327	$ (12,479)	$ 74,443,848
Business-type activities	58,991,105	(118,686)	58,872,419
Total Government-wide	$ 133,447,432	$ (131,165)	$ 133,316,267
Proprietary funds			
Water and sewer	$ 52,208,248	$ (3,231)	$ 52,205,017
Solid waste	3,122,098	(24,818)	3,097,280
Stormwater	3,431,452	(68,806)	3,362,646
Seaplane base	299,307	(21,831)	277,476
Total proprietary funds	$ 59,061,105	$ (118,686)	$ 58,942,419

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Capital outlay	$ 2,201,563
Depreciation expense	(3,598,565)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (1,397,002)

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

Principal repayment	$ 2,740,102
Net Adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 2,740,102

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

Compensated absences	$ (324,399)
Accrued interest payable (net change)	11,979
Other post employment benefits	(38,555)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (350,975)

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Appropriations in Excess of Funds Available
The Pavilion Fund, ARPA Fund, Grant Fund, Capital Projects Fund, and Greater Downtown TIF Fund contained appropriations in excess of revenues and available fund balance for the fiscal year ending September 30, 2025.

Deficit Fund Balances
The Capital Projects Fund, Grant Special Revenue Fund, and Pavilion Fund have deficit fund balances at September 30, 2025.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Expenditures and Transfers Out in Excess of Appropriations

Public safety expenditures exceeded appropriations in the General Fund and ARPA Grant Fund. Culture and recreation expenditures exceeded appropriations in the Grant Fund. General government expenditures and transfers out exceeded appropriations in the Capital Projects Fund

Budgetary Information

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

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

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

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

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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

Investments made by the City of Tavares as of September 30, 2025 are summarized below. In accordance with GASB Statement No. 31, investments are reported at fair value, except for the investment in the SBA, which is carried at amortized cost and approximates fair value.

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity
Florida prime	$ 4,783,087	AAAm	47 days
Certificates of deposit	2,214,944	Unrated	N/A
Total investments	$ 6,998,031		

Credit Risk

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

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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

		Fair Value Measurements Using		
Police Officers' Pension Plan	**9/30/2025**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by Fair Value Level				
Corporate bonds & other debt securities				
U.S. Government obligations	$ 385,924	$ 385,924	$ -	$ -
Corporate bonds	5,673,770	5,673,770	-	-
Foreign bonds notes & debentures	34,578	34,578	-	-
Mutual funds				
Equities				
Large growth	3,996,183	3,996,183	-	-
Large value	3,519,848	3,519,848	-	-
Mid cap blend	1,068,258	1,068,258	-	-
Small blend	1,192,045	1,192,045	-	-
International growth	2,351,634	2,351,634	-	-
Fixed Income				
Fidelity US Bond Index	403,828	403,828		
Convertible bond fund	490,058	490,058	-	-
Total	19,116,126	$ 19,116,126	$ -	$ -
Investments by Net Asset Value				
Common and collective funds				
Real estate	905,912			
Total	905,912			
Total investments	$ 20,022,038			

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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
Firefighters' Pension Plan	**9/30/2025**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by Fair Value Level				
Corporate bonds & other debt securities				
U.S. Government obligations	$ 317,379	$ 317,379	$ -	$ -
Corporate bonds	3,686,972	3,686,972	-	-
Foreign bonds notes & debentures	21,611	21,611		
Mutual funds				
Equities				
Large growth	2,912,357	2,912,357	-	-
Large value	2,593,908	2,593,908	-	-
Mid cap blend	875,203	875,203	-	-
Small blend	774,100	774,100	-	-
International growth	1,662,489	1,662,489	-	-
Fixed Income				
Fidelity US Bond Index	252,392	252,392		
Convertible bond fund	668,161	668,161	-	-
Total	13,764,572	$ 13,764,572	$ -	$ -
Investments by Net Asset Value				
Common and collective funds				
Real estate	581,564			
Total	581,564			
Total investments	$ 14,346,136			

NOTE 5 RECEIVABLES

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

	Accounts Receivable	**Allowance for Uncollectible**	**Receivables, net**
General	$ 590,099	$ (171,937)	$ 418,162
Capital projects	600,000	-	600,000
Pavilion	173,705	(558)	173,147
Nonmajor special revenue	273,249	(56,384)	216,865
Water & Sewer	2,015,668	(489,697)	1,525,971
Solid Waste	543,939	(67,391)	476,548
Stormwater	227,424	(38,428)	188,996
Seaplane base	58,621	(56,137)	2,484
Total	$ 4,482,705	$ (880,532)	$ 3,602,173

Based on the payment schedule for capital projects receivables, $540,000 of the amount reported in the Capital Projects Fund is not expected to be collected within the next year.

NOTE 6 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 8,744,365	$ -	$ (1,090,922)	$ 7,653,443
Construction in progress	22,731,599	1,151,437	(23,488,762)	394,274
Total capital assets not being depreciated	31,475,964	1,151,437	(24,579,684)	8,047,717
Capital assets, being depreciated:				
Buildings	32,328,714	21,069,048	-	53,397,762
Improvements/Infrastructure	41,956,861	2,077,196	(75,946)	43,958,111
Machinery and equipment	12,160,716	1,387,019	(149,490)	13,398,245
Software/licenses	837,373	5,625	(2,250)	840,748
Total capital assets being depreciated	87,283,664	24,538,888	(227,686)	111,594,866
Less accumulated depreciation for:				
Buildings	(6,357,246)	(897,496)	-	(7,254,742)
Improvements/Infrastructure	(12,604,735)	(1,699,603)	24,614	(14,279,724)
Machinery and equipment	(8,477,180)	(930,142)	137,402	(9,269,920)
Software/licenses	(554,248)	(71,324)	2,250	(623,322)
Total accumulated depreciation	(27,993,409)	(3,598,565)	164,266	(31,427,708)
Total capital assets being depreciated, net	59,290,255	20,940,323	(63,420)	80,167,158
Governmental activities assets, net	$ 90,766,219	$ 22,091,760	$ (24,643,104)	$ 88,214,875

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NOTE 6 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 533,788	$ -	$ -	$ 533,788
Construction in progress	5,673,005	3,606,382	(5,687,873)	3,591,514
Total capital assets not being depreciated	6,206,793	3,606,382	(5,687,873)	4,125,302
Capital assets being depreciated:				
Buildings & improvements	105,589,265	7,258,582	-	112,847,847
Machinery and equipment	10,852,350	1,286,002	(59,877)	12,078,475
Software/licenses	904,219	1,277	(4,132)	901,364
Total capital assets being depreciated	117,345,834	8,545,861	(64,009)	125,827,686
Less accumulated depreciation for:				
Buildings & improvements	(49,683,233)	(3,327,089)	-	(53,010,322)
Machinery and equipment	(8,712,561)	(617,039)	59,877	(9,269,723)
Software/licenses	(679,498)	(94,203)	4,132	(769,569)
Total accumulated depreciation	(59,075,292)	(4,038,331)	64,009	(63,049,614)
Total capital assets being depreciated, net	58,270,542	4,507,530	-	62,778,072
Business-type activities capital assets, net	$ 64,477,335	$ 8,113,912	$ (5,687,873)	$ 66,903,374

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	$ 314,289
Public safety	959,593
Physical environment	1,370,389
Economic Development	21,256
Culture and recreation	933,038
Total depreciation expense - governmental activities	$ 3,598,565
Business-Type Activities:	
Water & sewer	3,593,091
Solid waste	139,655
Stormwater	271,845
Seaplane base & marina	33,740
Total depreciation expense - business-type activities	$ 4,038,331

NOTE 7 LONG-TERM DEBT

Bonds Payable - Private Placement

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

	Interest Rates and Dates	Maturity	Original Amount	Balance September 30, 2025
Business-Type Activities				
Water and Sewer Revenue and Refunding Bonds, Series 2012A	2.69% (2/1 & 8/1)	8/1/2013 to 8/1/2030	$ 4,720,000	$ 1,545,000
Water and Sewer Revenue and Refunding Bonds, Series 2012B	2.69% (2/1 & 8/1)	8/1/2015 to 8/1/2030	$ 2,370,000	850,000
Water and Sewer Revenue Bonds, Series 2021	2.07% (4/1 & 10/1)	10/1/2022 to 10/1/2041	$ 3,600,000	3,150,000
				$ 5,545,000

	Maximum Annual Debt Service	Fiscal Year Principal & Interest Paid	Principal & Interest Remaining	Total Pledged Revenues
Business-Type Activities				
Water and Sewer Revenue and Refunding Bonds, Series 2012A	$ 336,560	$ 334,227	$ 1,671,700	$ 10,220,114
Water and Sewer Revenue and Refunding Bonds, Series 2012B	$ 184,842	$ 182,035	$ 919,942	$ 10,220,114
Water and Sewer Revenue Bonds, Series 2021	$ 221,977	$ 221,809	$ 3,736,434	$ 10,220,114

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NOTE 7 LONG-TERM DEBT (CONTINUED)

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

	Business -Type Activities	
Year ending September 30,	**Principal**	**Interest**
2026	$ 610,000	$ 128,026
2027	625,000	112,528
2028	645,000	96,655
2029	655,000	80,328
2030	675,000	63,678
2031-2035	905,000	195,668
2036-2040	1,000,000	97,292
2041-2045	430,000	8,901
	$ 5,545,000	$ 783,076

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

Financed Purchases

The City has entered into agreements for financing the acquisition of police and fire equipment. These agreements qualify as financed purchases for accounting purposes. For the fiscal year, principal and interest paid was $37,952.

Annual debt service requirements to maturity for financed purchases are as follows:

	Governmental Activities	
Year Ending September 30,	**Principal**	**Interest**
2026	$ 35,117	$ 2,834
2027	36,039	1,914
2028	36,984	969
	$ 108,140	$ 5,717

NOTE 7 LONG-TERM DEBT (CONTINUED)

Notes Payable - Direct Borrowing

Notes payable outstanding at year end are as follows:

	Interest Rates and Dates	Issue and Final Maturity Dates	Original Amount	Balance September 30, 2025
Governmental Activities				
Capital Improvement Revenue	3.99%	5/23/2008		
Note Series 2008	10/1 & 4/1	10/1/2027	$ 1,500,000	$ 216,000
Capital Improvement Revenue	2.82%	6/14/2012		
Refunding Note Series 2012	2/1 & 8/1	2/1/2028	$ 6,530,000	1,454,000
General Obligation	2.77%	6/18/2012		
Series 2012	1/1 & 7/1	7/1/2027	$ 3,300,000	523,000
Sales Tax Revenue Note	2.95%	8/5/2016		
Series 2016	10/1 & 4/1	10/1/2032	$ 11,250,000	6,035,000
Capital Improvement Revenue	2.15%	3/9/2016		
Notes Series 2016	5/1 & 11/1	11/1/2026	$ 1,525,000	305,000
Capital Improvement Revenue Refunding	2.51%	11/27/2017		
Note Series 2017	2/1 & 8/1	2/1/2032	$ 5,484,000	2,901,000
Capital Improvement Revenue	3.25%	10/19/2018		
Note Series 2018	5/1 & 11/1	11/1/2025	$ 837,000	66,000
Capital Improvement Revenue	1.48% - 1.79%	7/17/2020		
Note Series 2020	3/1 & 9/1	3/1/2030	$ 1,915,000	880,000
Capital Improvement Revenue	3.45%	8/5/2022		
Note Series 2022	1/1 & 7/1	7/1/2042	$ 4,550,000	4,061,000
Capital Improvement Revenue	3.53%	12/23/2022		
Note Series 2022A	1/1 & 7/1	12/1/2032	$ 976,000	764,000
Total				$ 17,205,000

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Notes payable outstanding at year end are as follows:

	Maximum Annual Debt Service	Fiscal Year Principal & Interest Paid	Principal & Interest Remaining	Total Pledged Revenues
Governmental Activities				
Capital Improvement Revenue Note Series 2008	$ 114,618	$ 114,688	$ 229,007	N/A
Capital Improvement Revenue Refunding Note Series 2012	$ 506,866	$ 512,554	$ 1,516,231	$ 2,537,714
General Obligation Series 2012	$ 272,487	$ 272,440	$ 544,828	$ 262,597
Sales Tax Revenue Note Series 2016	$ 967,141	$ 966,630	$ 6,767,778	$ 2,608,885
Capital Improvement Revenue Notes Series 2016	$ 156,666	$ 153,117	$ 311,611	N/A
Capital Improvement Revenue Refunding Note Series 2017	$ 452,964	$ 451,509	$ 3,163,132	$ 2,537,714
Capital Improvement Revenue Note Series 2018	$ 67,073	$ 135,330	$ 67,073	N/A
Capital Improvement Revenue Note Series 2020	$ 227,674	$ 228,334	$ 918,248	N/A
Capital Improvement Revenue Note Series 2022	$ 320,108	$ 320,108	$ 5,435,553	N/A
Capital Improvement Revenue Note Series 2022A	$ 117,532	$ 116,281	$ 875,943	N/A

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NOTE 7 LONG-TERM DEBT (CONTINUED)

	Interest Rates and Dates	Issue and Final Maturity Dates	Original Amount	Balance September 30, 2025
Business-Type Activities				
State Revolving Fund Loan	2.15%-3.07%	4/2/2002		
WW78905P	6/15 & 12/15	12/15/2035	$ 14,706,596	$ 6,057,357
State Revolving Fund Loan	2.82%	3/17/2009		
WW789060	4/15 & 10/15	4/15/2031	$ 850,852	451,862
State Revolving Fund Loan	2.82%	9/21/2009		
DW350301	5/15 & 11/15	11/15/2030	$ 370,412	111,841
State Revolving Fund Loan	2.37%	5/11/2011		
350910	3/15 & 9/15	3/15/2032	$ 2,571,438	1,121,556
State Revolving Fund Loan	2.15%	4/5/2013		
350920	4/15 & 10/15	3/15/2032	$ 2,957,044	1,512,840
State Revolving Fund Loan	1.62%-2.06%	6/28/2013		
350900	4/15 & 10/15	4/15/2035	$ 6,505,862	4,712,829
State Revolving Fund Loan	2.00%	6/28/2013		
350930	4/15 & 10/15	10/1/2034	$ 8,104,060	5,845,767
State Revolving Fund Loan	2.06%	3/31/2014		
350940	6/15 & 12/15	1/15/2037	$ 6,989,411	5,732,838
State Revolving Fund Loan	1.38%	4/14/2016		
350950	5/15 & 11/15	11/15/2037	$ 20,074	13,414
State Revolving Fund Loan	0.57%	11/6/2018		
350951	5/15 & 11/15	11/15/2040	$ 6,624,350	5,299,613
State Revolving Fund Loan	2.01%	11/6/2018		
350960	5/15 & 11/15	11/15/2029	$ 77,000	31,173
State Revolving Fund Loan	1.01%	1/7/2019		
350961	5/15 & 11/15	11/15/2040	$ 864,532	641,427
State Revolving Fund Loan	1.08%	7/15/2021		
350980	2/15 & 8/15	8/15/2034	$ 327,059	301,834
State Revolving Fund Loan	1.10%	12/2/2024		
350981	2/15 & 8/15	8/15/2028	$ 657,304	657,304
Special Assessment	2.63%	12/5/2014		
Note Series 2014	4/1 & 10/1	10/1/2024	$ 1,100,000	-
Total				$ 32,491,655

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NOTE 7 LONG-TERM DEBT (CONTINUED)

	Maximum Annual Debt Service	Fiscal Year Principal & Interest Paid	Principal & Interest Remaining	Total Pledged Revenues
Business-Type Activities				
State Revolving Fund Loan WW78905P	$ 678,854	$ 678,854	$ 6,788,540	$ 9,957,536
State Revolving Fund Loan WW789060	$ 57,457	$ 57,456	$ 517,106	$ 9,278,682
State Revolving Fund Loan DW350301	$ 24,167	$ 24,167	$ 120,707	$ 9,221,226
State Revolving Fund Loan 350910	$ 164,943	$ 164,942	$ 1,230,172	$ 9,197,059
State Revolving Fund Loan 350920	$ 188,632	$ 188,631	$ 1,697,680	$ 9,032,117
State Revolving Fund Loan 350900	$ 278,153	$ 278,154	$ 5,563,060	$ 8,843,486
State Revolving Fund Loan 350930	$ 364,702	$ 364,702	$ 7,111,689	$ 8,565,332
State Revolving Fund Loan 350940	$ 247,128	$ 247,128	$ 5,931,064	$ 8,200,630
State Revolving Fund Loan 350950	$ 1,173	$ 1,172	$ 14,652	$ 7,953,502
State Revolving Fund Loan 350951	$ 318,615	$ 318,515	$ 5,575,762	$ 7,952,330
State Revolving Fund Loan 350960	$ 8,150	$ 8,150	$ 32,599	$ 7,633,815
State Revolving Fund Loan 350961	$ 40,131	$ 40,131	$ 701,305	$ 7,625,665
State Revolving Fund Loan 350980	$ 35,286	$ 28,707	$ 317,556	$ 7,585,534
State Revolving Fund Loan 350981	$ 390,909	$ -	$ 674,763	$ 7,556,827
Special Assessment Note Series 2014	$ -	$ 126,644	$ -	$ 10,166,524

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Revenues pledged as security for notes payable are as follows:

	Pledged Revenues
Governmental Activities	
Capital Improvement Revenue Note Series 2008	Budget and appropriate from legally available non ad valorem revenues
Capital Improvement Revenue Refunding Note Series 2012	Public Service Tax revenues
General Obligation Series 2012	Full faith and credit of the City's ad valorem taxing power
Sales Tax Revenue Note Series 2016	Infrastructure Sales Tax revenues
Capital Improvement Revenue Notes Series 2016	Budget and appropriate from legally available non ad valorem revenues
Capital Improvement Revenue Refunding Note Series 2017	Public Service Tax revenues, on parity with the CIRRN, Series 2012
Capital Improvement Revenue Notes Series 2018	Budget and appropriate from legally available non ad valorem revenues
Capital Improvement Revenue Notes Series 2020	Budget and appropriate from legally available non ad valorem revenues
Capital Improvement Revenue Notes Series 2022	Budget and appropriate from legally available non ad valorem revenues
Business-Type Activities	
State Revolving Fund Loan Agreements	Gross revenues of the water and sewer utility after payment of operation and maintenance costs and senior debt obligations
Special Assessment Note Series 2014	Special assessments of the benefiting properties and net revenues of the water and sewer utility

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

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

NOTE 7 LONG-TERM DEBT (CONTINUED)

Debt service requirements for general obligation notes payable at September 30, 2025 are as follows:

Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest
2026	$ 258,000	$ 14,487
2027	265,000	7,341
	$ 523,000	$ 21,828

Debt service requirements for direct borrowing notes payable at September 30, 2025 are as follows:

Year Ending	Governmental Activities		Business Type Activities	
September 30,	Principal	Interest	Principal	Interest
2026	$ 2,449,000	$ 475,976	$ 1,945,614	$ 461,769
2027	2,436,000	407,724	2,247,573	443,667
2028	2,210,000	340,700	2,400,103	398,190
2029	1,764,000	285,359	2,046,150	361,234
2030	1,716,000	235,580	2,072,765	326,345
2031-2035	4,148,000	577,716	10,071,908	1,102,816
2036-2040	1,351,000	247,884	5,732,799	513,777
2041-2045	608,000	31,637	4,992,754	170,687
2046-2050	-	-	981,989	6,515
	$ 16,682,000	$ 2,602,576	$ 32,491,655	$ 3,785,000

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:
Long-term liability activity for the year ended September 30, 2025 was as follows:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Financed purchases	$ 144,242	$ -	$ (36,102)	$ 108,140	$ 35,117
Notes payable - direct borrowing:					
Capital improvement 2008	318,000	-	(102,000)	216,000	106,000
Capital improvement 2012	1,919,000	-	(465,000)	1,454,000	471,000
General obligation 2012	774,000	-	(251,000)	523,000	258,000
Sales tax 2016	6,801,000	-	(766,000)	6,035,000	789,000
Capital improvement 2016	450,000	-	(145,000)	305,000	150,000
Capital improvement 2017	3,275,000	-	(374,000)	2,901,000	384,000
Capital improvement 2018	196,000	-	(130,000)	66,000	66,000
Capital improvement 2020	1,090,000	-	(210,000)	880,000	213,000
Capital improvement 2022	4,235,000	-	(174,000)	4,061,000	179,000
Capital improvement 2022A	851,000	-	(87,000)	764,000	91,000
Total notes payable	19,909,000	-	(2,704,000)	17,205,000	2,707,000
Net pension liability	11,461,234	-	(593,173)	10,868,061	-
Net OPEB liability	349,978	136,335	-	486,313	-
Compensated absences *	1,571,776	324,399	-	1,896,175	379,235
Governmental activity long-term liabilities	$ 33,436,230	$ 460,734	$ (3,333,275)	$ 30,563,689	$ 3,121,352
Business-type Activities:					
Revenue bonds - private placemer	$ 6,140,000	$ -	$ (595,000)	$ 5,545,000	$ 610,000
Notes payable - direct borrowing:					
State revolving fund loans	33,414,199	984,363	(1,906,907)	32,491,655	1,945,614
Special assessment note	125,000	-	(125,000)	-	-
Total notes payable	33,539,199	984,363	(2,031,907)	32,491,655	1,945,614
Net pension liability	3,018,894	-	(478,298)	2,540,596	-
Net OPEB liability	146,797	37,019	-	183,816	-
Compensated absences *	722,352	75,712	-	798,064	159,613
Business-type activity long-term liabilities	$ 43,567,242	$ 1,097,094	$ (3,105,205)	$ 41,559,131	$ 2,715,227

*The change in compensated absences above is a net changes for the year.

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

NOTE 8 CONDUIT DEBT

The City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. In addition, no commitments beyond collateral and payments from the private sector entity of the conduit debt obligation were extended by the City for any of these bonds. The City is not obligated in any manner for repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2025 there was an aggregate principal amount of $1,000,000,000 authorized to be issued; however, no bonds have been issued.

The City of Tavares approved the issuance of Industrial Development Bonds to provide financial assistance to the private-sector entity, Lifestream Behavioral Center, Inc., in an amount not to exceed $7,000,000 for the purpose of financing the acquisition and construction of a residential treatment facility deemed to be in the public interest. No amount is outstanding at September 30, 2025. The City is not obligated in any manner for the repayment of the bonds.

NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of due to/from other funds at September 30, 2025 is as follows:

	Receivable Fund			
	General Fund	Water and Sewer Fund	Solid Waste	Total
Payable Fund:				
General fund	$ -	$ -	$ 18,000	$ 18,000
Capital projects fund	-	1,413,862	-	1,413,862
Pavilion fund	283,566	2,135,972	-	2,419,538
Infrastructure surtax fund	240,883	-	-	240,883
Grant fund	3,260,657	528,002	-	3,788,659
Nonmajor governmental funds	-	450,000	-	450,000
Total	$ 3,785,106	$ 4,527,836	$ 18,000	$ 8,330,942

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

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

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

NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

As with all loans a plan for repayment is a needed component. The City has planned for inclusion of repayments for interfund loans in its annual budgetary process to ensure the repayment of principal and interest on an ongoing basis. It is the goal of the City to increase payment amounts each year in order to achieve repayment in a reasonable period. Payments to the Utility Fund for the internal loans were deferred in fiscal years 2017 and 2018 due to the effects of Hurricane IRMA. Loan payments to the Utility Fund for interest on the loans resumed in fiscal year 2022. The City closed on the sale of the Tavares Square Property in the downtown for redevelopment initiatives in November 2025; proceeds from the sale will be used to pay down the Utility Fund loan. Interfund balances between funds are generally experienced as a result of grant expenditures or project expenditures funded with State Revolving Loan Funds (SRF) as collections are reimbursement in nature. These items will be closed when grant or SRF loan receipts are received. The City will ensure that all grants and SRF reimbursements are requested timely.

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

	Transfer out						
	General Fund	Capital Projects Fund	Water and Sewer Fund	Solid Waste Fund	Stormwate r Fund	Nonmajor Governmental Funds	Total
Transfer In:							
General fund	$ -	$ -	$ 2,412,336	$ 1,314,400	$ 491,511	$ 2,022,563	$6,240,810
Pavilion fund	436,504	-	-	-	-	-	436,504
Infrastructure surtax fund	-	-	-	160,054	-	-	160,054
Water and sewer fund	-	-	-	-	247,129	-	247,129
Stormwater fund	476,509	-	-	-	-	-	476,509
Seaplane base	275,256	485,000	-	-	-	280,290	1,040,546
Nonmajor governmental funds	913,647	-	-	-	-	-	913,647
Total	$ 2,101,916	$ 485,000	$ 2,412,336	$ 1,474,454	$ 738,640	$ 2,302,853	$9,515,199

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

NOTE 10 RETIREMENT PLANS

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

Defined Benefit Plans

Funding Policy

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

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

Basis of Accounting

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

Method Used to Value Investments

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

	Pension Trust Funds		
	Police Officers	Firefighters	Total Pension Funds
Assets:			
Cash and cash equivalents	$ 325,260	$ 236,618	$ 561,878
Investments, at fair value:			
Corporate bonds & other debt securities	6,094,272	4,027,962	10,122,234
Mutual funds - equity	12,127,968	8,818,057	20,946,025
Mutual funds - fixed income	893,886	920,553	1,814,439
Common and collective funds	905,912	581,564	1,487,476
Total investments	20,022,038	14,348,136	34,370,174
Total assets	20,347,298	14,584,754	34,932,052
Net Position:			
Net position restricted for pensions	$ 20,347,298	$ 14,584,754	$ 34,932,052

	Pension Trust Funds		
	Police Officers	Firefighters	Total Pension Funds
Additions:			
Contributions:			
Employer	$ 894,397	$ 494,488	$ 1,388,885
Plan members	178,245	32,976	211,221
State	259,007	163,223	422,230
Total contributions	1,331,649	690,687	2,022,336
Investment earnings:			
Net increase (decrease) in fair value of investments	997,314	805,692	1,803,006
Interest	641,805	447,050	1,088,855
Less: investment expense	(41,398)	(32,360)	(73,758)
Net investment earnings (loss)	1,597,721	1,220,382	2,818,103
Total additions	2,929,370	1,911,069	4,840,439
Deductions:			
Benefits/distributions	901,846	379,823	1,281,669
Administrative expenses	63,921	53,974	117,895
Total deductions	965,767	433,797	1,399,564
Change in net position	1,963,603	1,477,272	3,440,875
Net position, beginning	18,383,695	13,107,482	31,491,177
Net position, ending	$ 20,347,298	$ 14,584,754	$ 34,932,052

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

1. Police Officers' Pension Plan

Plan Description

The Police Officers' Pension Plan is a single employer defined benefit plan that covers certain police officers of the City of Tavares. All full-time sworn police officers employed before April 1, 2018 are eligible to participate in the plan upon employment. The plan is closed to new hires. The plan's board of trustees is comprised of two legal residents appointed by the City Commission, two plan members as elected by other covered members, and one member elected by the previous four trustees and appointed by the City Commission. As of September 30, 2025 active plan membership was 14, with 20 inactive plan members or beneficiaries receiving benefits and 4 inactive plan members entitled to but not yet receiving benefits.

Benefits Provided

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

Normal Retirement

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

Early Retirement

Eligibility: Age 50 and 10 years of Credited Service.

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

Vesting (Termination)

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

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

Disability

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

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

Pre-Retirement Death Benefits

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

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

Cost-of-Living Adjustment

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

Contributions

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

Rate of Return
For the year ended September 30, 2025, the annual money-weighted rate of return on plan investments, net of investment expense, was 8.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program
Members are eligible for the program after satisfaction of normal retirement requirements stated above. Participation is not to exceed 60 months. The rate of return is at the member's election and is a) the actual rate of investment return, net of expenses, or b) 6.0% fixed interest. The DROP balance at September 30, 2025 is $10,967.

Net Pension Liability of the Sponsor
The components of the net pension liability of the sponsor on September 30, 2025 were as follows:

Total Pension Liability	$ 22,622,231
Plan Fiduciary Net Position*	(20,349,176)
Sponsor's Net Pension Liability	$ 2,273,055
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.95%

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

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of October 1, 2024 updated to September 30, 2025 using the following assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	6.75%
Investment Rate of Return	6.75%

Mortality Rates
The Plan uses the following mortality tables:

Healthy Active Lives
Female: PubS-2010 for Employees
Male: PubS-2010 for Employees, set forward one year

Healthy Retiree Lives
Female: PubS.S-2010 for Healthy Retirees
Male: PubS.S-2010 for Healthy Retirees, set forward one year

Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees
Male: PubG.H-2010 for Healthy Retirees, set back one year

Disabled Lives
Female: PubG.H-2010 for Disabled Retirees, set forward one year
Male: PubG.H-2010 for Disabled Retirees

NOTE 10 RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35%	7.8%
International Equity	15%	3.8%
Bonds	35%	1.8%
Convertibles	10%	6.3%
Private Real Estate	5%	5.4%

Discount Rate

The discount rate used to measure the total pension liability was 6.75% percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Sponsor's Net Pension Liability (Asset)	$ 5,502,786	$ 2,273,055	$ (354,572)

NOTE 10 RETIREMENT PLANS (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at September 30, 2024	$ 20,565,071	$ (18,400,699)	$ 2,164,372
Changes for a Year:			
Service cost	429,670	-	429,670
Interest	1,417,523	-	1,417,523
Share plan allocation	90,900	-	90,900
Difference between expected and actual experience	78,438	-	78,438
Changes of assumptions	942,475	-	942,475
Contributions - employer	-	(887,955)	(887,955)
Contributions - state	-	(259,007)	(259,007)
Contributions - employee	-	(179,019)	(179,019)
Net investment income	-	(1,589,906)	(1,589,906)
Benefit payments and refunds	(901,846)	901,846	-
Administrative expense	-	65,564	65,564
Balances at September 30, 2025	$ 22,622,231	$ (20,349,176)	$ 2,273,055

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

For the year ended September 30, 2025, the City recognized pension expense of $949,797. On September 30, 2025, the City reported deferred outflows and inflows of resources related to the POPP from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings on pension plan investments	$ -	$ 834,639
Differences between expected and actual experience	313,849	229,057
Changes of assumptions	1,246,527	-
Balance, September 30, 2025	$ 1,560,376	$ 1,063,696

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

Year Ended September 30,	
2026	$ 785,836
2027	(57,641)
2028	(227,635)
2029	(3,880)
2030	-
Thereafter	-
	$ 496,680

2. Firefighters' Pension Plan

Plan Description

The Firefighters' Pension Plan is a single employer defined benefit plan that covers all firefighters of the City of Tavares. All full-time firefighters hired before February 7, 2019 are eligible to participate in the plan upon employment. The plan is closed to new hires. The plan's board of trustees is comprised of two legal residents appointed by the City Commission, two plan members as elected by other covered members, and one member elected by the previous four trustees and appointed by the City Commission. As of September 30, 2025 active plan membership was 16, with 4 inactive plan members entitled to but not receiving benefits and 12 inactive plan members or beneficiaries receiving benefits.

Benefits Provided

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

Normal Retirement

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

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

Early Retirement

Eligibility: Age 50 and 10 years of Credited Service.

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

Vesting (Termination)

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

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

Disability

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

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

Pre-Retirement Death Benefits

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

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

Contributions

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

Concentrations

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

Rate of Return

For the year ended September 30, 2025, the annual money-weighted rate of return on plan investments, net of investment expense, was 9.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Members are eligible for the program after satisfaction of normal retirement requirements stated above. Participation is not to exceed 60 months. The rate of return is at the member's election and is a) the actual rate of investment return, net of expenses, or b) 6.0% fixed interest. The DROP balance at September 30, 2025 is $160,150.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2025 were as follows:

Total Pension Liability	$ 14,244,402
Plan Fiduciary Net Position*	(14,550,335)
Sponsor's Net Pension Asset	$ (305,933)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.15%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2024 updated to September 30, 2025 using the following assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	6.90%
Investment Rate of Return	6.90%

NOTE 10 RETIREMENT PLANS (CONTINUED)

Mortality Rates
The Plan uses the following mortality tables:
Healthy Active Lives
Female: PubS-2010 for Employees
Male: PubS-2010 for Employees, set forward one year
Healthy Retiree Lives
Female: PubS.S-2010 for Healthy Retirees
Male: PubS.S-2010 for Healthy Retirees, set forward one year
Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees
Male: PubG.H-2010 for Healthy Retirees, set back one year
Disabled Lives
Female: PubG.H-2010 for Disabled Retirees, set forward one year
Male: PubG.H-2010 for Disabled Retirees

The most recent actuarial experience study used to review the other significant assumptions was dated December 17, 2025.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35%	7.8%
International Equity	15%	3.8%
Bonds	35%	1.8%
Convertibles	10%	6.3%
Private Real Estate	5%	5.4%

Discount Rate
The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Sponsor's Net Pension Liability (Asset)	$ 1,559,523	$ (305,933)	$ (1,862,255)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at September 30, 2024	$ 13,017,123	$ (13,082,936)	$ (65,813)
Changes for a Year:			
Service cost	333,282	-	333,282
Interest	921,235	-	921,235
Share plan allocation	40,448	-	40,448
Difference between expected and actual experience	(54,538)	-	(54,538)
Changes of assumptions	366,675	-	366,675
Contributions - employer	-	(494,488)	(494,488)
Contributions - state	-	(163,223)	(163,223)
Contributions - employee	-	(32,976)	(32,976)
Net investment income	-	(1,215,135)	(1,215,135)
Benefit payments and refunds	(379,823)	379,823	-
Administrative expense	-	58,600	58,600
Balances at September 30, 2025	$ 14,244,402	$ (14,550,335)	$ (305,933)

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

For the year ended September 30, 2025, the City recognized pension expense of $335,183. On September 30, 2025, the City reported deferred outflows and inflows of resources related to the FPP from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings on pension plan investments	$ -	$ 717,022
Differences between expected and actual experience	449,086	458,925
Changes of assumptions	464,171	55,491
Balance, September 30, 2025	$ 913,257	$ 1,231,438

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

Year Ended September 30,		
2026	$	202,613
2027		(341,065)
2028		(337,791)
2029		33,413
2030		124,649
Thereafter		-
	$	(318,181)

Defined Contribution Plans

1. General Employees' Pension Plan

Plan Description

The City of Tavares General Employees' Pension Plan is a single employer defined contribution pension plan established by the City of Tavares to provide benefits at retirement to general employees at the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At September 30, 2025, there were four plan members. The City is required to contribute 6 percent of annual covered payroll of plan member covered payroll to the plan. The City has begun the process of amending the plan to reclassify two of the four active plan members as senior management to better mirror FRS benefits. The amendment will increase employer contributions for these two members from 6% to 8.5%. The City began making increased contributions for the reclassified employees in fiscal year 2023. Participants may contribute to the Plan. Plan provisions and contribution requirements are established and may be amended by the City of Tavares City Council. New employees are not eligible to participate in this plan. All newly hired general employees are automatically enrolled in the Florida Retirement System (FRS).

City of Tavares employer contributions for the General Employees' Pension Plan for the current year were $34,275. There were no forfeitures applied to the City's contributions during the year ended September 30, 2025.

2. General Employees Non FRS Eligible Plan

Plan Description

The City of Tavares General Employees' Non FRS Eligible Pension Plan is a single employer defined contribution pension plan established by the City of Tavares to provide benefits at retirement to general employees at the City. At September 30, 2025, there were no active plan members. Only employees that are not otherwise eligible to participate in the FRS Plan are eligible. The City is required to contribute a percentage of annual covered payroll equal to FRS statutory rates (14.03% at September 30, 2025). Participants are required to contribute 3% of covered salary. Plan provisions and contribution requirements are established and may be amended by the City of Tavares City Council.

City of Tavares employer contributions for the General Employees' Non FRS Eligible Pension Plan for the current year were $0.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Florida Retirement System

Plan Description

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

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

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

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

Funding Policy:

The FRS has ten (10) classes of membership. Only five (5) classes are applicable to the City's eligible employees. These classes, with descriptions and contribution rates in effect during the period ended September 30, 2025 are as follows:

Regular Class - Members not qualifying for other classes (17.03% [includes 3% employee contribution] from July 1, 2025 through September 30, 2025 and 16.63% [includes 3% employee contribution] from October 1, 2024 through June 30, 2025).

Special Risk Class - (38.19% [includes 3% employee contribution] from July 1, 2025 through September 30, 2025 and 35.79% [includes 3% employee contribution] from October 1, 2024 through June 30, 2025).

Special Risk Administrative Support Class - 42.48% [includes 3% employee contribution] from July 1, 2025 through September 30, 2025 and 42.82% [includes 3% employee contribution] from October 1, 2024 through June 30, 2025).

Deferred Retirement Option Program (DROP) – 22.02% [DROP participants are not required to contribute] from July 1, 2025 through September 30, 2025 and 21.13% from October 1, 2024 through June 30, 2025.

Senior Management – 36.24% [includes 3% employee contribution] from July 1, 2025 through September 30, 2025 and 37.52% [includes 3% employee contribution] from October 1, 2024 through June 30, 2025.

NOTE 10 RETIREMENT PLANS (CONTINUED)

These employer contribution rates include 2.00% HIS Plan subsidy for October 1, 2024 through June 30, 2025 and 2.00% from July 1, 2025 through September 30, 2025, respectively.

1. Pension Plan (FRS)

Plan Description

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

Benefits Provided

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%.

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

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

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

The City's contributions, including employee contributions, to the Pension Plan totaled $1,651,540 for the fiscal year ended September 30, 2025.

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

At September 30, 2025, the City reported a liability of $8,149,952 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's proportionate share of the net pension liability was based on the City's 2025 fiscal year contributions relative to the 2024 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was 0.02626%, which was an increase of 0.00279% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the City recognized pension expense of $1,384,473. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 870,501	$ -
Change of assumptions	946,421	-
Net difference between projected and actual earnings on pension plan investments	-	1,360,717
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	1,442,088	66,633
Pension plan contributions subsequent to the measurement date	466,618	-
Balance, September 30, 2025	$ 3,725,628	$ 1,427,350

The deferred outflows of resources related to the Pension Plan, totaling $466,618 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30,	
2026	$ 1,766,633
2027	156,334
2028	9,693
2029	(101,000)
2030	-
Thereafter	-
	$ 1,831,660

NOTE 10 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions
The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

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

Mortality rates were based on the PUB2010 base tables, projected generationally with Scale MP 2021.

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

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash Equivalents	1.00%	3.20%	3.20%	1.10%
Fixed Income	29.00%	5.50%	5.40%	4.00%
Global Equity	45.00%	8.50%	6.90%	18.30%
Real Estate	12.00%	8.40%	7.10%	16.80%
Private Equity	11.00%	12.40%	8.80%	28.40%
Strategic Investments	2.00%	6.50%	6.10%	8.70%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.50%

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

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

	Discount Rate Minus 1% 5.70%	Current Discount Rate 6.70%	Discount Rate Plus 1% 7.70%
City's Proportionate Share of Net Pension Liability (FRS)	$ 15,994,156	$ 8,149,952	$ 1,573,486

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

Payables to the Pension Plan
At September 30, 2025, the City reported no amounts payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

2. *HIS Plan*

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

Benefits Provided
For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions
The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution for the period October 1, 2024 through June 30, 2025 was 2% and from July 1, 2025 through September 30, 2025 was 2%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled $215,531 for the fiscal year ended September 30, 2025.

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

At September 30, 2025, the City reported a liability of $2,985,650 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's proportionate share of the net pension liability was based on the City's 2025 fiscal year contributions relative to the 2025 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was 0.02329%, which was an increase of 0.00171% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the City recognized pension expense of $186,766. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,822	$ 4,736
Change of assumptions	26,426	722,152
Net difference between projected and actual earnings on pension plan investments	-	2,485
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	471,265	30,550
Pension plan contributions subsequent to the measurement date	58,659	-
Balance, September 30, 2025	$ 574,172	$ 759,923

The deferred outflows of resources related to the HIS Plan, totaling $58,659 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ended September 30,	
2026	$ (28,625)
2027	(88,382)
2028	(65,361)
2029	(33,701)
2030	(28,341)
Thereafter	-
	$ (244,410)

NOTE 10 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions
The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.50%, average, including inflation
Municipal Bond Rate	3.93% net of pension plan investment expense

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

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

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

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

	Discount Rate Minus 1% 2.93%	Current Discount Rate 3.93%	Discount Rate Plus 1% 4.93%
City's Proportionate Share of Net Pension Liability (FRS)	$ 3,366,801	$ 2,985,650	$ 2,665,985

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

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

NOTE 10 RETIREMENT PLANS (CONTINUED)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2025 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.30%, Special Risk Administrative Support class 12.95%, Special Risk class 19.00%, and Senior Management Service class 12.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The pension expense for the City's Investment Plan for the fiscal year ended September 30, 2025 was $392,085.

NOTE 10 RETIREMENT PLANS (CONTINUED)

Aggregate Amounts of All Pension Plans

The aggregate amounts for all of the City's defined benefit pension plans at September 30, 2025 are as follows:

	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Pension Expense
Police Officers' Pension Plan	$ (2,273,055)	$ (1,063,696)	$ 1,560,376	$ 949,797
Firefighters' Pension Plan	305,933	(1,231,438)	913,257	335,183
FRS Pension Plan	(8,149,953)	(1,427,350)	3,725,628	1,384,473
HIS Pension Plan	(2,985,650)	(759,923)	574,172	186,766
	$ (13,102,725)	$ (4,482,407)	$ 6,773,433	$ 2,856,219

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

Retirement Eligibility

General Employees

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

Firefighters

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

Police Officers

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

Benefits Provided

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

Retiree Contributions

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

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms
At October 1, 2024 (the valuation date), the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	8
Inactive Employees Entitled to but Not Yet Receiving Benefits	-
Active Employees	180
	188

Total OPEB Liability

The City's total OPEB liability of $670,129 as of September 30, 2025 for the City's fiscal year and reporting period of October 1, 2024 to September 30, 2025. The values shown for this fiscal year and reporting period are based on a valuation date of October 1, 2024 and the corresponding measurement period of October 1, 2024 to September 30, 2025. The measurement of the total OPEB liability is based on a valuation date of October 1, 2024. There are no assets accumulated in a trust to pay related benefits.

Total OPEB Liability	$	670,129
Plan Fiduciary Net Position		-
Sponsor's Net OPEB Liability	$	670,129
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		0.00%

Actuarial Assumptions and Other Inputs
The total OPEB liability in the October 1, 2024 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	4.90% (Bond Buyer's 20-Bond GO Index as of September 30, 2025)
Salary Scale	General Employees: 2.50%, Firefighters: 3.00%, Police Officers: 6.00%
Health Care Cost Trend Rates	2024: 4.5% Ultimate: 4.5%. Includes 2.5% inflation assumption.
Mortality	Group Annuity 1983 Mortality Table. Mortality improvements have not been considered as studies do not indicate significant improvements in mortality rates for the Southeast US.
Actuarial Cost Method	Entry Age Actuarial Cost Method

Changes in Total OPEB Liability

		OPEB Liability
Balances at September 30, 2024	$	496,775
Changes for the year:		
Service cost		30,170
Interest		29,555
Differences between expected and actual experience		169,510
Benefit payments		(55,881)
Net Changes		173,354
Balances at September 30, 2025	$	670,129

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

	1% Decrease 3.90%	Current Discount Rate 4.90%	1% Increase 5.90%
Plan Sponsor's Net OPEB Liability	$ 741,385	$ 670,129	$ 608,705

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 one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.50%	Current Trend Rate 4.50%	1% Increase 5.50%
Plan Sponsor's Net OPEB Liability	$ 604,062	$ 670,129	$ 747,319

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB
For the year ended September 30, 2025, the City recognized OPEB expense of $91,574. On September 30, 2025, the City reported deferred outflows and inflows of resources related to the OPEB plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 199,183	$ 161,540
Balance, September 30, 2025	$ 199,183	$ 161,540

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

Year Ended September 30,	
2026	$ 14,589
2027	4,115
2028	(10,949)
2029	984
2030	2,641
Thereafter	26,263
	$ 37,643

NOTE 12 RISK MANAGEMENT

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

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

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2025. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

Grants

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 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.

NOTE 14 FUND BALANCE

At September 30, 2025, the City's governmental fund balances were as follows:

Fund Balances	General	Capital Projects Fund	Pavilion Fund	Infrastructure Surtax Fund	Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable							
Inventory/prepaids	$ 9,284	$ -	$ -	$ -	$ -	$ -	$ 9,284
Advances to other funds	283,566	-	-	-	-	-	283,566
Non-expendable trust	-	-	-	-	-	29,295	29,295
Spendable							
Restricted for:							
Public safety	-	-	-	-	-	1,246,351	1,246,351
Capital projects	-	-	-	2,559,470	-	-	2,559,470
Culture recreation	-	-	-	-	-	360,287	360,287
Community Redevelopment	-	-	-	-	-	56,981	56,981
Debt Service	-	-	-	-	-	453,253	453,253
Assigned for:							
Subsequent expenditure	518,834	-	-	-	-	-	518,834
Unassigned	14,263,025	(604,367)	(2,331,909)	-	(59,986)	-	11,266,763
Total fund balances	$ 15,074,709	$ (604,367)	$ (2,331,909)	$ 2,559,470	$ (59,986)	$ 2,146,167	$ 16,784,084

REQUIRED SUPPLEMENTARY INFORMATION

City of Tavares, Florida
Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
September 30, 2025

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability									
Service cost	$ 30,170	$ 20,236	$ 20,409	$ 26,231	$ 25,527	$ 23,881	$ 15,751	$ 17,550	$ 17,684
Interest	29,555	20,864	27,730	17,886	16,497	16,354	20,653	17,590	12,707
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	169,510	(162,793)	9,239	(107,177)	95,706	81,962	93,152	112,950	(21,323)
Changes of assumptions	-	-	-	-	-	-	-	-	-
Benefit Payments, including refunds of employee contributions	(55,881)	(45,805)	(48,173)	(22,813)	(25,742)	(62,557)	(42,859)	(39,099)	(33,028)
Net change in total OPEB liability	173,354	(167,498)	9,205	(85,873)	111,988	59,640	86,697	108,991	(23,960)
Total OPEB liability, beginning	496,775	664,273	655,068	740,941	628,953	569,313	482,616	373,625	397,585
Total OPEB liability, ending (a)	$ 670,129	$ 496,775	$ 664,273	$ 655,068	$ 740,941	$ 628,953	$ 569,313	$ 482,616	$ 373,625
Plan Fiduciary Net Position									
Contributions, employer	-	-	-	-	-	-	-	-	-
Contributions, employee	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-	-	-	-	-
Plan fiduciary net position, ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net OPEB liability, ending (a) - (b)	$ 670,129	$ 496,775	$ 664,273	$ 655,068	$ 740,941	$ 628,953	$ 569,313	$ 482,616	$ 373,625
Plan fiduciary net position as a percentage of total OPEB liabilit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$14,715,000	$13,207,079	$13,779,886	$12,152,598	$11,017,583	$10,694,152	$10,222,449	$9,501,221	$9,428,806
Net OPEB liability as a percentage of covered payroll	4.55%	3.76%	4.82%	5.39%	6.73%	5.88%	5.57%	5.08%	3.96%

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

*Data before 2017 is not available

City of Tavares, Florida

Required Supplementary Information

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

September 30, 2025

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total Pension Liability										
Service Cost	$ 429,670	$ 403,182	$ 448,516	$ 397,997	$ 371,716	$ 390,961	$ 394,130	$ 424,046	$ 416,167	$ 373,508
Interest	1,417,523	1,377,352	1,307,970	1,265,442	1,228,910	1,184,110	1,114,383	1,068,463	989,676	940,412
Change in Excess State Money	-	-	-	-	-	-	-	(8,386)	-	8,058
Share plan allocation	90,900	68,858	48,528	36,649	33,921	26,132	25,145	25,403	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	(407)	-
Differences Between Expected and Actual Experience	78,438	(316,478)	403,878	(53,511)	(143,518)	71,559	(55,028)	57,069	202,980	(203,397)
Contributions - Buy Back	-	-	-	-	-	-	-	-	38,906	15,079
Changes of Assumptions	942,475	380,602	-	-	1,096,986	127,389	-	36,863	-	67,314
Benefit Payments, including refunds of employee contributions	(901,846)	(1,243,429)	(1,101,366)	(1,077,729)	(766,323)	(582,221)	(569,302)	(547,845)	(793,713)	(445,008)
Net Change in Total Pension Liability	2,057,160	670,087	1,107,526	568,848	1,821,692	1,217,930	909,328	1,055,613	853,609	755,966
Total Pension Liability - beginning	20,565,071	19,894,984	18,787,458	18,218,610	16,396,918	15,178,988	14,269,660	13,214,047	12,360,438	11,604,472
Total Pension Liability - ending (a)	$ 22,622,231	$ 20,565,071	$ 19,894,984	$ 18,787,458	$ 18,218,610	$ 16,396,918	$ 15,178,988	$ 14,269,660	$ 13,214,047	$ 12,360,438
Plan Fiduciary Net Position										
Contributions - employer	887,955	565,733	537,993	476,113	395,741	396,502	355,182	288,020	356,463	280,634
Contributions - state	259,007	214,922	174,263	150,505	145,048	129,470	127,496	202,917	-	91,349
Contributions - employee	179,019	153,174	146,869	157,207	147,810	154,814	166,062	186,334	199,142	198,795
Contributions - buy back	-	-	-	-	-	-	-	-	38,906	15,079
Net Investment Income	1,589,906	3,417,916	1,046,272	(2,959,664)	3,012,921	1,561,847	549,419	844,670	1,186,825	982,121
Benefit Payments, Including Refunds of Employee Contributions	(901,846)	(1,243,429)	(1,101,366)	(1,077,729)	(766,323)	(582,221)	(569,302)	(547,845)	(793,713)	(445,008)
Administrative Expense	(65,564)	(45,304)	(51,972)	(42,177)	(42,837)	(41,534)	(50,581)	(51,081)	(42,879)	(33,495)
Net Change in Plan Fiduciary Net Position	1,948,477	3,063,012	752,059	(3,295,745)	2,892,360	1,618,878	578,276	923,015	944,744	1,089,475
Plan Fiduciary Net Position - beginning	18,400,699	15,337,687	14,585,628	17,881,373	14,989,013	13,370,135	12,791,859	11,868,844	10,924,100	9,834,625
Plan Fiduciary Net Position - ending (b)	$ 20,349,176	$ 18,400,699	$ 15,337,687	$ 14,585,628	$ 17,881,373	$ 14,989,013	$ 13,370,135	$ 12,791,859	$ 11,868,844	$ 10,924,100
Net Pension Liability - ending (a) - (b)	$ 2,273,055	$ 2,164,372	$ 4,557,297	$ 4,201,830	$ 337,237	$ 1,407,905	$ 1,808,853	$ 1,477,801	$ 1,345,203	$ 1,436,338
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.95%	89.48%	77.09%	77.63%	98.15%	91.41%	88.08%	89.64%	89.82%	88.38%
Covered Payroll	$ 1,578,418	$ 1,353,913	$ 1,299,995	$ 1,389,086	$ 1,308,055	$ 1,368,824	$ 1,463,385	$ 1,661,148	$ 1,612,728	$ 1,549,670
Net Pension Liability as a Percentage of Covered Payro	144.01%	159.86%	350.56%	302.49%	25.78%	102.86%	123.61%	88.96%	83.41%	92.69%

Notes to Schedule

For measurement date 9/30/25, the following changes:

- The investment rate of return was lowered from 6.90% to 6.75%
- 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.

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

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

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

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

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

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

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Fiscal year ended	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					
9/30/2024	$ 773,672	$ 711,797	$ 61,875	$ 1,353,913	52.57%
9/30/2023	638,975	663,728	(24,753)	1,299,995	51.06%
9/30/2022	552,847	589,969	(37,122)	1,389,086	42.47%
9/30/2021	568,810	506,868	61,942	1,308,055	38.75%
9/30/2020	474,297	499,840	(25,543)	1,368,824	36.52%
9/30/2019	426,430	457,534	(31,104)	1,463,385	31.27%
9/30/2018	457,148	462,443	(5,295)	1,661,148	27.84%
9/30/2017	390,441	356,463	33,978	1,612,728	22.10%
9/30/2016	362,468	363,925	(1,457)	1,549,670	23.48%

Notes to Schedule

Valuation Date 10/1/2023

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality	Female: PubS-2010, set forward one year. Male: PubS.-2010, set forward one year
Disability Mortality Table	80% PubG.H-2010 / 20% PubS.H-2010
Interest Rate	7.0% per year, compounded annually net of investment related expenses.
Disability Rates	See table below. It is assumed that 75% of Disability Retirements and Pre-Retirement Deaths are service-related.
Retirement Age	Earlier of age 55 and 10 years of service, or age 52 and 25 years of service. Also any member who has reached normal retirement age is assumed to continue employment for one additional year.
Early Retirement	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Salary Increases	6.0% until the assumed retirement age.
Liability Load	See table below.

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

Payroll Growth	None for amortization of of the Unfunded Actuarial Accrued Liability
Funding Method	Entry Age Normal Actuarial Cost Method.
Amortization Method	Level percentage of pay, closed.
Remaining Amortization Period	30 Years (as of 10/01/2020).
Actuarial Asset Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Fair Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Fair Value of Assets.
Other Information	Termination and Disability Rate Table

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

Schedule of Investment Returns - Police Officers' Pension Plan

September 30, 2025

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
9/30/2025	8.62%
9/30/2024	22.54%
9/30/2023	7.24%
9/30/2022	-16.60%
9/30/2021	20.19%
9/30/2020	11.70%
9/30/2019	4.31%
9/30/2018	7.12%
9/30/2017	11.04%
9/30/2016	10.01%

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City of Tavares, Florida
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios - Firefighters' Pension Plan
September 30, 2025

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total Pension Liability										
Service Cost	$ 333,282	$ 336,830	$ 375,988	$ 333,425	$ 301,462	$ 319,690	$ 313,666	$ 351,953	$ 336,031	$ 324,286
Interest	921,235	892,934	799,339	731,785	681,740	650,748	596,515	599,269	567,666	539,741
Change in Excess State Money	-	-	-	-	-	-	-	-	-	(32,559)
Share Plan Allocation	40,448	34,418	37,808	19,446	13,715	8,023	2,847	1,082	-	32,661
Changes of Benefit Terms	-	-	-	-	-	-	(2,117)	(368)	-	-
Differences Between Expected and Actual Experience	(54,538)	(461,916)	581,006	152,068	(71,922)	(164,617)	44,640	(93,474)	(314,456)	(387,399)
Changes of Assumptions	366,675	-	-	-	295,489	(166,472)	-	136,385	-	(11,965)
Benefit Payments, including refunds of employee contributions	(379,823)	(409,028)	(426,790)	(201,678)	(201,678)	(201,678)	(229,618)	(206,135)	(213,393)	(171,739)
Net Change in Total Pension Liability	1,227,279	393,238	1,367,351	1,035,046	1,018,806	445,694	725,933	788,712	375,848	293,026
Total Pension Liability - beginning	13,017,123	12,623,885	11,256,534	10,221,488	9,202,682	8,756,988	8,031,055	7,242,343	6,866,495	6,573,469
Total Pension Liability - ending (a)	$14,244,402	$13,017,123	$12,623,885	$11,256,534	$10,221,488	$ 9,202,682	$ 8,756,988	$ 8,031,055	$ 7,242,343	$ 6,866,495
Plan Fiduciary Net Position										
Contributions - employer	494,488	266,599	306,873	298,585	358,212	333,376	341,838	223,986	352,971	297,809
Contributions - state	163,223	151,165	157,944	120,916	109,758	98,070	88,023	165,082	-	82,530
Contributions - employee	32,976	30,320	34,793	37,836	36,164	33,795	44,126	56,084	54,347	52,740
Net Investment Income	1,215,135	2,418,784	755,743	(1,900,561)	1,838,846	956,570	335,781	512,617	685,557	529,431
Benefit Payments, Including Refunds of Employee Contributions	(379,823)	(409,028)	(426,790)	(201,678)	(201,678)	(201,678)	(229,618)	(206,135)	(213,393)	(171,739)
Administrative Expense	(58,600)	(45,115)	(47,137)	(43,544)	(43,155)	(45,173)	(53,414)	(39,643)	(32,587)	(46,207)
Net Change in Plan Fiduciary Net Position	1,467,399	2,412,725	781,426	(1,688,446)	2,098,147	1,174,960	526,736	711,991	846,895	744,564
Plan Fiduciary Net Position - beginning	13,082,936	10,670,211	9,888,785	11,577,231	9,479,084	8,304,124	7,777,388	7,065,397	6,218,502	5,473,938
Plan Fiduciary Net Position - ending (b)	$14,550,335	$13,082,936	$10,670,211	$ 9,888,785	$11,577,231	$ 9,479,084	$ 8,304,124	$ 7,777,388	$ 7,065,397	$ 6,218,502
Net Pension Liability (Asset) - ending (a) - (b)	$ (305,933)	$ (65,813)	$ 1,953,674	$ 1,367,749	$ (1,355,743)	$ (276,402)	$ 452,864	$ 253,667	$ 176,946	$ 647,993
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.15%	100.51%	84.52%	87.85%	113.26%	103.00%	94.83%	96.84%	97.56%	90.56%
Covered Payroll	$ 1,648,781	$ 1,514,280	$ 1,700,776	$ 1,920,559	$ 1,779,757	$ 1,689,746	$ 1,704,693	$ 1,625,409	$ 1,522,581	$ 1,505,477
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-18.56%	-4.35%	114.87%	71.22%	-76.18%	-16.36%	26.57%	15.61%	11.62%	43.04%

For measurement date 9/30/25, the following changes:

- The discount rate was updated from 7.00% to 6.90%.
- 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 retirement rates were adjusted for members with at least 25 years of service.
- The termination rates were adjusted for those with between 5-9 years of service.

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

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

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

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

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

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Fiscal year ended	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					
9/30/2024	$ 515,657	$ 383,346	$ 132,311	$ 1,514,280	25.32%
9/30/2023	393,259	427,009	(33,750)	1,700,776	25.11%
9/30/2022	352,544	400,055	(47,511)	1,920,559	20.83%
9/30/2021	416,794	454,255	(37,461)	1,779,757	25.52%
9/30/2020	427,337	423,423	3,914	1,689,746	25.06%
9/30/2019	404,012	427,013	(23,001)	1,704,693	25.05%
9/30/2018	387,985	387,985	-	1,625,409	23.87%
9/30/2017	362,831	352,971	9,860	1,522,581	23.18%
9/30/2016	380,886	380,238	648	1,505,477	25.26%

Notes to Schedule

Valuation Date 10/1/2022

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

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

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

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
9/30/2025	9.24%
9/30/2024	22.77%
9/30/2023	7.65%
9/30/2022	-16.36%
9/30/2021	19.27%
9/30/2020	11.46%
9/30/2019	4.30%
9/30/2018	7.20%
9/30/2017	10.93%
9/30/2016	9.57%

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City of Tavares, Florida

Required Supplementary Information

Schedule of the City's Proportionate Share of Net Pension Liability - Florida Retirement System

September 30, 2025

Florida Retirement System - Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Proportion of the Net Pension Liability	0.02626%	0.02347%	0.02100%	0.01961%	0.02050%	0.01849%	0.01718%	0.01652%	0.01780%	0.01669%
City's Proportionate Share of the Net Pension Liability	$ 8,149,952	$ 9,078,383	$ 8,369,415	$ 7,296,053	$ 1,548,471	$ 8,013,950	$ 5,916,912	$ 4,976,723	$ 5,264,474	$4,215,442
City's Covered Payroll	$ 8,099,995	$ 7,296,276	$ 6,581,627	$ 5,813,120	$ 5,901,967	$ 5,539,820	$ 5,277,549	$ 5,014,543	$ 5,298,689	$4,692,871
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	100.62%	124.42%	127.16%	125.51%	26.24%	144.66%	112.11%	99.25%	99.35%	89.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Health Insurance Subsidy - Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Proportion of the Net Pension Liability	0.02329%	0.02158%	0.02013%	0.01983%	0.02055%	0.01912%	0.01802%	0.01733%	0.01813%	0.01667%
City's Proportionate Share of the Net Pension Liability	$ 2,985,650	$ 3,237,373	$ 3,196,535	$ 2,100,807	$ 2,520,756	$ 2,333,925	$ 2,015,841	$ 1,834,652	$ 1,938,238	$1,943,183
City's Covered Payroll	$ 8,099,995	$ 7,296,276	$ 6,581,627	$ 5,813,120	$ 5,901,967	$ 5,539,820	$ 5,277,549	$ 5,014,543	$ 5,298,689	$4,692,871
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	36.86%	44.37%	48.57%	36.14%	42.71%	42.13%	38.20%	36.59%	36.58%	41.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

City of Tavares, Florida
Required Supplementary Information
Schedule of the City's Contributions - Florida Retirement System
September 30, 2025

Florida Retirement System - Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 1,651,540	$ 1,382,865	$ 1,089,979	$ 891,185	$ 806,835	$ 640,949	$ 561,045	$ 473,561	$ 453,154	$ 418,590
Contributions in Relation to the Contractually Required Contributions	1,651,540	1,382,865	1,089,979	891,185	806,835	640,949	561,045	473,561	453,154	418,590
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 8,375,138	$ 7,444,436	$ 6,795,944	$ 6,106,952	$ 5,975,815	$ 5,523,643	$ 5,423,115	$ 4,956,870	$ 5,178,393	$ 4,778,396
Contributions as a Percentage of Covered Payroll	19.72%	18.58%	16.04%	14.59%	13.50%	11.60%	10.35%	9.55%	8.75%	8.76%

Health Insurance Subsidy - Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 215,531	$ 188,841	$ 144,520	$ 125,684	$ 122,386	$ 110,971	$ 103,695	$ 93,362	$ 94,130	$ 86,570
Contributions in Relation to the Contractually Required Contributions	215,531	188,841	144,520	125,684	122,386	110,971	103,695	93,362	94,130	86,570
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 8,375,138	$ 7,444,436	$ 6,795,944	$ 6,106,952	$ 5,975,815	$ 5,523,643	$ 5,423,115	$ 4,956,870	$ 5,178,393	$ 4,778,396
Contributions as a Percentage of Covered-employee Payroll	2.57%	2.54%	2.13%	2.06%	2.05%	2.01%	1.91%	1.88%	1.82%	1.81%

COMBINING AND INDIVIDUAL FUND

STATEMENTS AND SCHEDULES

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment Income	$ -	$ -	$ 1,326	$ 1,326
Miscellaneous	-	-	-	-
Total revenues	-	-	1,326	1,326
Expenditures:				
Current:				
General government	-	-	7,940	(7,940)
Capital outlay	-	136,744	61,912	74,832
Total expenditures	-	136,744	69,852	66,892
Excess (deficiency) of revenues over expenditures	-	(136,744)	(68,526)	68,218
Other financing sources (uses)				
Sales of capital assets	-	-	500,000	500,000
Transfers in	-	-	-	-
Transfers out	-	-	(485,000)	(485,000)
Total other financing sources (uses)	-	-	15,000	15,000
Net change in fund balances	-	(136,744)	(53,526)	83,218
Fund balances, beginning	(550,841)	(550,841)	(550,841)	-
Fund balances, ending	$ (550,841)	$ (687,585)	$ (604,367)	$ 83,218

NONMAJOR GOVERNMENTAL FUNDS

		Special Revenue Funds
Police Training Fund	-	Accounts for revenues received pursuant to Chapter 943.25, Florida Statutes. Funds must be used to educate and train law enforcement personnel.
Police Services Impact Fund	-	Accounts for Police Impact fees collected and for disbursements made for the purpose of acquisition of facilities and equipment determined to be needed to provide police protection for new development within the City.
Fire/Rescue Services Impact Fund	-	Accounts for Fire Impact fees collected and disbursements made for the purpose of acquisition of facilities and equipment determined to be needed to provide fire protection for new development within the City.
Police Forfeiture Fund	-	Accounts for revenues derived from confiscated property which are used for law enforcement purposes.
Parks and Recreation Impacts Fund	-	Accounts for Parks and Recreation Impact fees collected and disbursements made for the purpose of acquisition of facilities and equipment determined to be needed to provide parks and recreation services for new development within the City
Greater Downtown TIF District Fund	-	Established to account for incremental ad valorem tax revenues collected within the related redevelopment area. Trust Fund Revenues are used to fund projects designed to enhance and improve the district.
Fire Assessment Fund	-	Accounts for the proceeds of the Fire Assessment Property Tax. The proceeds and interest accrued thereto, by law, are only to be used for public safety expenditures.
Flag Pole Fund	-	Accounts for expenditures related to maintenance of the City's flag pole monument.
Citizen Donation Fund	-	Accounts for donations for specific initiatives set by the City Council.
		Debt Service Funds
Debt Service Fund	-	Accounts for accumulation of resources and payment of bond principal and interest from governmental resources.
		Permanent Funds
Playground Fund	-	Accounts for funds restricted for the benefit of recreation. The principal is nonexpendable.
Library Building Fund	-	Accounts for funds restricted for the benefit of the library. Interest earned may be spent on the library.

City of Tavares, Florida

Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2025

	Special Revenue					
	Police Training	**Police Services Impacts**	**Fire/Rescue Services Impacts**	**Police Forfeitures**	**Parks & Recreation Impacts**	**Greater Downtown TIF District**
Assets:						
Cash and cash equivalents	$ 4,533	$ 45,540	$ 544,301	$ 1,861	$ 333,797	$ 515,501
Investments	-	941	-	-	-	7,738
Receivables, net	-	-	-	-	-	2,586
Total assets	$ 4,533	$ 46,481	$ 544,301	$ 1,861	$ 333,797	$ 525,825
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 18,030
Accrued liabilities	-	-	-	-	-	814
Due to other funds	-	-	-	-	-	450,000
Unearned revenue	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	468,844
Fund Balances (Deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	4,533	46,481	544,301	1,861	333,797	56,981
Total fund balances	4,533	46,481	544,301	1,861	333,797	56,981
Total liabilities, deferred inflows, and fund balances (deficits)	$ 4,533	$ 46,481	$ 544,301	$ 1,861	$ 333,797	$ 525,825

City of Tavares, Florida

Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2025

Special Revenue					Permanent Funds			
Fire Assessment Fund	**Flag Pole Fund**	**Citizen Donation**	**Total Special Revenue Funds**	**Debt Service Fund**	**Playground Fund**	**Library Building Fund**	**Total Permanent Funds**	**Total Other Governmental Funds**
$ 434,896	$ 1,673	$ 12,651	$ 1,894,753	$ 529,747	$ 18,034	$ 12,241	$ 30,275	$ 2,454,775
-	-	-	8,679	31,850	18,703	13,409	32,112	72,641
214,279	-	-	216,865	-	-	-	-	216,865
$ 649,175	$ 1,673	$ 12,651	$ 2,120,297	$ 561,597	$ 36,737	$ 25,650	$ 62,387	$ 2,744,281
$ -	$ -	$ -	$ 18,030	$ -	$ -	$ -	$ -	$ 18,030
-	-	-	814	-	-	-	-	814
-	-	-	450,000	-	-	-	-	450,000
-	-	-	-	-	-	20,926	20,926	20,926
-	-	-	-	102,000	-	-	-	102,000
-	-	-	-	6,344	-	-	-	6,344
-	-	-	468,844	108,344	-	20,926	20,926	598,114
-	-	-	-	-	29,295	-	29,295	29,295
649,175	1,673	12,651	1,651,453	453,253	7,442	4,724	12,166	2,116,872
649,175	1,673	12,651	1,651,453	453,253	36,737	4,724	41,461	2,146,167
$ 649,175	$ 1,673	$ 12,651	$ 2,120,297	$ 561,597	$ 36,737	$ 25,650	$ 62,387	$ 2,744,281

City of Tavares, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

For the Year Ended September 30, 2025

	Special Revenue					
	Police Training	Police Services Impacts	Fire/Rescue Services Impacts	Police Forfeitures	Parks & Recreation Impacts	Greater Downtown TIF District
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ 767,310
Intergovernmental revenues	-	-	-	-	-	392
Special assessments / impact fees	-	103,047	194,096	-	173,391	-
Charges for services	-	-	-	-	-	9,623
Fines and forfeitures	1,813	-	-	-	-	-
Investment income	12	96	1,428	5	871	346
Miscellaneous	-	-	-	-	-	-
Total revenues	1,825	103,143	195,524	5	174,262	777,671
Expenditures:						
Current:						
Public safety	1,538	177,381	125,976	-	-	-
Economic environment	-	-	-	-	-	359,624
Culture and recreation	-	-	-	-	14,764	-
Debt Service:						
Principal	-	18,051	18,051	-	-	-
Interest and fiscal charges	-	925	925	-	-	-
Total expenditures	1,538	196,357	144,952	-	14,764	359,624
Excess (deficiency) of revenues over expenditures	287	(93,214)	50,572	5	159,498	418,047
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(280,290)
Total other financing Sources (uses)	-	-	-	-	-	(280,290)
Net change in fund balances	287	(93,214)	50,572	5	159,498	137,757
Fund balances, beginning	4,246	139,695	493,729	1,856	174,299	(80,776)
Fund balances, ending	$ 4,533	$ 46,481	$ 544,301	$ 1,861	$ 333,797	$ 56,981

City of Tavares, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

For the Year Ended September 30, 2025

Special Revenue					Permanent Funds			
Fire Assessment Fund	Flag Pole Fund	Citizen Donation	Total Special Revenue Funds	Debt Service Fund	Playground Fund	Library Building Fund	Total Permanent Funds	Total Other Governmental Funds
$ -	$ -	$ -	$ 767,310	$ 266,572	$ -	$ -	$ -	$ 1,033,882
-	-	-	392	-	-	-	-	392
2,017,108	-	-	2,487,642	-	-	-	-	2,487,642
-	-	-	9,623	-	-	-	-	9,623
-	-	-	1,813	-	-	-	-	1,813
-	-	-	2,758	1,423	836	599	1,435	5,616
-	-	11,400	11,400	-	-	-		11,400
2,017,108	-	11,400	3,280,938	267,995	836	599	1,435	3,550,368
-	-	-	304,895	-	-	-	-	304,895
-	-	-	359,624	-	-	-	-	359,624
-	-	-	14,764	-	-	-	-	14,764
-	-	-	36,102	1,093,000	-	-	-	1,129,102
-	-	-	1,850	95,129	-	-	-	96,979
-	-	-	717,235	1,188,129	-	-	-	1,905,364
2,017,108	-	11,400	2,563,703	(920,134)	836	599	1,435	1,645,004
-	-	-	-	913,647	-	-	-	913,647
(2,022,563)	-	-	(2,302,853)	-	-	-	-	(2,302,853)
(2,022,563)	-	-	(2,302,853)	913,647	-	-	-	(1,389,206)
(5,455)	-	11,400	260,850	(6,487)	836	599	1,435	255,798
654,630	1,673	1,251	1,390,603	459,740	35,901	4,125	40,026	1,890,369
$ 649,175	$ 1,673	$ 12,651	$ 1,651,453	$ 453,253	$ 36,737	$ 4,724	$ 41,461	$ 2,146,167

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	$ -	$ 1,538	$ 1,813	$ 275
Investment income	-	-	12	12
Total revenues	-	1,538	1,825	287
Expenditures:				
Current:				
Public safety	-	1,538	1,538	-
Total expenditures	-	1,538	1,538	-
Excess (deficiency) of revenues over expenditures	-	-	287	287
Net change in fund balances	-	-	287	287
Fund balances, beginning	4,246	4,246	4,246	-
Fund balances, ending	$ 4,246	$ 4,246	$ 4,533	$ 287

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	$ 71,120	$ 103,048	$ 103,047	$ (1)
Investment income	-	-	96	96
Total revenues	71,120	103,048	103,143	95
Expenditures:				
Current:				
Public safety	128,010	183,377	177,381	5,996
Debt Service:				
Principal	17,111	18,051	18,051	-
Interest and other charges	1,866	1,866	925	941
Total expenditures	146,987	203,294	196,357	6,937
Excess (deficiency) of revenues over expenditures	(75,867)	(100,246)	(93,214)	7,032
Net change in fund balances	(75,867)	(100,246)	(93,214)	7,032
Fund balances, beginning	139,695	139,695	139,695	-
Fund balances, ending	$ 63,828	$ 39,449	$ 46,481	$ 7,032

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	$ 133,004	$ 194,096	$ 194,096	$ -
Investment income	-	-	1,428	1,428
Total revenues	133,004	194,096	195,524	1,428
Expenditures:				
Current:				
Public safety	120,000	126,151	125,976	175
Debt Service:				
Principal	17,111	18,051	18,051	-
Interest and other charges	1,866	1,866	925	941
Total expenditures	138,977	146,068	144,952	1,116
Excess (deficiency) of revenues over expenditures	(5,973)	48,028	50,572	2,544
Net change in fund balances	(5,973)	48,028	50,572	2,544
Fund balances, beginning	493,729	493,729	493,729	-
Fund balances, ending	$ 487,756	$ 541,757	$ 544,301	$ 2,544

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	$ -	$ -	$ -	$ -
Investment income	-	-	5	5
Total revenues	-	-	5	5
Expenditures:				
Current:				
Public safety	$ -	$ -	$ -	$ -
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	5	5
Net change in fund balances	-	-	5	5
Fund balances, beginning	1,856	1,856	1,856	-
Fund balances, ending	$ 1,856	$ 1,856	$ 1,861	$ 5

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	$ 145,685	$ 173,391	$ 173,391	$ -
Investment income	-	-	871	871
Total revenues	145,685	173,391	174,262	871
Expenditures:				
Current:				
Culture and recreation	-	14,764	14,764	-
Total expenditures	-	14,764	14,764	-
Excess (deficiency) of revenues over expenditures	145,685	158,627	159,498	871
Net change in fund balances	145,685	158,627	159,498	871
Fund balances, beginning	174,299	174,299	174,299	-
Fund balances, ending	$ 319,984	$ 332,926	$ 333,797	$ 871

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes and special assessments	$ 765,536	$ 765,536	$ 767,310	$ 1,774
Intergovernmental revenues	-	-	392	392
Charges for services	-	-	9,623	9,623
Investment income	-	-	346	346
Total revenues	765,536	765,536	777,671	12,135
Expenditures:				
Current:				
Economic environment	379,883	411,672	359,624	52,048
Total expenditures	379,883	411,672	359,624	52,048
Excess (deficiency) of revenues over expenditures	385,653	353,864	418,047	64,183
Other financing sources (uses)				
Transfers out	(280,290)	(280,290)	(280,290)	-
Total other financing sources and uses	(280,290)	(280,290)	(280,290)	-
Net change in fund balances	105,363	73,574	137,757	64,183
Fund balances, beginning	(80,776)	(80,776)	(80,776)	-
Fund balances, ending	$ 24,587	$ (7,202)	$ 56,981	$ 64,183

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	$ 2,031,288	$ 2,022,563	$ 2,017,108	$ (5,455)
Total revenues	2,031,288	2,022,563	2,017,108	(5,455)
Excess (deficiency) of revenues over expenditures	2,031,288	2,022,563	2,017,108	(5,455)
Other financing sources (uses)				
Transfers out	(2,031,288)	(2,022,563)	(2,022,563)	-
Total other financing sources and uses	(2,031,288)	(2,022,563)	(2,022,563)	-
Net change in fund balances	-	-	(5,455)	(5,455)
Fund balances, beginning	654,630	654,630	654,630	-
Fund balances, ending	$ 654,630	$ 654,630	$ 649,175	$ (5,455)

City of Tavares, Florida

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Physical environment	$ -	$ -	$ -	$ -
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	1,673	1,673	1,673	-
Fund balances, ending	$ 1,673	$ 1,673	$ 1,673	$ -

City of Tavares, Florida

Citizen Donation Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	$ -	$ 11,400	$ 11,400	$ -
Total revenues	-	11,400	11,400	-
Expenditures:				
Current:				
Public safety	-	250	-	250
Culture and recreation	-	1,550	-	1,550
Total expenditures	-	1,800	-	1,800
Excess (deficiency) of revenues over expenditures	-	9,600	11,400	1,800
Net change in fund balances	-	9,600	11,400	1,800
Fund balances, beginning	1,251	1,251	1,251	-
Fund balances, ending	$ 1,251	$ 10,851	$ 12,651	$ 1,800

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

For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 272,490	$ 266,572	$ 266,572	$ -
Investment income	-	1,423	1,423	-
Total revenues	272,490	267,995	267,995	-
Expenditures:				
Debt Service:				
Principal	1,089,000	1,093,000	1,093,000	-
Interest and other charges	97,087	95,139	95,129	10
Total expenditures	1,186,087	1,188,139	1,188,129	10
Excess (deficiency) of revenues over expenditures	(913,597)	(920,144)	(920,134)	10
Other financing sources (uses)				
Transfers in	913,647	913,647	913,647	-
Total other financing sources and uses	913,647	913,647	913,647	-
Net change in fund balances	50	(6,497)	(6,487)	10
Fund balances, beginning	459,740	459,740	459,740	-
Fund balances, ending	$ 459,790	$ 453,243	$ 453,253	$ 10

FIDUCIARY FUNDS

Pension Trust Funds

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

City of Tavares, Florida
Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

	Pension Trust Funds		
	Police Officers	**Firefighters**	**Total Pension Funds**
Assets:			
Cash and cash equivalents	$ 325,260	$ 236,618	$ 561,878
Investments, at fair value:			
Corporate bonds & other debt securities	6,094,272	4,027,962	10,122,234
Mutual funds - equity	12,127,968	8,818,057	20,946,025
Mutual funds - fixed income	893,886	920,553	1,814,439
Common and collective funds	905,912	581,564	1,487,476
Total investments	20,022,038	14,348,136	34,370,174
Total assets	20,347,298	14,584,754	34,932,052
Net Position:			
Net position restricted for pensions	$ 20,347,298	$ 14,584,754	$ 34,932,052

City of Tavares, Florida
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
September 30, 2025

	Pension Trust Funds		
	Police Officers	**Firefighters**	**Total Pension Funds**
Additions:			
Contributions:			
Employer	$ 894,397	$ 494,488	$ 1,388,885
Plan members	178,245	32,976	211,221
State	259,007	163,223	422,230
Total contributions	1,331,649	690,687	2,022,336
Investment earnings:			
Net increase (decrease) in fair value of investments	997,314	805,692	1,803,006
Interest	641,805	447,050	1,088,855
Less: investment expense	(41,398)	(32,360)	(73,758)
Net investment earnings (loss)	1,597,721	1,220,382	2,818,103
Total additions	2,929,370	1,911,069	4,840,439
Deductions:			
Benefits/distributions	901,846	379,823	1,281,669
Administrative expenses	63,921	53,974	117,895
Total deductions	965,767	433,797	1,399,564
Change in net position	1,963,603	1,477,272	3,440,875
Net position, beginning	18,383,695	13,107,482	31,491,177
Net position, ending	$ 20,347,298	$ 14,584,754	$ 34,932,052

STATISTICAL SECTION

TAVARES
America's Seaplane City™

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STATISTICAL SECTION

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

CONTENTS **PAGE**

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

CITY OF TAVARES, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Governmental Activities				
Net investment in capital assets	$ 21,019,429	$ 23,166,805	$ 26,424,663	$ 28,161,534
Restricted	1,406,022	1,853,166	1,780,710	1,458,161
Unrestricted	(7,939,103)	(3,771,617)	(4,470,840)	(381,044)
Total Government Activities Net Position	$ 14,486,348	$ 21,248,354	$ 23,734,533	$ 29,238,651
Business-type Activities				
Net investment in capital assets	$ 20,238,689	$ 22,642,480	$ 22,259,502	$ 23,204,524
Restricted	6,665,410	5,050,404	4,618,956	4,884,035
Unrestricted	11,041,872	14,622,565	16,879,433	18,188,520
Total Business-type Activities Net Position	$ 37,945,971	$ 42,315,449	$ 43,757,891	$ 46,277,079
Primary Government				
Net investment in capital assets	$ 41,258,118	$ 45,809,285	$ 48,684,165	$ 51,366,058
Restricted	8,071,432	6,903,570	6,399,666	6,342,196
Unrestricted	3,102,769	10,850,948	12,408,593	17,807,476
Total Primary Government Net Position	$ 52,432,319	$ 63,563,803	$ 67,492,424	$ 75,515,730

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 32,064,811	$ 40,682,650	$ 41,946,144	$ 55,832,560	$ 70,440,361	$ 70,837,413
7,301,862	2,012,797	2,229,941	3,300,063	3,506,013	4,118,098
(6,144,922)	(4,961,840)	(1,621,105)	241,997	509,953	2,150,057
$ 33,221,751	$ 37,733,607	$ 42,554,980	$ 59,374,620	$ 74,456,327	$ 77,105,568
$ 23,493,373	$ 24,641,521	$ 24,992,080	$ 26,451,299	$ 27,434,739	$ 31,119,052
4,900,393	4,943,397	4,793,728	5,087,540	5,607,859	5,720,013
20,185,502	21,319,977	24,112,158	24,924,025	25,948,507	26,598,820
$ 48,579,268	$ 50,904,895	$ 53,897,966	$ 56,462,864	$ 58,991,105	$ 63,437,885
$ 55,558,184	$ 65,324,171	$ 66,938,224	$ 82,283,859	$ 97,875,100	$ 101,956,465
12,202,255	6,956,194	7,023,669	8,387,603	9,113,872	9,838,111
14,040,580	16,358,137	22,491,053	25,166,022	26,458,460	28,748,877
$ 81,801,019	$ 88,638,502	$ 96,452,946	$ 115,837,484	$ 133,447,432	$ 140,543,453

CITY OF TAVARES, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General government	$ 3,207,946	$ 3,313,656	$ 3,553,653	$ 3,939,032	$ 4,337,817	$ 3,823,113	$ 4,129,777	$ 5,372,068	$ 5,779,587	$ 6,035,606
Public safety	6,133,272	6,353,989	6,478,044	7,267,071	7,722,446	7,181,650	9,716,539	10,764,540	10,703,535	12,479,348
Physical environment	2,536,316	2,529,855	3,001,665	2,924,254	2,848,128	2,945,305	3,671,328	3,995,405	4,225,855	5,070,804
Economic environment	404,606	363,765	465,482	555,947	522,862	516,772	585,356	760,320	687,810	765,493
Culture & recreation	3,253,170	3,544,566	3,429,245	3,797,121	3,972,217	3,351,437	3,710,289	4,245,250	4,497,589	4,684,997
Interest & other fiscal charges on long-term debt	490,199	677,979	777,174	742,038	721,920	642,875	658,515	743,604	634,280	556,862
Total Governmental Activities Expenses	16,025,509	16,783,810	17,705,263	19,225,463	20,125,390	18,461,152	22,471,804	25,881,187	26,528,656	29,593,110
Business-type Activities:										
Water & sewer	6,856,155	7,489,129	8,161,242	8,242,600	8,390,496	8,286,951	9,286,668	10,349,972	10,479,616	10,513,599
Sanitation	1,858,449	2,001,336	2,072,946	2,140,411	2,247,012	2,386,957	2,470,330	2,740,600	2,960,798	3,311,728
Stormwater	478,996	539,609	619,827	522,396	825,328	1,256,655	1,383,924	1,509,937	1,566,706	1,634,384
Seaplane Base	672,184	898,921	790,392	886,445	789,538	660,035	1,024,762	1,071,458	1,013,284	1,058,694
Total Business-type Activities Expenses	9,865,784	10,928,995	11,644,407	11,791,852	12,252,374	12,590,598	14,165,684	15,671,967	16,020,404	16,518,405
Total Primary Government Expenses	$ 25,891,293	$ 27,712,805	$ 29,349,670	$ 31,017,315	$ 32,377,764	$ 31,051,750	$ 36,637,488	$ 41,553,154	$ 42,549,060	$ 46,111,515
Program Revenues										
Governmental Activities:										
Charges for services										
General government	$ 48,191	$ 46,507	$ 50,995	$ 44,388	$ 44,383	$ 44,795	$ 43,397	$ 47,353	$ 92,488	$ 46,147
Public safety	1,782,726	1,601,757	1,745,267	1,829,337	1,819,036	1,856,555	1,901,917	1,966,166	2,030,651	2,115,169
Physical environment	844,086	1,582,386	1,383,492	489,698	1,214,554	1,176,153	2,207,395	2,298,117	1,734,058	2,324,265
Economic environment	26,463	29,550	20,375	23,845	19,110	5,900	8,190	16,174	16,086	9,623
Culture & recreation	456,654	594,404	534,660	449,542	298,393	399,508	526,086	550,237	471,208	492,514
Operating grants and contributions	577,234	621,338	621,132	666,801	2,462,441	915,825	2,220,416	735,897	1,419,264	1,346,885
Capital grants and contributions	395,043	5,356,009	1,212,353	5,214,037	1,523,195	909,973	1,107,586	14,961,360	12,834,870	844,963
Total Governmental Activities Program Revenues	4,130,397	9,831,951	5,568,274	8,717,648	7,381,112	5,308,709	8,014,987	20,575,304	18,598,625	7,179,566

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type Activities:										
Charges for services:										
Water & Sewer	9,041,225	10,690,718	9,625,362	10,163,373	10,586,767	10,895,658	11,726,844	12,880,643	13,292,136	14,070,453
Solid Waste	2,863,205	2,948,456	3,035,617	3,208,736	3,329,348	3,540,508	3,697,203	3,942,341	4,269,735	4,550,238
Stormwater	1,128,802	1,206,254	1,369,766	1,564,091	1,585,634	1,631,563	1,678,263	1,723,442	1,770,251	1,819,350
Seaplane Base	294,207	314,345	165,974	187,439	126,767	212,106	637,669	651,298	617,271	572,187
Operating grants and contributions	-	-	17,199	446,927	18,139	-	-	-	902	-
Capital grants and contributions	748,619	1,987,157	575,074	968,716	1,409,287	977,945	2,019,378	1,662,213	1,176,470	2,549,962
Total Business-type Activities Program Revenues	14,076,058	17,146,930	14,788,992	16,539,282	17,055,942	17,257,780	19,759,357	20,859,937	21,126,765	23,562,190
Total Government Program Revenues	$ 18,206,455	$ 26,978,881	$ 20,357,266	$ 25,256,930	$ 24,437,054	$ 22,566,489	$ 27,774,344	$ 41,435,241	$ 39,725,390	$ 30,741,756
Net (Expense)/Revenue										
Governmental activities	$ (11,895,112)	$ (9,765,688)	$ (12,136,989)	$ (10,507,815)	$ (12,744,278)	$ (13,152,443)	$ (14,456,817)	$ (5,305,883)	$ (7,930,031)	$ (22,413,544)
Business-type activities	4,210,274	6,217,935	3,144,585	4,747,430	4,803,568	4,667,182	5,593,673	5,187,970	5,106,361	7,043,785
Total Government Net Expense	$ (7,684,838)	$ (3,547,753)	$ (8,992,404)	$ (5,760,385)	$ (7,940,710)	$ (8,485,261)	$ (8,863,144)	$ (117,913)	$ (2,823,670)	$ (15,369,759)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	$ 4,648,607	$ 5,415,318	$ 5,831,830	$ 6,532,692	$ 6,995,761	$ 7,454,007	$ 7,887,689	$ 9,116,495	$ 10,070,524	$ 11,900,974
Franchise and utility taxes	3,057,287	3,094,953	3,241,864	3,421,522	3,511,536	3,624,500	4,005,351	4,399,851	4,237,864	4,814,099
Intergovernmental	2,743,544	2,911,302	3,256,119	3,413,252	3,363,341	3,893,281	4,462,569	4,979,682	5,104,735	5,266,875
Investment earnings and miscellaneous	215,247	272,627	367,133	256,341	255,806	251,980	222,647	712,868	146,080	232,070
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	570,883	-
Transfers	1,783,619	2,019,665	2,118,193	2,388,126	2,600,734	2,440,531	2,699,934	2,916,627	2,881,652	2,861,246
Total Governmental Activities	12,448,304	13,713,865	14,815,139	16,011,933	16,727,178	17,664,299	19,278,190	22,125,523	23,011,738	25,075,264
Business-type Activities:										
Investment earnings and miscellaneous	24,029	171,208	502,374	159,884	99,355	98,976	99,332	293,555	303,532	382,927
Transfers	(1,783,619)	(2,019,665)	(2,118,193)	(2,388,126)	(2,600,734)	(2,440,531)	(2,699,934)	(2,916,627)	(2,881,652)	(2,861,246)
Total Business-type Activities	(1,759,590)	(1,848,457)	(1,615,819)	(2,228,242)	(2,501,379)	(2,341,555)	(2,600,602)	(2,623,072)	(2,578,120)	(2,478,319)
Total Government	$ 10,688,714	$ 11,865,408	$ 13,199,320	$ 13,783,691	$ 14,225,799	$ 15,322,744	$ 16,677,588	$ 19,502,451	$ 20,433,618	$ 22,596,945
Change in Net Position										
Governmental Activities	$ 553,192	$ 6,762,006	$ 2,678,150	$ 5,504,118	$ 3,982,900	$ 4,511,856	$ 4,821,373	$ 16,819,640	$ 15,081,707	$ 2,661,720
Business-type Activities	2,450,684	4,369,478	1,528,766	2,519,188	2,302,189	2,325,627	2,993,071	2,564,898	2,528,241	4,565,466
Total Government	$ 3,003,876	$ 11,131,484	$ 4,206,916	$ 8,023,306	$ 6,285,089	$ 6,837,483	$ 7,814,444	$ 19,384,538	$ 17,609,948	$ 7,227,186

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE [1]
LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year	Property Taxes	Franchise Fees	Utility Taxes	Total Taxes
2016	4,648,607	1,070,096	1,987,191	7,705,894
2017	4,938,955	1,075,406	2,019,548	8,033,909
2018	5,831,831	1,147,806	2,094,056	9,073,693
2019	6,532,692	1,232,621	2,188,901	9,954,214
2020	6,995,760	1,222,741	2,288,796	10,507,297
2021	7,454,006	1,253,044	2,371,456	11,078,506
2022	7,887,689	1,456,855	2,548,496	11,893,039
2023	9,116,495	1,675,460	2,724,391	13,516,346
2024	10,070,524	1,466,757	2,771,107	14,308,388
2025	10,867,091	1,621,296	2,537,414	15,025,801

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

CITY OF TAVARES, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Nonspendable	$ 60,791	$ 62,598	$ 314,142	$ 62,186
Restricted	910,596	-	-	-
Assigned	-	-	-	-
Unassigned	562,346	1,292,300	1,775,046	2,306,142
Total general fund	$ 1,533,733	$ 1,354,898	$ 2,089,188	$ 2,368,328
All Other Governmental Funds				
Nonspendable	$ 90,086	$ 29,295	$ 29,295	$ 29,295
Restricted	13,378,976	13,363,104	12,233,205	2,486,468
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(2,435,536)	(3,486,308)	(3,034,609)	(3,495,088)
Total all other governmental funds	$ 11,033,526	$ 9,906,091	$ 9,227,891	$ (979,325)

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 62,926	$ 224,411	$ 197,424	$ 232,925	$ 290,552	$ 292,850
-	-	-	-	-	-
1,762,947	-	167,008	139,435	1,141,920	518,834
2,424,721	3,793,466	7,809,028	12,058,712	12,022,471	14,263,025
$ 4,250,594	$ 4,017,877	$ 8,173,460	$ 12,431,072	$ 13,454,943	$ 15,074,709
$ 29,295	$ 29,295	$ 29,295	$ 29,295	$ 29,295	$ 29,295
10,062,764	4,059,027	8,114,913	7,271,724	4,640,472	4,676,342
-	-	-	-	-	-
-	-	-	-	-	-
(2,562,536)	(2,498,110)	(2,449,141)	(2,452,850)	(2,964,712)	(2,996,262)
$ 7,529,523	$ 1,590,212	$ 5,695,067	$ 4,848,169	$ 1,705,055	$ 1,709,375

CITY OF TAVARES, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes	$ 7,705,894	$ 8,510,271	$ 9,073,694	$ 9,954,214
Licenses and Permits	883,388	1,602,768	1,426,190	532,831
Intergovernmental	3,715,821	5,629,971	4,938,192	4,550,699
Special assessments	1,600,939	1,578,475	1,708,453	1,778,784
Charges for Services	637,118	1,090,309	710,156	514,933
Fines and Forfeitures	36,675	27,901	41,402	54,185
Investment Earnings	9,153	53,242	53,875	30,911
Miscellaneous	206,094	219,385	974,862	225,430
Total Revenues	14,795,082	18,712,322	18,926,824	17,641,987
Expenditures				
General Government	3,165,242	3,010,357	3,195,973	3,597,392
Public Safety	6,589,567	6,529,349	11,062,518	17,878,021
Physical Environment	2,505,055	5,313,210	2,652,765	2,956,630
Economic Environment	409,491	321,964	421,221	457,250
Culture & Recreation	3,241,913	3,637,088	3,019,183	3,262,635
Capital Outlay [1]	-	-	1,626,876	510,137
Debt Service				
Principal	1,485,227	1,010,009	1,298,124	1,932,140
Interest and fiscal charges	479,926	682,547	759,463	737,917
Total expenditures	17,876,421	20,504,524	24,036,123	31,332,122
Excess of Revenues Over (Under) Expenditures	(3,081,339)	(1,792,202)	(5,109,299)	(13,690,135)
Other Financing Sources (Uses)				
Issuance of Bonds and Notes	12,775,000	-	-	837,000
Issuance of Refunding Debt	-	-	5,484,000	-
Payment to Refunded Debt Escrow Agent	-	-	(2,436,804)	-
Capital Lease Proceeds	-	-	-	339,398
Insurance recoveries	-	-	-	197,535
Sale of general capital assets	-	-	-	-
Transfers In	4,407,833	4,702,584	5,125,471	5,750,324
Transfers Out	(2,624,214)	(2,682,919)	(3,007,278)	(3,362,198)
Total Other Financing Sources (Uses)	14,558,619	2,019,665	5,165,389	3,762,059
Net Change in Fund Balances	$ 11,477,280	$ 227,463	$ 56,090	$ (9,928,076)
Debt Service as a Percentage of Noncapital Expenditures	12.43%	10.60%	12.04%	14.37%

Note:
1. Capital outlay is reported within expenditure activity line items for years after 2000.

Fiscal Year 2020	2021	2022	2023	2024	2025
$ 10,507,297	$ 11,078,507	$ 11,893,040	$ 13,516,346	$ 14,308,388	$ 16,715,073
1,248,896	1,205,996	2,209,392	2,318,891	1,810,385	2,337,167
6,403,672	5,522,632	7,358,508	20,368,160	19,153,380	6,988,189
1,789,075	1,834,316	1,875,174	2,239,639	2,188,047	2,487,642
441,051	782,279	1,004,641	589,719	500,254	530,595
32,333	24,726	29,841	38,577	51,294	102,848
3,999	441	2,199	12,766	15,475	47,143
251,807	251,539	220,448	145,810	130,605	184,927
20,678,130	20,700,436	24,593,243	39,229,908	38,157,828	29,393,584
3,972,107	4,217,196	4,005,907	5,017,850	5,582,933	5,793,205
7,836,962	8,094,765	8,492,997	9,333,362	10,663,596	11,935,041
3,126,467	3,558,147	3,733,696	11,117,580	15,834,123	5,001,316
415,701	508,591	531,386	667,980	795,575	848,649
3,373,346	3,440,127	3,507,464	9,041,867	4,406,656	4,171,678
2,042,492	6,649,055	379,924	1,823,859	3,169,504	61,912
-	-		-		
725,981	2,190,976	2,289,666	2,535,496	2,666,348	2,740,102
1,773,678	654,138	641,699	729,700	645,950	568,841
-	-	-	-	-	-
23,266,734	29,312,995	23,582,739	40,267,694	43,764,685	31,120,744
(2,588,604)	(8,612,559)	1,010,504	(1,037,786)	(5,606,857)	(1,727,160)
	-	-	-	-	-
837,000	1,915,000	4,550,000	976,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
339,398	-	-	-	-	-
197,535	-	-	-	-	-
5,750,324	8,079,843	12,002,369	6,977,239	7,134,156	7,751,015
(3,362,198)	(5,479,109)	(9,302,435)	(4,060,612)	(4,252,504)	(4,889,769)
3,762,059	4,515,734	7,249,934	3,892,627	2,881,652	2,861,246
$ 1,173,455	$ (4,096,825)	$ 8,260,438	$ 2,854,841	$ (2,725,205)	$ 1,134,086
12.63%	14.10%	13.83%	14.22%	13.04%	12.02%

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

	Real Property				
Fiscal Year Ended September 30,	Total Residential and Commercial Real Property	Residential Property	% Residential	Commercial Property	% Commercial
2016	675,210,640	446,989,444	66.20%	180,281,241	26.70%
2017	732,019,797	495,577,403	67.70%	185,933,028	25.40%
2018	808,059,254	551,096,411	68.20%	202,014,814	25.00%
2019	826,783,639	563,866,442	68.20%	206,695,910	25.00%
2020	977,427,706	669,537,978	68.50%	244,356,926	25.00%
2021	1,048,740,790	769,606,460	73.38%	289,881,311	27.64%
2022	1,136,789,454	769,606,460	67.70%	289,881,311	25.50%
2023	1,421,188,546	1,018,992,187	71.70%	332,558,120	23.40%
2024	1,497,849,034	1,073,957,757	71.17%	350,496,674	23.40%
2025	1,724,292,274	1,236,317,560	71.60%	403,484,392	28.20%

Note: ** Data not available
Note: *Excludes Centrally Assessed Properties*

Personal Property	Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
47,939,955	576,550,310	675,210,640	6.6166	675,210,640	100%
50,509,366	346,311,142	732,019,797	7.1000	732,019,797	100%
58,988,326	528,449,845	812,099,551	7.0000	812,099,551	100%
60,717,621	555,815,514	831,279,973	7.1119	831,279,973	100%
63,532,801	581,842,145	977,427,705	6.9500	977,427,705	100%
67,280,675	567,988,941	1,126,768,446	6.9000	1,126,768,446	100%
72,754,525	577,461,545	1,132,242,296	6.7579	1,132,242,296	100%
69,638,239	637,566,294	1,421,188,546	6.6950	1,421,188,546	100%
73,394,603	73,394,603	1,497,849,034	6.5950	1,497,849,034	100%
84,490,321	84,490,321	1,724,292,274	6.6850	1,724,292,274	100%

CITY OF TAVARES, FLORIDA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING [1] GOVERNMENTS
LAST TEN FISCAL YEARS [2]

			Overlapping Rates										
			Lake County				Lake County School District						
Fiscal Year	Direct City of Tavares Operating Millage	City of Tavares Debt Service Millage	Operating Millage	Debt Service Millage	MSTU[3]	Total County Millage	Operating Millage	Capital Outlay	Total School Millage	Independ-ent Hospital District	Lake County Water Authority	St. John's Water Manage-ment District	Total Direct & Overlap-ping Rates
2016	6.6166	0.4068	5.3051	0.1600	1.4290	6.8941	5.6970	1.5000	7.1970	1.0000	0.2554	0.3023	22.6722
2017	7.1000	0.4068	5.1180	0.1524	1.4290	6.6994	4.6270	2.2480	6.8750	1.0000	0.2554	0.2885	22.6251
2018	7.0000	0.3397	5.1180	0.1524	0.9661	6.2365	5.1030	1.5000	6.6030	1.0000	0.2554	0.2724	21.7070
2019	7.1119	0.3052	5.1180	0.1324	0.4629	5.7133	4.8550	1.5000	6.3550	0.9800	0.4900	0.2562	21.2116
2020	6.9500	0.2932	5.0734	0.1100	0.4629	5.7133	3.8850	2.9980	6.8830	0.9500	0.3557	0.2414	21.3866
2021	6.9000	0.2623	5.0327	0.1100	0.4629	5.6060	6.6990	0.0000	6.6990	0.8950	0.3368	0.2287	20.9278
2022	6.7579	0.2391	5.0529	0.0918	0.4629	5.6076	6.5920	0.0000	6.5920	0.0000	0.3229	0.2189	19.7384
2023	6.6950	0.2074	5.0364	0.0918	0.4629	5.5911	6.2480	0.0000	6.2480	0.5000	0.3083	0.1974	19.7472
2024	6.5950	0.1817	5.0364	0.0918	0.4629	5.5911	6.2060	0.0000	6.2060	0.1500	0.2940	0.1793	19.1971
2025	6.7756	0.1601	5.0364	0.0918	0.4629	5.5911	6.1220	0.0000	6.1220	0.4100	0.2940	0.1793	19.5321

Source: Lake County Tax Collectors Office
Notes:
1. Overlapping rates are those of local and county governments that apply to property owners within the City of Tavares
2. Taxes levied for the fiscal year are based on the prior year taxable value.
3. Ambulance MSTU

CITY OF TAVARES, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

Setpember 30, 2025

Taxpayer	2025 Taxable Assessed Value	2025 Rank	2025 Percentage of Total Taxable Assessed Value	2016 Taxable Assessed Value	2016 Rank	2016 Percentage of Total Taxable Assessed Value
Atwater Apartments LLC	$ 26,506,880	1	1.54%			
Chestnut of Tavares LLC	21,761,211	2	1.26%			
MCP Osprey Lodge Propco LLC	12,173,017	3	0.71%			
Florida Hospital Waterman Inc	12,110,476	4	0.70%			
Sumter Electric Co Op Inc	11,679,712	5	0.68%			
1812 Tavares Properties LLC	11,041,256	6	0.64%			
Amsdell Storage Ventures XXXIV LLC	9,276,480	7	0.54%			
COB MHC Lake Point One LLC	7,839,004	8	0.45%			
Tiki Village MHC LLC	7,424,400	9	0.43%			
Park Square Enterprises LLC	7,338,331	10	0.43%			
Lakeview Crest LLC				$ 10,688,849	1	1.68%
Sumter Electric Co Op Inc				7,925,403	2	1.25%
Embarq-Florida Inc				4,704,334	3	0.74%
Cole Ko Tavares FL LLC				4,580,948	4	0.72%
Duke Energy				3,671,523	5	0.58%
Lakepoint Senior Apartment LP				3,332,245	6	0.52%
MCBG LLC				3,257,549	7	0.51%
NWS Holdings LLC				3,242,233	8	0.51%
GWS Tool Holdings				3,236,088	9	0.51%
Tavares Associates				3,169,841	10	0.50%
Totals	$ 127,150,767		7.37%	$ 47,809,013		7.52%

Source: Lake County Property Appraiser
Tax amounts displayed are against the principal taxing authority millage and not Voted Debt.

CITY OF TAVARES, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2016	4,463,583	4,198,281	94.06%	105,651	4,303,932	96.42%
2017	5,187,341	5,008,126	96.55%	6,377	5,014,503	96.67%
2018	5,656,415	5,241,329	92.66%	98,496	5,339,825	94.40%
2019	6,316,619	6,129,045	97.03%	140,171	6,269,216	99.25%
2020	6,793,123	6,601,651	97.18%	117,045	6,718,696	98.90%
2021	7,682,309	7,213,432	93.90%	90,678	7,304,110	95.08%
2022	7,797,941	7,516,386	96.39%	108,995	7,625,381	97.79%
2023	8,770,929	8,036,868	91.63%	278,868	8,315,736	94.81%
2024	9,882,217	9,395,692	95.08%	118,422	9,514,114	96.28%
2025	11,683,115	10,861,940	92.97%	5,152	10,867,092	93.02%

Note: Excludes Voted Debt Service Levy; includes TIF Collections for City

CITY OF TAVARES, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities			Business-Type Activities					
Fiscal Year Ended September 30,	Bonds Payable	Notes Payable	Capital Leases	Water Revenue Bonds	Notes Payable	Capital Lease	Total Primary Government	Percentage of Personal Income [1]	Per Capita
2016	-	24,339,565	14,334	5,975,000	30,044,975	265,587	60,639,461	10.06%	3,791
2017	-	23,343,890	-	5,620,000	30,124,770	166,980	59,255,640	8.56%	3,704
2018	-	25,092,962	-	5,255,000	34,812,740	66,499	65,227,201	9.42%	3,997
2019	-	24,037,000	300,220	4,875,000	33,629,082	-	62,841,302	13.48%	3,615
2020	-	23,938,889	270,728	4,490,000	33,555,854	-	62,255,471	13.39%	3,508
2021	-	21,777,000	241,752	7,695,000	34,757,720	-	64,471,472	11.68%	3,706
2022	-	24,069,000	210,086	7,285,000	35,711,381	-	67,275,467	12.19%	3,432
2023	-	22,542,000	177,590	6,720,000	35,111,249	-	64,550,839	8.69%	3,065
2024	-	19,931,000	144,243	6,140,000	33,539,201	-	59,754,444	7.20%	2,715
2025	-	17,205,000	108,140	5,545,000	32,852,730	-	55,710,870	6.71%	2,477

Notes:

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

** Data is not available

1. See the Schedule of Demographic and Economic Statistics on page 110 for personal income and population data. Personal income for Tavares is calculated using population and per capita income.

CITY OF TAVARES, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2016	2,551,000	36,490	2,514,510	0.37%	157
2017	2,350,000	36,490	2,313,510	0.32%	142
2018	2,143,000	36,491	2,106,509	0.26%	139
2019	1,930,000	469,316	1,460,684	0.18%	97
2020	1,711,000	571,198	1,139,802	0.12%	64
2021	1,486,000	44,558	1,441,442	0.14%	83
2022	1,255,000	43,651	1,211,349	0.11%	62
2023	1,018,000	50,636	967,364	0.07%	46
2024	774,000	559,990	214,010	0.01%	10
2025	523,000	142,807	380,193	0.02%	17

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements
1. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 120-121 for property value data.
2. Population data can be found in the Schedule of Demographic and Economic Statistics on page 110.

CITY OF TAVARES, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt
Overlapping Debt:			
Lake County General Obligation Debt	$ 2,480,000	4.29%	$ 106,392
Subtotal, overlapping debt			
Direct Debt:			
Governmental activities debt	523,000	100%	523,000
Total direct and overlapping debt	$ 3,003,000		$ 629,392

Sources:
Lake County Property Appraiser's Office
Lake County Comprehensive Annual Report
Lake County Finance Department
Lake County School Board

Notes:
1. Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Tavares
2. The City issued General Obligation Bonds in fiscal year 2012.

CITY OF TAVARES, FLORIDA

LEGAL DEBT MARGIN

September 30, 2025

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

REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
WATER AND SEWER FUND

Fiscal Year	Water/Sewer Gross [1] Revenues	Less: Operating [2] Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2016	9,789,844	4,134,075	5,655,769	1,555,284	363,936	1,919,220	2.95
2017	11,502,519	4,896,380	6,606,139	1,861,610	474,259	2,335,869	2.83
2018	10,506,041	5,141,480	5,364,561	1,377,168	490,262	1,867,430	2.87
2019	11,288,021	6,522,080	4,765,941	1,604,420	760,820	2,365,240	2.01
2020	11,951,349	6,521,604	5,429,745	1,958,666	724,589	2,683,255	2.02
2021	11,933,768	6,591,847	5,341,921	1,813,812	699,961	2,513,773	2.13
2022	13,831,046	7,389,255	6,441,791	1,992,658	753,168	2,745,826	2.35
2023	14,782,434	8,395,663	6,386,771	2,231,655	733,590	2,965,245	2.15
2024	14,752,503	8,254,557	6,497,946	2,439,362	805,998	3,245,360	2.00
2025	16,763,005	6,047,665	10,715,340	2,502,008	621,654	3,123,662	3.43

Notes:
1. Total Operating Revenue (including impact fees).
2. Excludes depreciation expense
3. Debt service principal Includes notes payable
4. Debt service interest excludes interest on capital leases & capitalized interest (excludes other debt service cost)
5. Stormwater has been excluded

CITY OF TAVARES, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2015	15,106	570,674	37,778	52.6	13.13	41,343	5.2%
2016	15,996	603,017	37,698	46.1	10.30	42,414	4.6%
2017	16,317	692,086	42,415	54.9	13.40	42,414	3.4%
2018	15,106	**	**	**	**	43,174	2.9%
2019	17,385	466,092	26,810	55.4	**	42,000	2.9%
2020	17,749	465,077	26,203	51.4	**	44,798	7.4%
2021	17,397	552,076	31,734	54.3	**	46,094	4.3%
2022	19,600	966,535	49,313	54.1	**	42,000	2.7%
2023	21,061	743,116	35,284	54.6	23.10	42,000	3.4%
2024	22,007	829,818	37,707	54.6	24.80	43,641	3.8%
2025	22,490	865,663	38,491	53.1	25.90	47,982	3.6%

Sources:

1. Per Capita Income: Census.gov City Data
2. Median age - City-Data.com (2019, most recent information available)
3. School enrollment Lake County Schools, Florida Department of Education (included charter school enrollment)
4. Population: Metro Orlando Economic Development Commission & Florida EDR. Census.gov City Data
5. Economic and Business Research, University of Florida
6. Office of Economic & Demographic Research - County Profiles

Note: ** Data not available

CITY OF TAVARES, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2025			2016		
Employer	Employees	Rank	Percentage of Total City Employment [6]	Employees	Rank	Percentage of Total City Employment
Lake County Public Schools[3]	5,699	1	33.00%	5,435	1	**
Advent Health (Florida Hospital Waterman)[5]	2,500	2	14.48%	1,482	2	**
Lake County Board of County Commissioners[5]	1,025	3	5.94%	780	3	**
Cornerstone Hospice[3]	768	4	4.45%	468	5	**
Lake County Sheriff's Office[4]	755	5	4.37%	721	4	**
Lake County Clerk of Court[5]	191	7	1.11%	212	6	**
City of Tavares	221	6	1.28%	167	7	**
Sunstate Carriers[3,4]	128	9	0.74%	120	9	**
Publix[3]	150	8	0.87%	153	8	**
Winn-Dixie	**	**	**	110	10	**
Lake County Tax Collector[3]	112	10	0.65%	68	**	**
Total	11,549		66.88%	9,716		

Source: City of Tavares Economic Development Department

Notes:
1. The City of Tavares has an estimated functional population (daytime) of 9,398 with approximately 752 business establishments as of 9/30/2005. Tindale-Oliver & Assoc., Inc. Impact Fee Study September 2006. Business establishments - City of Tavares business license database.
2. ** Data not available
****Employer not ranked in top 10
3. City of Tavares Economic Development Department
4. FY 2025 - Most Recent Data Available

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	28.0	29.5	29.5	26.0	28.5	29.0	32.0	34.0	36.0	36.0
Public Safety										
Police										
Sworn officers	26.0	26	26.0	27.0	30.0	30.0	30.0	32.0	33.0	35.0
Non-sworn officers	1.0	1	2.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Civilians [1 & 2]	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.5
Fire										
Firefighters & officers	24.0	24	24.0	25.0	25.0	26.0	26.0	26.0	26.0	32.0
Civilians	1.0	1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Physical Environment	9.0	9	9.0	15.0	17.0	17.0	17.0	17.0	20.0	22.0
Economic Development	2.0	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Marina/Prop Shop	6.0	5.5	5.5	5.5	6.0	6.0	6.0	7.0	7.0	7.0
Water/Wastewater/SW	32.0	32	32.0	33.0	34.0	39.0	39.0	39.0	39.0	39.0
Solid Waste	8.0	8	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
Culture & Recreation	23.0	23	28.0	28.5	29.0	27.0	27.0	27.0	28.0	31.0
Total	163.0	163.5	169.5	174.5	184.0	189.5	192.5	198.5	205.5	221.5

Notes:
Data extracted from annual FTE Reconciliations in Adopted Budget for each year
Seasonal Employees not included.
1. Police civilians include emergency communications center operations personnel.
2. Emergency Center Operations opened in 2007, then moved to Lake County Sheriff's Office in April 2013 .
3. Includes Pavilion employees.

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
Public Safety										
Auto accidents	21	746	682	718	551	401	702	474	647	664
Physical arrests	266	298	309	377	378	471	398	219	323	332
Criminal investigations conducted	246	796	770	422	519	414	408	496	419	525
Total calls for service	16,503	16,884	16,828	16,408	15,965	17,289	13,057	16,434	16,039	15,448
911 calls received [1]	4,204	**	1,477	5,275	5,505	2,556	5,166	5,867	5,680	1,989
Evidence processed (pieces)	**	**	**	1,534	**	**	**	**	**	**
Public education programs	**	**	158	**	**	**	**	**	55	**
Medical responses	1,955	3,984	3,425	3,469	3,700	3,153	3,267	3,518	3,760	3,639
Community Development										
Total permits issued	1,169	1,730	1,995	1,591	2,618	1,954	2,112	2,126	1,960	2,236
Construction inspections	1,080	4,980	6,727	3,590	4,216	5,600	7,526	9,993	9,324	9,060
Physical Environment										
Streets paved (miles)	125	125	-	130	66	69	72	72	72	79
Streets resurfaced (miles)	4	11	3	4	4	3	5	7	4	4
Sidewalks/bike paths built or repaired (feet)	3,100	58,080	755	10,805	5,332	6,167	16,420	15,349	10,840	11,455
Culture and Recreation										
Sports complex ball games & field rentals	699	699	592	619	235	307	525	554	611	780
Library cards issued	1,209	1,170	1,303	1,324	92	831	1,089	1,296	1,178	1,030
Water/Wastewater										
New connections	353	241	458	563	237	350	429	412	226	196
Number of customers	8,078	8,075	9,982	7,604	8,817	9,192	9,588	10,234	10,349	10,545
Water main breaks	3	4	-	5	2	11	8	**	2	9
Average daily consumption (millions of gallons)	3	3	2	3	3	3	3	3	3	3
Meter reads	10,214	10,477	11,132	9,475	11,494	11,972	13,454	13,701	13,674	15,221
General Government										
Employment applications received	669	590	482	410	273	271	452	347	379	677
Personnel actions processed	205	205	225	215	395	255	265	265	251	268
Legal notices published	50	154	49	73	43	31	48	18	40	35
Business Tax Receipts Issued	1,066	1,081	313	1,041	975	993	94	943	852	787
Accidents and injuries reviewed	17	24	18	16	20	40	20	23	12	15
Land use amendments and rezonings	33	7	21	13	6	15	13	8	2	6
License/Permit reviews	1,501	1,824	1,968	1,672	658	656	2,116	952	**	**
Employees paid	211	203	186	213	209	207	212	233	225	228
Checks deposited	39,256	37,230	36,874	31,249	30,238	28,755	41,114	25,895	23,460	22,729
A/P Checks issued	7,277	5,550	5,623	5,896	6,152	6,120	5,753	6,231	6,074	5,531
Purchase orders/processed	5,909	5,967	5,235	5,040	4,864	4,971	4,959	5,095	5,243	5,174

Note:
** Data not available
1. In Fiscal Year 2013, Communications were turned over to Lake County Sheriff's Office
2. Increase reflects Alfred Street One-Way Pairing Project, CRA Projects, and JPA with FL Dept of Transportation

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

Honorable Mayor and City Council
City of Tavares, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tavares, Florida (the City), as of and for the year ended September 30, 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 June 30, 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDirmit Davis

Orlando, Florida
June 30, 2026

McDirmit Davis

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Tavares, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Tavares's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2025. The City's major federal programs 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 the type of compliance requirement of a federal program 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.

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

McDirmit Davis

Orlando, Florida
June 30, 2026

Schedule of Expenditures of Federal Awards

Year ended September 30, 2025

Award Type Grantor Pass-Through Grantor Grantor Project Title	Assistance Listing Number	Agency or Pass-Through Entity Grant Number	Expenditures
Federal Awards			
U.S. Department of Housing and Urban Development			
Passed through State of Florida, Lake County			
CDBG -CV	14.218	Lake Tech	$ 712
Total United States Department of Housing and Urban Development			712
FL Department of Environmental Protection			
Drinking Water State Revolving Fund *	66.468	DW350981	2,377,404
Total FL Department of Environmental Protection			2,377,404
U.S. Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027		141,846
Total United States Department of Treasury			141,846
Total federal awards			$ 2,519,962

* Denotes a major program

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Tavares (the City) under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2025, even if a grant or loan was received subsequent to that date. Federal expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

Indirect cost rate is dictated by its federal contract terms. The 15-percent de minimis indirect rate as allowed under the Uniform Guidance is not in effect nor is available under its contracts.

NOTE 4 LOANS AND LOAN GUARANTEES

The City of Tavares participates in the Drinking Water State Revolving Fund (DWSRF) loan program (CFDA No. 66.468), administered by the Florida Department of Environmental Protection as a pass-through from the U.S. Environmental Protection Agency. Proceeds from this program are used to finance eligible drinking water infrastructure improvements within the City.

Loan activity for the year ended September 30, 2025 is summarized as follows:
DW350981 Loan Balance – $674,763
Loan expenditures $2,377,404

There were no federal loan guarantee programs in effect for the fiscal year ended September 30, 2025.

A. Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion

Internal control over major federal programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ____ Yes __X__ No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
66.468	Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,000,000

Auditee qualified as low-risk auditee __X__ Yes ____ No

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

McDirmit Davis

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MANAGEMENT LETTER

Honorable Mayor and City Council
City of Tavares, Florida

Report on the Financial Statements
We have audited the financial statements of the City of Tavares, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 30, 2026.

Auditor's Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program 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 June 30, 2026, should be considered in conjunction with this management letter.

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

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

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

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

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

Property Assessed Clean Energy (PACE) Programs

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

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

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

Not applicable, no PACE programs

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

Not applicable, no PACE programs

Additional Matters

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

Purpose of this Letter

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

McDirmit Davis

Orlando, Florida
June 30, 2026

McDirmit Davis

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

The Honorable Mayor and City Council
City of Tavares, Florida

We have examined City of Tavares's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 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 the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

McDirmit Davis

Orlando, Florida
June 30, 2026