AGENDA FOR REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF INVERNESS, FLORIDA, CITY HALL, 212 WEST MAIN STREET
June 4, 2024 - 5:30 PM

NOTICE TO THE PUBLIC
Any person who decides to appeal any decision of the Governing Body with respect to any matter considered at this meeting will need a record of the proceedings and, for such purpose, may need to provide that a verbatim record of the proceeding is made, which record includes testimony and evidence upon which the appeal is to be based (Section 286.0105, Florida Statutes).

Accommodation for the disabled (hearing or visually impaired, etc.) may be arranged with advance notice of seven (7) days before the scheduled meeting, by dialing (352) 726-2611 weekdays from 8 AM to 4 PM.

ENCLOSURES*

1) INVOCATION, PLEDGE OF ALLEGIANCE & ROLL CALL

2) PLEASE SILENCE ELECTRONIC DEVICES

3) ACCEPTANCE OF AGENDA

4) PRE-SCHEDULED APPEARANCES / RECOGNITIONS

a) Inverness Firefighters Community Award Recipients

5) PUBLIC HEARINGS / WORKSHOPS

6) OPEN TO THE PUBLIC
The public is invited to speak. (Speaking time limit: Individual - 3 minutes; Group/Organization - 5 minutes)

7) CITY ATTORNEY REPORT

8) CONSENT AGENDA

a) Bill Listing*

b) Council Minutes* - 05/21/2024

9) CITY CLERK'S REPORT

a) Ordinance 2024-831 Canvassing Board Referendum - 1st Reading*

10) CITY MANAGER'S REPORT

a) Fiscal Year End 2023 (09/30/23) Audit Report Presentation

b) Contract Award for Wayfinding Signage Phase 1*

c) 310 East Dampier Street - Lot Purchase

d) Project / Program Updates

- July 3 Patriotic Evening
- Code Compliance Intiaitives
- Other

11) MAYOR & COUNCIL SUBJECTS / REPORTS

a) Mayor Plaisted

b) Councilwoman Bega

c) Councilwoman Hepfer

d) Councilwoman Lizanich

e) Councilman Davis

f) Councilman McBride

12) NON-SCHEDULED PUBLIC COMMENT
(Speaking time limit: Individual - 3 minutes; Group/Organization - 5 minutes)

13) ADJOURNMENT

a) **DATES TO REMEMBER**

Kid's $1 Movie Days – Over the Hedge
Wednesday, June 5, 2024 @ 12:00noon & 3:00pm
Valerie Theatre

Under Siege Presents: Bill W. and Dr. Bob
Friday, June 7, 2024 @ 7:30pm
Saturday, June 8, 2024 @ 3:30pm
Sunday, June 9, 2024 @ 3:30pm
Valerie Theatre

Kid's $1 Movie Days – Shrek
Wednesday, June 12, 2024 @ 12:00noon & 3:00pm
Valerie Theatre

Market at the Depot
Wednesday, June 12, 2024 from 5:00pm – 8:00pm
Depot Pavilion

Flag Day
Friday, June 14, 2024 @ 10:00am
Depot Pavilion

Market at the Depot
Saturday, June 15, 2024 from 9:00am – 1:00pm
Depot Pavilion

Valerie Players Presents: Red Hot Lovers
Friday, June 14, 2024 @ 7:00pm
Saturday, June 15, 2024 @ 7:00pm
Sunday, June 16, 2024 @ 2:00pm
Valerie Theatre

Inverness City Council Regular Meeting
Tuesday, June 18, 2024 @ 5:30pm
Inverness Government Center

**Every Wednesday @ 6:00pm Cornhole League Depot Pavilion*

Agenda Memorandum - ***City of Inverness***

June 4, 2024

TO: Elected Officials

FROM: Eric Williams, City Manager

SUBJECT: Inverness Firefighters Community Award Recipients

CC: Bobby Bessler, Fire Chief, Susan Jackson, City Clerk, Frank Calascione, Assistant City Manager

Enclosures:

Recently, several of our Fire Department members have received local and federal awards in recognition of their heroism and outstanding service to our community.

Lieutenant Samuel Schey and Firefighter Caleb Deal received the VFW Post 4337 Public Servant of the Year Award for the heroic rescue of an elderly woman and a dog from a house fire.

Lieutenant Matthew Hare received the U.S. Congressional 12th District 1st Responder of the Year Award from Congressional Representative Gus Bilirakis for his outstanding work ethic and steadfast dedication and service to the Fire Department and our community.

Congratulations and thank you to these Firefighters for their continued commitment to excellence and community service.

CITY OF INVERNESS

CASH REQUIREMENTS REPORT

VENDOR DOCUMENT	INVOICE	VOUCHER	DESCRIPTION	DUE DATE	DUE 09/30/24
	TOTALS FOR ACE HARDWARE CO OF INV INC				57.97
	TOTALS FOR ADVANCE AUTO PARTS				3.30
	TOTALS FOR STEBEN, INC				2,000.00
	[redacted]				[redacted]
	TOTALS FOR BOARD OF COUNTY COMMISSIONERS				31,741.59
	TOTALS FOR EMBARQ FLORIDA, INC				1,251.15
	TOTALS FOR CITRUS COUNTY BOARD OF COMMISSIONER				104,936.76
	TOTALS FOR CORE & MAIN LP				575.80
	TOTALS FOR DUKE ENERGY				15,991.93
	TOTALS FOR FIRST OUT RESCUE EQUIPMENT, LLC.				331.20
	TOTALS FOR FLORIDA DEPARTMENT OF REVENUE				3,025.00
	TOTALS FOR HILIGHTS, INC.				1,795.00
	TOTALS FOR IRWIN, CHRISTOPHER L.				185.49
	[redacted]				[redacted]
	TOTALS FOR OFFICE DEPOT INC				101.04
	TOTALS FOR ROB HUMPF CORP.				268.84
	TOTALS FOR SUMTER ELECTRIC COOPERATIVE INC				901.39
			REPORT TOTALS		162,907.40

** END OF REPORT - Generated by Stacey Iddings **

***PLEASE NOTE: REDACTED LINES ARE CREDIT BALANCES OWED TO US BY VENDORS - THUS NOT PAYABLE

May 21, 2024
5:30 PM

The City Council of the City of Inverness met on the above date in Regular Session at 212 W. Main Street with the following members present:

President Hepfer
Vice President Davis
Councilwoman Bega
Councilwoman Lizanich
Councilman McBride
Mayor Plaisted

Also present were City Manager Williams, City Attorney Hartley, Staff Members, and City Clerk Jackson.

The Invocation was given by Mayor Plaisted and the Pledge of Allegiance was led by the City Council.

ACCEPTANCE OF AGENDA
Councilman McBride motioned to accept the Agenda with the removal of item 5)a). Seconded by Councilman Davis. The motion carried.

PRE-SCHEDULED APPEARANCES
None

PUBLIC HEARINGS / WORKSHOP
None

OPEN PUBLIC MEETING
Karen Esty thanked City Manager Williams for the budget overview at the last meeting and referenced the Citrus County Sheriff's Office. Questioned the sidewalk on Independence Highway with City Manager noting he met with Hernando/Citrus MPO Director Esposito and discussed the funding cycle would push the sidewalk to the next cycle.

Debbie Wheatley agreed that the budget overview was very organized and not boring. Thanked everyone for all they do.

CITY ATTORNEY REPORT
City Attorney Hartley spoke of a recent letter from a law firm regarding an injury on the 44W boat ramp. Will keep Council updated.

CONSENT AGENDA

a) Bill Listing*
   - Recommendation – Approval
b) Council Minutes – 05/07/2024*
   - Recommendation – Approval

Councilman McBride motioned to accept the Consent Agenda. Seconded by Councilwoman Bega. The motion carried.

CITY CLERK'S REPORT

None

CITY MANAGER'S REPORT

10)a) Enhanced Law Enforcement Service Agreement – 10/1/24 to 9/30/25* with City Manager Williams stating the City of Inverness continues to maintain excellent and highly effective relations with the Citrus County Sheriff's Office (CCSO) through the Interagency Agreement. The Sheriff provides a full complement of law enforcement services. Statistically, crime indicators are favorable and low. The proposed agreement is structured to continue the program through September 30, 2025 with costs to maintain the current staffing/level of service of $1,310,059 which represents an 2.37% increase from the current year. Most of the increase would be due to benefit/salary adjustments. Representatives from the CCSO were present to address any questions or concerns of the Council and Mayor. Sheriff Prendergast spoke of the teamwork with the City and strong relationships with City businesses. He noted the great resources that are in the Community Resource Officers (CROs) with Deputy Goodman's leadership and Deputy Ruby's connection with the community. He spoke of the meaning of the upcoming Memorial Day holiday and the many veterans working for the CCSO. Noted the support from the City and community make a positive legacy here in Citrus County. Spoke of the budget for frontline defense as they are here to serve. Thanked everyone for Backing the Blue. Councilman McBride stated the CCSO is always welcome at the City and supports the enhanced services 110%. Spoke of how the CROs understand the community and are a great reflection on the Sheriff's Office. This request is a great deal for the community. Councilwoman Lizanich asked Sheriff to define the enhanced agreement and the benefits to the City, as well as how the appropriation is allotted within the Sheriff's Office. Stated last year's increase was 18.28%. City Manager Williams spoke of the levels of service, the dedicated CROs, road patrol, etc. Sheriff Prendergast provided examples without the enhanced service and how Inverness would be just another patrol zone. These are challenging times. Calls and responses would take longer as they are under manned by 1.3 deputies per 1,000 citizens. Proactive work through the agreement. Spoke of the cost to run a municipal police service compared to contracting the CCSO. Noted calls are responded by dedicated law enforcement and if needed, others from the County are there to assist. Saving a citizen's life is why there is so much support. Spoke of the various costs incurred with worker's comp, health benefits, FRS, etc. and that approx. 80% of every dollar goes to salaries and benefits each year. Mayor Plaisted spoke of changing from the Inverness Police Department to the Sheriff's Office many years ago, which has developed into an outstanding program and partnership. Noted that many take for granted the comfort in our area and he is grateful that the CCSO takes care of our community. Sheriff Prendergast noted that Col. Vitt was a former IPD who transferred to the CCSO at that time and has since served this County for three decades. Noted Lt. Fischer's faithful dedication as well. Councilwoman Bega appreciated and thanked the Sheriff for so much work on this budget to request only a 2.37% increase. President Hepfer spoke of the partnership and this minimal increase shows a great return on investment. **Councilman McBride motioned to support and approve the agreement with the Citrus County Sheriff's Office for Enhanced Law Enforcement Services through September 30, 2025 based on the presented costs and authorize the City Manager to execute the agreement and letter. Seconded by Councilman Davis. The motion carried.**

10)b) School Traffic Control Services Agreement – FY24/25* with City Manager Williams stating the City recognizes the importance of student safety and the fact state level funding reductions caused the local School System to seek assistance at certain traffic crossings. In 2011, the City approved an agreement to provide funding for certain Crossing Guard locations in keeping with Florida Statues. The proposed agreement is structured for the City of Inverness to fund Crossing Guards at a cost of $23,093.55 (0.28% decrease from previous year), which is allocated in the budget, and be applied during School Year 2024-25, for students making their way (walking and/or cycling) to school facilities at the following traffic locations: (Hwy 41/44) Main Street & Line Avenue and Ella Avenue & Turner Camp Road. **Councilwoman Bega motioned to approve the Inter-Agency Agreement for School Crossing Guards for the 2024/25 school year and authorize the Council President to execute the document. Seconded by Councilwoman Lizanich. The motion carried.**

10)c) FDOT Right-of-Way Donation – US 41N* with City Manager Williams stating in continuation of the US 41N widening project, FDOT is moving forward with the necessary right of way (ROW) acquisitions for the segment between the Highway 41N bridge over the State Trail and N Sportsman's Point. The City has been actively involved with FDOT during the current project phase as it relates to its impact on the City Utilities and Whispering Pines Park. FDOT has requested a perpetual easement over a small portion of City-owned property of approximately 705 square feet needed for drainage improvements within the next phase of road widening. Public Works Director Dilmore provided a PowerPoint overview. **Councilman McBride motioned to have the Clerk read Resolution FDOT Resolution by Title only. Seconded by Councilman Davis. The motion carried.**

RESOLUTION 2024 – 07 FDOT

A RESOLUTION OF THE CITY OF INVERNESS, FLORIDA, CONVEYING A PERPETUAL EASEMENT OVER SAID LANDS AS REQUIRED FOR DRAINAGE PURPOSES; AND PROVIDING FOR AN EFFECTIVE DATE.

Councilman Davis motioned to adopt Resolution 2024-07 FDOT for permanent easement and authorize the Council President to execute the FDOT donation of property/permanent easement form by rollcall. Seconded by Council woman Lizanich. Roll call vote was as follows: Councilwoman Bega, yes; Councilman Davis, yes; Councilman McBride, yes; Councilwoman Lizanich, yes; President Hepfer, yes. The motion carried.

10)d) Project/Program Updates ***(Verbal)***

- Septic to Sewer 44 West – Public Work Director Dilmore provided status as near completion and on budget. Spoke of 60-day extension request by contractor. City Manager noted the project has been well manager.
- Tower Lights – Parks & Rec Director Worley stated the lights are up and running, has different colors, finalizing different programs for themes.
- Small Town Saturday Night – Parks & Rec Director Worley noted June 1 from 5:00pm – 9:00pm with the Caribbean Chillers, a Jimmy Buffett tribute band.

- Other included City Manager Williams noting the upcoming budget workshop and a lot of activities going on this summer.

COUNCIL/MAYOR SUBJECTS

Councilwoman Bega requested a discussion regarding upcoming TDC contribution to City events, more time has been spent on response, and noted recent comments made at the TDC meeting.

President Hepfer spoke of attending the TDC meeting where they approved the City's request, the BOCC is the hold up. A copy of an agenda memorandum D.4. from a recent TDC meeting and the inferring of "double dipping" if someone requested TDC funding for an event that would be held in Inverness. Offensive comments were made during that meeting. City Manager Williams noted that the City is ahead of times and how anxiety, either intended or unintended, is being created for those requesting funds for events. There is no need for the City to push the agreement if there are Councilmembers uncomfortable in the partnership. Advise to pause and send a list of City events if they want to be involved. The process was explained, and the City does not have to have this funding. Spoke of budget process. Let the TDC/BOCC come to the City if they wish to be involved. Council consensus was put the Interlocal agreement on hold and send a letter.

Mayor Plaisted stated he is grateful for a great City, overcoming obstacles with a positive attitude. Wonderful place to be.

Councilman McBride stated it is a pleasure to serve the City on the Council.

Councilwoman Lizanich attended the First Responders luncheon in Crystal River.

Councilman Davis stated he is glad to be here and represent the City. Attended an MPO training this past weekend and was very informative.

CITIZENS NOT ON AGENDA

None

Meeting adjourned at 6:31 p.m.

______________________________ ______________________________

City Clerk Council President

Agenda Memorandum - ***City of Inverness***

June 4, 2024

TO: Elected Officials

FROM:

SUBJECT: Ordinance 2024-831 Canvassing Board Referendum - 1st Reading*

CC:

Enclosures: 1. Ordinance 2024-831 Amending Charter - Inverness Canvassing Board JTH 05-08-23 (v2)

As the Council is aware, prior to the 2022 Election cycle, the matter of language in the City Charter regarding a City Canvassing Board, as referenced in Article IV, Section 4.06 of the City Charter, was discovered and addressed by City Attorney Robert Batsel, Jr. The existing interlocal agreement between the City and the Citrus County Supervisor of Elections Office (SOE), which has been presented and approved for many election cycles from approx. 2006 to present, agrees for the Citrus County Canvassing Board to canvass City ballots. Following discussions with the Citrus County Supervisor of Elections Mo Baird, the Department of State's Office of General Counsel, and research of City Records, it was recommended that the City delegate the function of canvassing the election to the County's Canvassing Board to ensure the most secure, efficient, and accurate canvassing of General Election ballots. This Ordinance for Council consideration calls for amending the City Charter to provide consistency with the intended practice. This solution serves the best interests of the City and the electorate. This matter has now been brought back for Council consideration. It is recommended that Council approve the Ordinance as presented.

If you wish to discuss this further, please contact me at your convenience.

Recommended Action –

1. Motion, second, and vote to read Ordinance 2024-831 by title only.
2. Deliberate the matter.
3. Motion, second, and vote to approve Ordinance 2024-831 on first reading by roll call.

Thank you for your support of this matter.

ORDINANCE 2024-831

AN ORDINANCE OF THE CITY OF INVERNESS, FLORIDA, PROVIDING FOR A REFERENDUM ELECTION TO BE HELD ON AUGUST 20, 2024; AMENDING THE CITY CHARTER BY REPEALING PART I, ARTICLE IV, SECTION 4.06. – CITY CANVASSING BOARD; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS:

A. The Charter of the City of Inverness, Florida (the "City Charter") was adopted by Chapter 63-1442, Laws of Florida.

B. Pursuant to Section 166.021(4), Florida Statutes, changes in the City Charter that govern the distribution of powers among elected officers or matters prescribed by the Charter relating to appointed boards may only be repealed or amended by referendum.

C. Section 166.031, Florida Statutes, provides the methods by which a municipality may amend its Charter by referendum.

D. The City Council recommends that the City Charter be amended by repealing Section 4.06 as set forth below.

E. Section 4.06 of the Charter requires canvassing of city elections by a City canvassing board, thereby prohibiting canvassing of City elections by anyone other than the City canvassing board.

F. The City Council believes that amending such provision is appropriate because most, if not all, City of Inverness ballot items appear on Citrus County-wide general or special election ballots, which are administered by the Citrus County Supervisor of Elections ("SOE") and canvassed by the Citrus County Canvassing Board. In light of the foregoing and applicable election laws, it is impracticable for a City canvassing board to canvass a City ballot item alongside a County Canvassing Board charged with canvassing other items on the same ballot.

G. Delegating canvassing oversight to the SOE increases the effectiveness, efficiency and cost effectiveness of City Elections.

H. The proposed amendment set forth herein promotes public welfare and advances the interests of the City of Inverness, its resident voters, and the strength and stability of the election process.

I. The City Council hereby submits the question of amending the City Charter to a vote of the electors of the City as set forth below at a referendum called for such purpose pursuant to Section 166.031, Florida Statutes.

NOW THEREFORE BE IT ORDAINED by the City Council of the City of Inverness, Florida as follows:

Section 1. The foregoing recitals are confirmed as being true and correct, and are hereby incorporated into this ordinance upon adoption.

Section 2. The City Council hereby calls for and orders for the holding of a referendum election to be held on August 20, 2024, the same day as the Primary Election. To determine whether the amendment to the City Charter appearing in Section 3 of this ordinance shall be adopted, all qualified electors of the City of Inverness shall be entitled and permitted to vote in the referendum. The referendum shall be held and conducted in the same manner prescribed by law (including the City Charter) for other City elections.

Section 3. That Section 4.06 of City Charter, City of Inverness, Florida, is hereby repealed, effectively deleting the following language shown in ~~strikethrough~~:

> ~~Section 4.06. - City canvassing board.~~
>
> ~~The city canvassing board shall be composed of three (3) members, which shall be composed of the Charter officers and the mayor or councilmen, but none of these members may be candidates for election. The chairman shall be the city clerk. At the close of the polls of any city election, or as soon thereafter as practicable, the board shall meet at a place and time designated by the chairman and shall proceed to publicly canvass the absentee elector's ballots and then publicly canvass the vote as shown by the returns then on file in the office of the supervisor of city elections. The board shall prepare and sign a certificate containing the total number of votes cast for each candidate or other measure voted on. The certificate shall be placed on file with the city clerk. In the event of a protest of the election returns, the canvassing board shall follow the procedures outlined in Section 102.166, Florida Statutes, as amended, or any successor statute, to determine the result of said protest.~~

Section 4. The form of the ballot for the Charter amendment provided for by this ordinance shall be as follows:

<table>
<tr><td colspan="2" align="center">REPEALING SECTION 4.06 CITY OF INVERNESS CHARTER, ENTITLED “CITY CANVASSING BOARD”</td></tr>
<tr><td colspan="2">Pursuant to its home rule powers granted by the Florida Constitution and Florida Statutes, the City Council has provided for administration of City elections by the Citrus County Supervisor of Elections. Shall the City Charter be amended to repeal Section 4.06, “City Canvassing Board,” thereby deleting a requirement to utilize a City canvassing board for City elections and allow canvassing to be performed by the Citrus County Canvassing Board?</td></tr>
<tr><td>____________</td><td>Yes, for approval.</td></tr>
<tr><td>____________</td><td>No, for rejection.</td></tr>
</table>

Section 5. The City Clerk is hereby authorized and directed to advertise the referendum election contemplated herein as required by law and to take all appropriate actions necessary to carry out the provisions of this ordinance.

Section 6. Upon approval by a majority of the electors voting in the referendum, the amendment shall be incorporated into the City Charter and the City Clerk shall file the revised Charter with the Florida Department of State.

Section 6. The Citrus County Supervisor of Elections is requested to conduct the election scheduled hereby, canvas the ballots and certify the election results to City Clerk. The City Clerk shall declare the results thereof and shall include such certified returns in the minutes of the Inverness City Council at its first meeting after certification.

Section 7. The City Clerk shall request that a copy of this ordinance be posted at each of the office of the County Supervisor of Elections and at each place where electors of the City will be voting at the referendum.

Section 8. Should any provision or section of this ordinance be held by a court of competent jurisdiction to be held unconstitutional or invalid, such decision shall not affect the validity of this ordinance as a whole, or any part thereof, other than the part so declared to be unconstitutional or invalid.

Section 2. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 3. This ordinance shall take effect upon approval by the mayor, or upon becoming law without such approval.

Upon motion duly made and carried on first reading, the foregoing Ordinance was approved on the _____________day of_____________________, 2024.

Upon motion duly made and carried on second reading, the foregoing Ordinance was adopted on the __________day of_____________________, 2024.

CITY OF INVERNESS

By:___________________________________
Jacquie Hepfer
President, Inverness City Council

ATTEST:

By:___________________________________
Susan Jackson
City Clerk

Approved/Denied by me as Mayor of the City of Inverness, Florida, on _______________, 2024.

By:___________________________________
Robert "Bob" Plaisted
Mayor

Approved as to form and legality:

By:___________________________________
Robert W. Batsel, Jr.
City Attorney

Agenda Memorandum - ***City of Inverness***

June 4, 2024

TO: Elected Officials

FROM: Eric Williams, City Manager

SUBJECT: Fiscal Year End 2023 (09/30/23) Audit Report Presentation

CC: Alexis Koter, Frank Calascione, Assistant City Manager, Susan Jackson, City Clerk

Enclosures:
1. 2023 CITY OF INVERNESS AUDITOR LETTER
2. 2023 CITY OF INVERNESS FINANCIAL STATEMENT
3. 2023 CITY OF INVERNESS CRA AUDITOR LETTER
4. 2023 CITY OF INVERNESS CRA FINANCIAL STATEMENT

The year-end audit is an essential and required critical review of the financial status and inner workings of City Government. Public entities are in part measured by how they collect, appropriate, invest, expense and account for monetary resources. The purpose of the internal audit is to provide independent assurance that the City's risk management, governance, investment and internal control processes are operating effectively. The process to conduct a thorough audit takes months and requires interaction between City Finance staff and representatives from the independent audit firm.

The audit covers financial statements for Fiscal Year 2022-2023 (10/01/22-09/30/23). It is our understanding that Tammy Campbell will represent the independent audit firm McDirmit Davis & Company, LLC and present audit findings. Ms. Campbell will be prepared to answer questions and address comments. A copy of the audit report has been made available to Council for public review.

We look forward to Council's discussion and acceptance of the document.

Recommended Action –

1. Allow staff to present
2. Motion and second to accept the Financial Statements, Supplementary Information and Independent Auditor Reports for year ending September 30, 2023, and authorize the documents be forwarded with all related paperwork, to the Office of the State Auditor General.
3. Deliberate the matter.
4. Vote the matter.

If you wish to discuss this further, please contact me at your convenience.

Eric Williams
City Manager

McDirmit Davis

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

Honorable Mayor and City Council
City of Inverness, Florida

We have audited the financial statements of the City *of Inverness* as of and for the year ended September 30, 2023, and have issued our report thereon dated May 28, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit
As communicated in our engagement letter dated November 8, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Inverness solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit
We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence
The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified
A significant risk is an identified and assessed risk of material misstatement, that in the auditor's professional judgement, requires special audit consideration. We have focused on the following significant risks during our audit procedures:

- Management override of internal controls is the risk that management could circumvent established internal control procedure.
- Improper revenue recognition is the risk that revenue is recognized in a period it is not earned.

Our testing did not result in any management comments related to these risks.

Qualitative Aspects of the Entity's Significant Accounting Practices
Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City *of Inverness* is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*. There was no change to beginning balances. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate for the allowance for doubtful accounts is based on historical loss levels, and an analysis of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimation for the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the reasonableness of the useful lives as well as the depreciation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimation for the allocation of pension related balances between governmental activities and the water and sewer utility is based on the amount of required pension contributions required to be made by each reporting unit. We evaluated the reasonableness of the allocation factor in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures
Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the City's financial statements relates to the summary of significant accounting policies.

Significant Unusual Transactions
For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud
We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered During the Audit
We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements
For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- To correct posting of Cemetery lots sold $32,422
- To adjust sewer extension grant reimbursement request $1,348,248
- To correct posting of FDOT payments to escrow account $1,824,572

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Inverness's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management
We have requested certain written representations from management, which are included in the attached letter dated May 28, 2024.

Management's Consultations with Other Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues
In the normal course of our professional association with City of Inverness, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Inverness's auditors.

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

Very truly yours,

McDirmit Davis

Orlando, Florida
May 28, 2024

Annual Comprehensive Financial Report

September 30, 2023

CITY OF INVERNESS

Florida

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INTRODUCTORY SECTION

MAYOR

Bob Plaisted

CITY COUNCIL

Linda Bega, Council President

Jacquie Hepfer, Council Member | Gene Davis, Council Member

Cabot McBride, Council Member | Crystal Lizanich, Council Member

STAFF

City Manager	Eric Williams
City Clerk	Susan Jackson
Human Resources/Executive	Tina Williams
Finance Director	Richard LaCondre
Public Works Director	Cory Dilmore
Information Technology	Joey Johnston
Community Development	Chris Shoemaker
Parks and Recreation and Cultural Affairs	Randall Worley
Fire Rescue	Robert Bessler

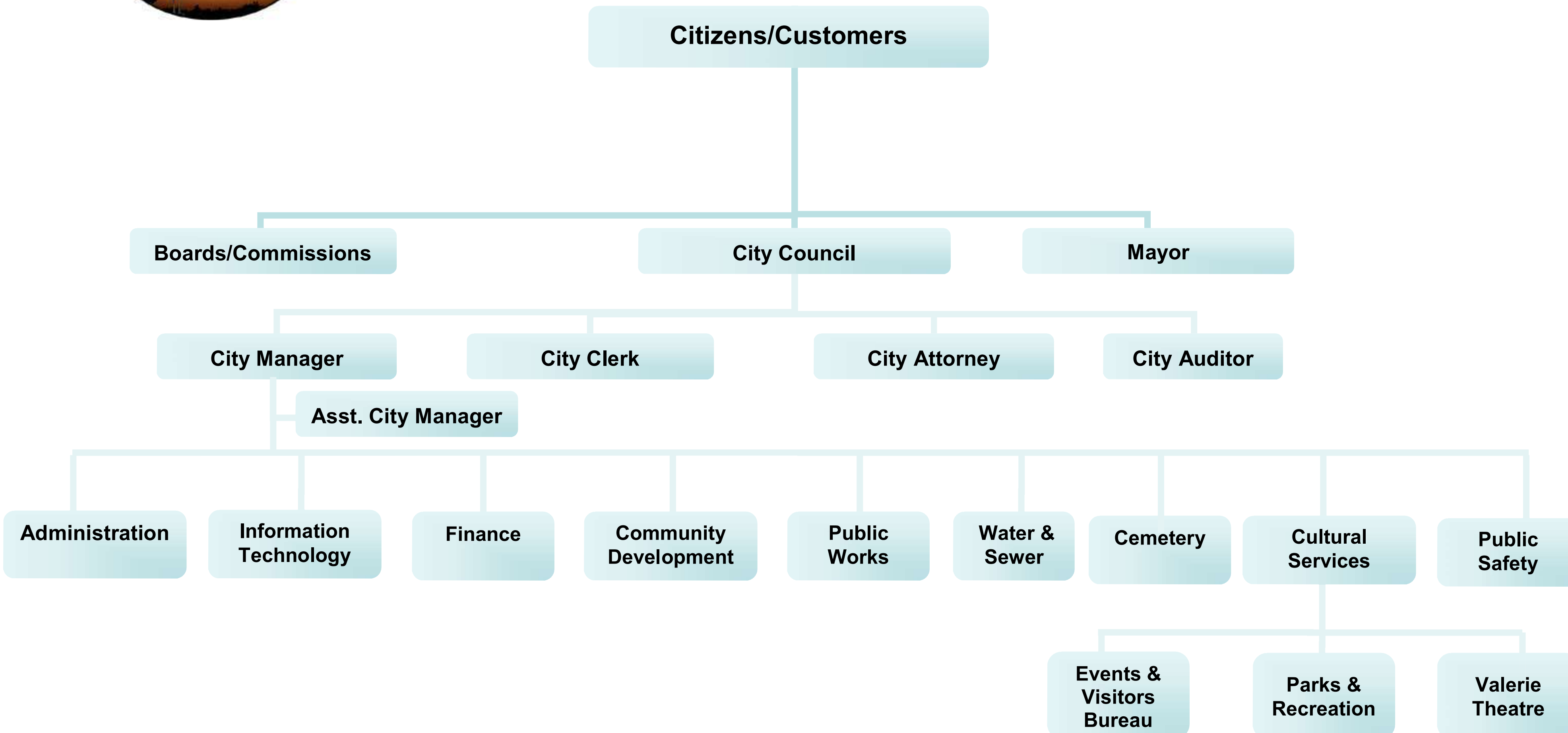
LEGAL COUNSEL

Gilligan, Gooding, Bastel, Anderson & Phelan, P.A.

AUDITORS

McDirmit Davis, LLC

City of Inverness, Florida



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FINANCIAL SECTION

McDirmit Davis

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Inverness, Florida

Report on the Audit of the Financial Statements
Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Inverness, Florida*, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Inverness, Florida, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, and community redevelopment agency fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Inverness, Florida, 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
City of Inverness'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 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, 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, and pension and the other postemployment benefits disclosures on pages 3 through 13, and 53 through 55 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 of Inverness, Florida's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules, and Schedule of Expenditures of Federal Awards (the "Schedule"), as required by 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)*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such 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 combining and individual nonmajor fund financial statements and schedules, and the Schedule are fairly stated, in all material respects in relation to the financial statements taken as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical schedules but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 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 a report dated May 28, 2024 on our consideration of the City of Inverness, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 result 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 City of Inverness's internal control over financial reporting and compliance.

McDirmit Davis

Orlando, Florida
May 28, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the financial activities of the City of Inverness (City) for the fiscal year ended September 30, 2023 is designed to assist the reader in a) focusing on significant financial issues, b) providing an overview of the City's financial activity, c) identifying changes in the City's financial position, d) identifying any material deviations from the approved budget, and e) identifying individual fund issues or concerns. Please read it in conjunction with the City's Independent Auditor's Report, financial statements, and accompanying notes.

Introduction

As the City prepared for the FY2023 fiscal year, it embarked on a path that would sustain economic activity, complete and stage additional investments in infrastructure and sense of place improvements. The path involved continued awareness of how the City viewed its operations and deployed assets in a meaningful and sustainable way. The City continued the use of its mantra "Plan, Fund, and Execute" which assists in meeting goals and objectives.

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

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $81,199,908 (*net position*). Of this amount, $29,285,327 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by $5,234,585 or 6.89%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $24,749,403. Approximately 33% of this total amount, $8,266,626 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $8,266,626 or 78% of total general fund expenditures and transfers out.
- The City's total business-type debt decreased by $346,468 or 11% during the current fiscal year.

Using this Annual Report

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Redevelopment Fund, and Capital Projects Fund. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund, Community Redevelopment Fund, and Capital projects Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget on pages 20-21, and page 56.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-52 of this report.

Required Supplementary Information (RSI)
RSI can be found on pages 53-55 of this report.

Other Information
The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 56-58 of this report.

Government-Wide Financial Analysis
Statement of Net Position
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $81,199,908 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (63%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($29,285,327) may be used to meet the government's ongoing obligations to citizens and creditors.

On September 30, 2023, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The following table reflects the condensed Statement of Net Position for the current and prior year. For more detail see the Statement of Net Position on page 14.

Statement of Net Position
As of September 30,

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 25,798,410	$ 26,637,682	$ 11,561,440	$ 10,270,104	$ 37,359,850	$ 36,907,786
Restricted assets	1,509,030	1,440,417	400,540	390,659	1,909,570	1,831,076
Capital assets	38,262,802	37,697,555	25,808,776	23,242,801	64,071,578	60,940,356
Total assets	65,570,242	65,775,654	37,770,756	33,903,564	103,340,998	99,679,218
Deferred outflows	952,250	989,550	101,153	85,182	1,053,403	1,074,732
Current liabilities	2,490,021	4,591,027	959,995	236,490	3,450,016	4,827,517
Long term liabilities	15,720,181	15,586,815	3,294,295	3,514,707	19,014,476	19,101,522
Other liabilities	-	-	371,514	356,044	371,514	356,044
Total liabilities	18,210,202	20,177,842	4,625,804	4,107,241	22,836,006	24,285,083
Deferred inflows	347,031	490,777	11,456	12,767	358,487	503,544
Net position:						
Net investment in capital assets	27,978,652	27,010,028	22,942,665	20,030,222	50,921,317	47,040,250
Restricted	637,849	1,042,339	355,415	401,849	993,264	1,444,188
Unrestricted	19,348,758	18,044,218	9,936,569	9,436,667	29,285,327	27,480,885
Total net position	$ 47,965,259	$ 46,096,585	$ 33,234,649	$ 29,868,738	$ 81,199,908	$ 75,965,323

Statement of Activities
The following table reflects the condensed Statement of Activities for the current and prior year. For more detailed information see the Statement of Activities on page 15. Note that total net position increased by $5,234,585.

Net position for governmental activities increased by $1,868,674. Key element of this change was:

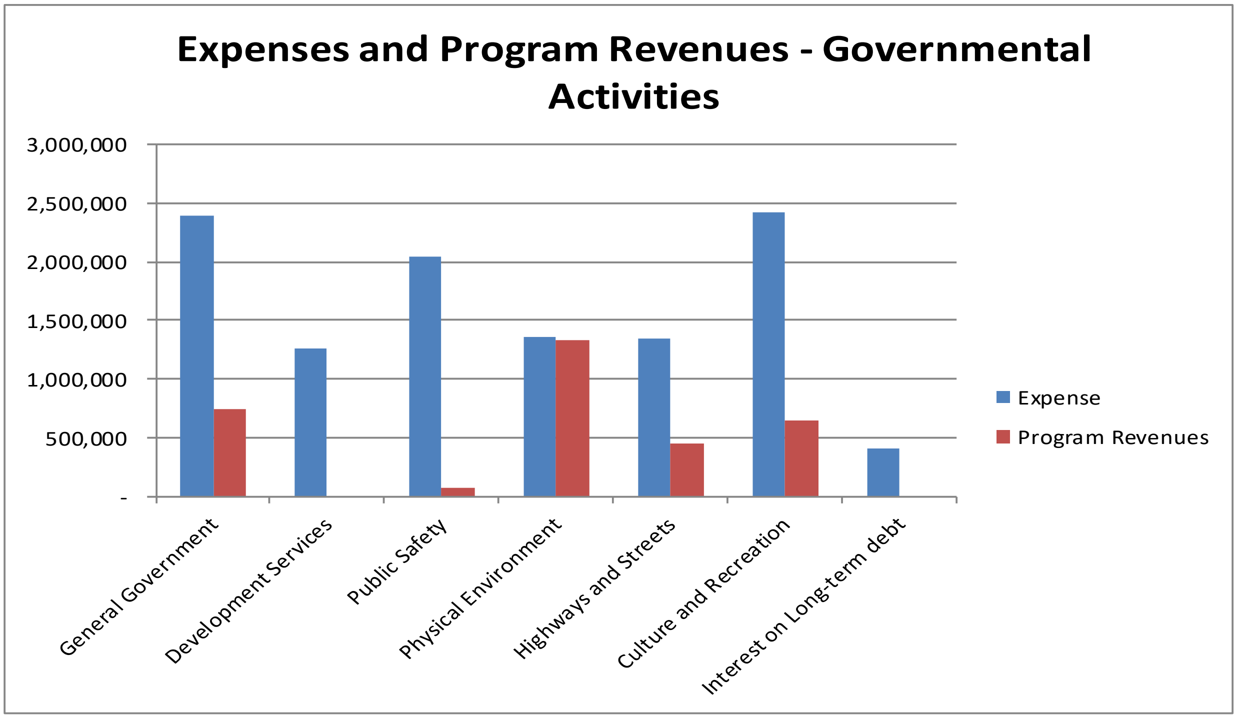
- Increased collection of revenue earned and decreasing deferred inflows.

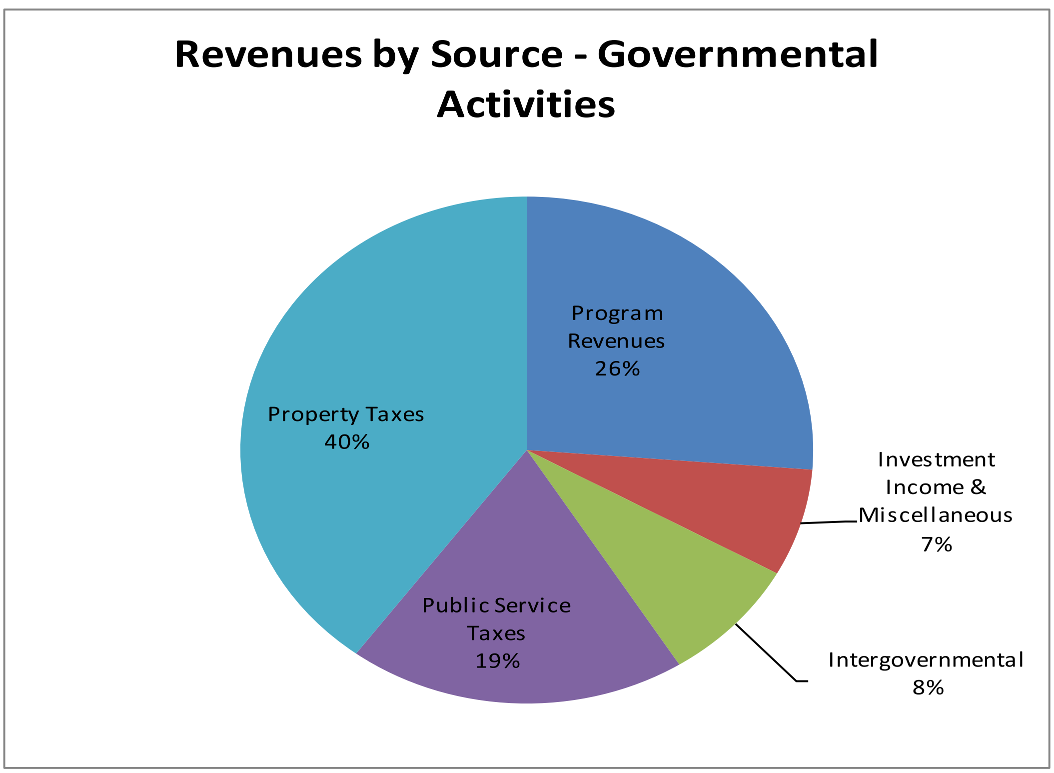
Net position for business-type activities increased by $3,365,911. The key element of this change was:

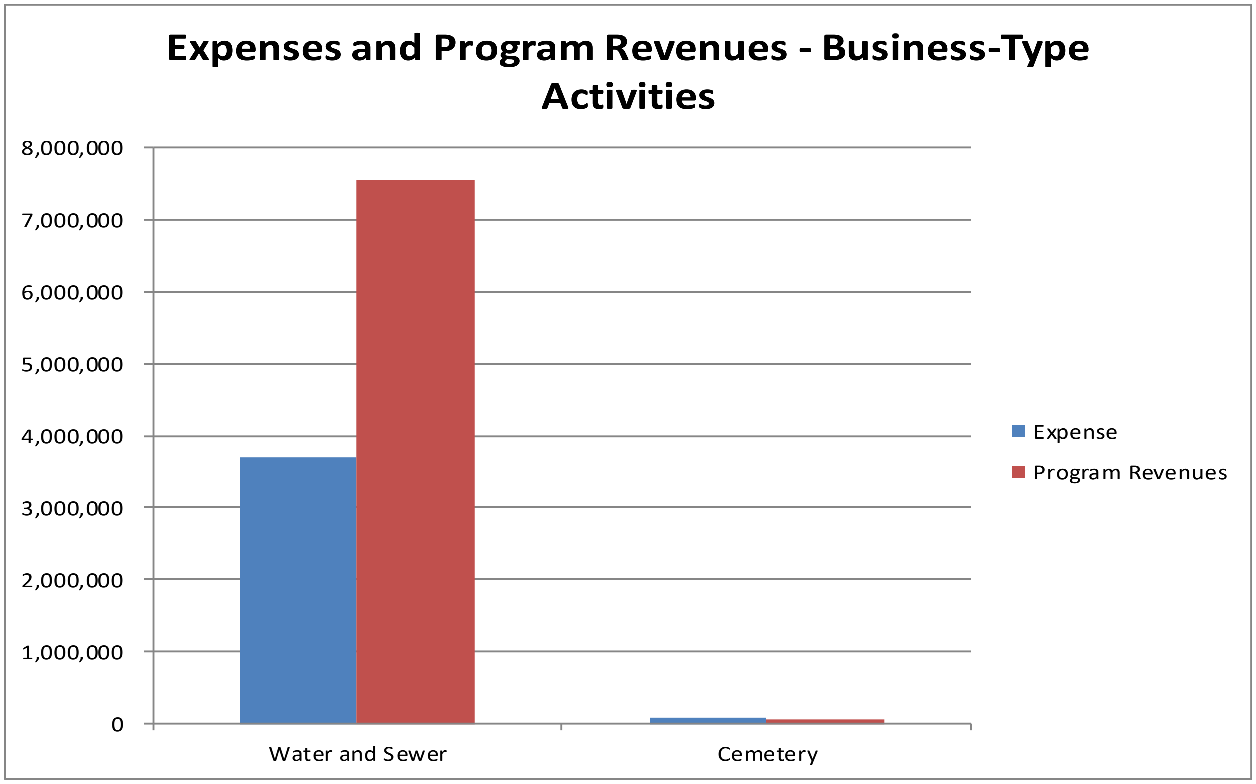
- Continued service delivery improvements collections and increased acquisition of grant revenues.

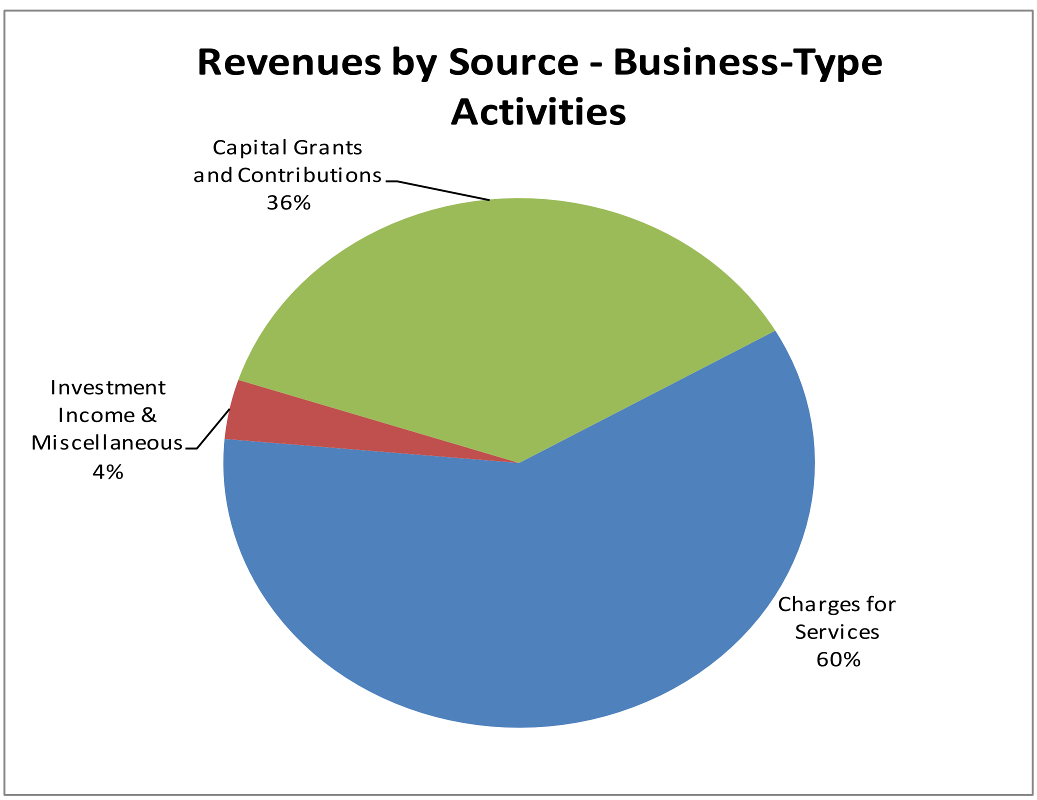
Changes in Net Position
For the Years Ended September 30,

	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 2,849,777	$ 2,560,488	$ 4,716,919	$ 4,558,355	$ 7,566,696	$ 7,118,843
Operating grants and contributions	388,956	353,535	-	-	388,956	353,535
Capital grants and contributions	-	-	2,886,791	-	2,886,791	-
General Revenues:						
Property and other taxes	4,918,289	4,604,768	-	-	4,918,289	4,604,768
Other taxes and fees	2,359,020	2,155,051	-	-	2,359,020	2,155,051
Intergovernmental	984,470	1,022,378	-	-	984,470	1,022,378
Other	846,125	187,871	286,395	39,455	1,132,520	227,326
Total revenues	12,346,637	10,884,091	7,890,105	4,597,810	20,236,742	15,481,901
Expenses:						
General government	2,395,941	1,909,948	-	-	2,395,941	1,909,948
Community development services	1,263,532	1,117,366	-	-	1,263,532	1,117,366
Public safety	2,046,270	1,682,431	-	-	2,046,270	1,682,431
Physical environment	1,361,330	1,199,331	-	-	1,361,330	1,199,331
Roads and streets	1,342,593	1,403,363	-	-	1,342,593	1,403,363
Culture and recreation	2,415,427	2,032,215	-	-	2,415,427	2,032,215
Interest on long-term debt	405,370	419,270	-	-	405,370	419,270
Water and sewer	-	-	3,689,591	3,518,326	3,689,591	3,518,326
Cemetery	-	-	82,103	81,344	82,103	81,344
Total expenses	11,230,463	9,763,924	3,771,694	3,599,670	15,002,157	13,363,594
Increase (decrease) in net position before transfers	1,116,174	1,120,167	4,118,411	998,140	5,234,585	2,118,307
Transfers	752,500	577,500	(752,500)	(577,500)	-	-
Increase (decrease) in net position	1,868,674	1,697,667	3,365,911	420,640	5,234,585	2,118,307
Net position, October 1	46,096,585	44,398,918	29,868,738	29,448,098	75,965,323	73,847,016
Net Position, September 30	$ 47,965,259	$ 46,096,585	$ 33,234,649	$ 29,868,738	$ 81,199,908	$ 75,965,323


Expenses and Program Revenues - Governmental Activities
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
General Government
Development Services
Public Safety
Physical Environment
Highways and Streets
Culture and Recreation
Interest on Long-term debt
Expense
Program Revenues


Revenues by Source - Governmental Activities
Program Revenues 26%
Investment Income & Miscellaneous 7%
Intergovernmental 8%
Public Service Taxes 19%
Property Taxes 40%


Expenses and Program Revenues - Business-Type Activities
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
Water and Sewer
Cemetery
Expense
Program Revenues


Revenues by Source - Business-Type Activities
Capital Grants and Contributions 36%
Investment Income & Miscellaneous 4%
Charges for Services 60%

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

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

As of September 30, 2023, the City's governmental funds reported combined ending fund balances of $24,749,403 an increase of $1,426,968. Approximately 33% or $8,266,626 of this total constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for spending.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was $8,266,626 while total fund balance reached $14,146,428. 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 78% of total general fund expenditures and transfers out, compared to 75% for last year. Total fund balance represents 133% of total general fund expenditures and transfers out, compared to 147% for last year.

Fund balance of the City's General Fund increased by $1,102,257 due to increased revenues.

The Community Redevelopment Special Revenue Fund is considered a major fund. This fund was created in 1990 as a dependent taxing district. The incremental annual increase in tax over the base years is used to fund projects. As of September 30, 2023, the fund balance was $2,048,742 an increase of $117,436. This increase is a result of decreased expenditures and increased revenues.

The fund balance of the Capital Projects Fund increased $149,449 as a result of financial support from the General Fund for planned projects which were initiated but not completed during the fiscal year and were carried forward.

Proprietary Funds
The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the Water and Sewer Fund at the end of the year amounted to $9,138,088 and unrestricted net position for the Cemetery Fund amounted to $798,481. The total increase in Water and Sewer Utility Fund was $3,352,782 and the increase in the Cemetery Fund was $13,129. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities on page 6.

General Fund Budgetary Highlights
All functional expenditure areas expended less than budgeted for a total positive variance of $745,674 due underspending in operations and maintenance.

Capital Asset and Debt Administration
Capital Assets
The City's investment in capital assets for its governmental and business type activities as of September 30, 2023 amounts to $64,071,578 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment.

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

Governmental Activities
- Road and sidewalk repaving $1,223,959
- Equipment $422,144
- Maintenance building $164,208

Additional information on the City's capital assets can be found in note 6 on pages 36-37 of this report.

Capital Assets (Net of Depreciation)
As of September 30, 2023 and September 30, 2022

	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 3,763,153	$ 3,750,559	$ 651,855	$ 651,855	$ 4,415,008	$ 4,402,414
Buildings	11,927,654	12,094,962	12,543,482	12,820,400	24,471,136	24,915,362
Improvements	19,837,783	19,516,248	8,475,261	8,261,889	28,313,044	27,778,137
Machinery and equipment	1,748,569	1,624,726	1,190,934	1,142,761	2,939,503	2,767,487
Intangibles	21,644	40,485	-	-	21,644	40,485
Construction in progress	963,999	670,575	2,947,244	365,896	3,911,243	1,036,471
Total capital assets	$ 38,262,802	$ 37,697,555	$ 25,808,776	$ 23,242,801	$ 64,071,578	$ 60,940,356

Long-Term Debt
At the end of the current fiscal year, the City had total debt outstanding of $14,351,111.

Long Term Debt
As of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
ICRA refunding revenue bonds	$ 11,485,000	$ 11,805,000	$ -	$ -	$ 11,485,000	$ 11,805,000
SRF note payable	-	-	2,328,522	2,480,587	2,328,522	2,480,587
Financed purchase	-	-	537,589	731,992	537,589	731,992
Total	$ 11,485,000	$ 11,805,000	$ 2,866,111	$ 3,212,579	$ 14,351,111	$ 15,017,579

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

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

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

Additional information on the City's long-term debt can be found in note 8 on pages 39 - 40 of this report.

Economic Factors and Next Year's Budgets and Rates

On April 4, 2023 the Budget Overview Workshop presented facts, market trends, a local analysis of economic and social conditions, plus items that potentially would require policy changes to keep the community moving forward. The focus of the workshop was the current approach to fiscal policies regarding the City's restricted and unrestricted fund balances. We focused on the need to invest in our City employees and capture cost and operational efficiencies from a more modern departmental structure of the City. With the rising complexity of the City's parks and recreational activities footprint, the need to better utilize existing facilities and a modernized departmental structure has been essential to the successes we are realizing today.

On May 16, 2023, a Workshop was held to discuss the Five-Year Capital Plan. A summary of completed projects, plus a discussion of pending projects that were scheduled for the five-year plan period, was made. This presentation featured the continued focus on strategic infrastructure investment. This included the continuation of the ambitious annual road resurfacing program in concert with the development of capital projects that offered a return on investment by way of expanding/increasing the tax base (shared parking, regional stormwater, multi-modal connectivity). The City will continue to be an attractive location for retirees and families seeking an affordable, high quality of life. The need to develop new housing continues to receive interest and requires the City to continue look at how it can incentivize and improve conditions for residential development in underdeveloped areas of the Inverness Acres and Inverness Villages Units 1 and 2 subdivisions.

The City Council at its July 11, 2023 meeting set the tentative millage rate in the ensuing fiscal year at the current year's rate of 7.76 captivating a potential 9.3% increase in valuation over the previous year. A City-wide budget presentation was made at a public workshop on July 18, 2023 at 5:30pm, to discuss final budget figures that were structured to maintain a millage rate of 7.76 at final adoption. We presented findings and fully disclosed spending, service levels, projects, staffing and related cost, planning mechanisms, utility system operations, and Inverness Community Redevelopment Agency (CRA) activity. The Tax Increment Financing program (TIF revenues) that are derived through increased valuations via the Community Redevelopment District are complex but beneficial. These funds are targeted to fund improvement projects and meet debt service commitments of Bonds for a thirty-year period that funded deficiencies on a large scale to improve blighted conditions.

Final adoption of the 2023-24 budget, that spans October 1st, 2023 through September 30th, 2024, was accomplished in two Public Hearings at 5:30 pm on September 5, 2023 and September 19, 2023. In closing the financial position of the City is strong and stable. The adopted budget reflects the new normal, prioritizes our greatest assets, refocuses capital investment, maintains current levels of service, and continues to advance established priorities. Our guiding principle of Plan-Fund-Execute through the budget development process presented a balanced budget to reflect the new community economic conditions and continue to provide great service to our community.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Inverness, Florida
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 7,225,990	$ 2,645,486	$ 9,871,476
Investments	17,691,662	5,441,678	23,133,340
Receivables, net	562,752	591,447	1,154,199
Due from other governments	299,342	539,083	838,425
Inventories	1,200	495,105	496,305
Prepaid costs	17,464	1,848,641	1,866,105
Restricted assets:			
Cash and cash equivalents	-	400,540	400,540
Investments	1,509,030	-	1,509,030
Capital Assets:			
Capital assets not being depreciated	4,727,152	3,599,099	8,326,251
Capital assets being depreciated, net of accumulated depreciation	33,535,650	22,209,677	55,745,327
Total capital assets	38,262,802	25,808,776	64,071,578
Total assets	65,570,242	37,770,756	103,340,998
Deferred Outflows of Resources:			
Deferred outflows of pension earnings	952,250	101,153	1,053,403
Total deferred outflows of resources	952,250	101,153	1,053,403
Liabilities:			
Accounts payable and accrued expenses	712,198	944,343	1,656,541
Due to other governmental agencies	4,452	-	4,452
Accrued interest	171,167	15,652	186,819
Deposits payable	87,591	371,514	459,105
Unearned revenue	1,514,613	-	1,514,613
Noncurrent liabilities:			
Due within one year	335,000	378,286	713,286
Due in more than one year	15,385,181	2,916,009	18,301,190
Total liabilities	18,210,202	4,625,804	22,836,006
Deferred Inflows of Resources:			
Deferred inflows of pension earnings	107,848	11,456	119,304
Deferred inflows related to leases	239,183	-	239,183
Total deferred outflows of resources	347,031	11,456	358,487
Net Position:			
Net investment in capital assets	27,978,652	22,942,665	50,921,317
Restricted for:			
Capital projects	539,712	-	539,712
Grants	98,137	-	98,137
Perpetual Care	-	355,415	355,415
Unrestricted	19,348,758	9,936,569	29,285,327
Total net position	$ 47,965,259	$ 33,234,649	$ 81,199,908

The accompanying Notes to Financial Statements are an integral part of this statement.

Statement of Activities

Year Ended September 30, 2023

		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	$ 2,395,941	$ 742,585	$ -	$ -	$ (1,653,356)	$ -	$ (1,653,356)
Community Development Services	1,263,532	-	-	-	(1,263,532)	-	(1,263,532)
Public Safety	2,046,270	55,170	20,868	-	(1,970,232)	-	(1,970,232)
Physical Environment	1,361,330	1,326,131	-	-	(35,199)	-	(35,199)
Highways & Streets	1,342,593	81,922	368,082	-	(892,589)	-	(892,589)
Culture and Recreation	2,415,427	643,969	6	-	(1,771,452)	-	(1,771,452)
Interest on Long-term debt	405,370	-	-	-	(405,370)	-	(405,370)
Total governmental activities	11,230,463	2,849,777	388,956	-	(7,991,730)	-	(7,991,730)
Business-type activities:							
Water	3,689,591	4,648,842	-	2,886,791	-	3,846,042	3,846,042
Cemetery	82,103	68,077	-	-	-	(14,026)	(14,026)
Total business-type activities	3,771,694	4,716,919	-	2,886,791	-	3,832,016	3,832,016
Total primary government	$ 15,002,157	$ 7,566,696	$ 388,956	$ 2,886,791	(7,991,730)	3,832,016	(4,159,714)
General Revenues:							
Property taxes					4,918,289	-	4,918,289
Public service taxes					2,359,020	-	2,359,020
Intergovernmental					984,470	-	984,470
Unrestricted investment earnings					729,607	245,056	974,663
Miscellaneous					116,518	41,339	157,857
Transfers					752,500	(752,500)	-
Total general revenues and transfers					9,860,404	(466,105)	9,394,299
Change in net position					1,868,674	3,365,911	5,234,585
Net Position, beginning					46,096,585	29,868,738	75,965,323
Net Position, ending					$ 47,965,259	$ 33,234,649	$ 81,199,908

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Inverness, Florida
Balance Sheet - Governmental Funds
September 30, 2023

	General Fund	Special Revenue Community Redevelopment Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 2,867,980	$ 499,567	$ 3,297,128	$ 561,315	$ 7,225,990
Investments	12,758,866	42,544	4,826,474	63,778	17,691,662
Accounts Receivable, net	519,001	-	43,751	-	562,752
Due from other governments	299,342	-	-	-	299,342
Inventories	1,200	-	-	-	1,200
Prepaid costs	17,464	-	-	-	17,464
Restricted investments	-	1,509,030	-	-	1,509,030
Total assets	$ 16,463,853	$ 2,051,141	$ 8,167,353	$ 625,093	$ 27,307,440
Liabilities:					
Accounts payable	$ 155,707	$ 2,399	$ 231,907	$ 6,306	$ 396,319
Due to other governments	4,452	-	-	-	4,452
Deposits payable	87,591	-	-	-	87,591
Accrued liabilities	315,879	-	-	-	315,879
Unearned revenue	1,514,613	-	-	-	1,514,613
Total liabilities	2,078,242	2,399	231,907	6,306	2,318,854
Deferred Inflows of Resources					
Deferred inflows - leases	239,183	-	-	-	239,183
Fund Balances:					
Nonspendable	18,664	-	-	-	18,664
Restricted for:					
Capital improvements	-	-	-	618,787	618,787
Community redevelopment	-	2,048,742	-	-	2,048,742
Grants	98,137	-	-	-	98,137
Committed to:					
Capital equipment replacement	2,941,395	-	-	-	2,941,395
Land acquisition	420,687	-	-	-	420,687
Inverness Government Center sustainability	2,050,919	-	-	-	2,050,919
Tort litigation	200,000	-	-	-	200,000
Fire services	150,000	-	-	-	150,000
Capital projects	-	-	7,935,446	-	7,935,446
Unassigned	8,266,626	-	-	-	8,266,626
Total fund balances	14,146,428	2,048,742	7,935,446	618,787	24,749,403
Total liabilities, deferred inflows of resources and fund balances	$ 16,463,853	$ 2,051,141	$ 8,167,353	$ 625,093	$ 27,307,440

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

September 30, 2023

Total Fund Balance, Governmental Funds		$	24,749,403
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			38,262,802
Deferred inflows and outflows of resources related to pension earnings are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting.			844,402
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences	-		
Net pension liability	(3,877,521)		
Other postemployment benefits	(49,480)		
Accrued interest payable	(171,167)		
Bonds payable	(11,485,000)		
Premium on bonds payable	(308,180)		(15,891,348)
Net Position of Governmental Activities in the Statement of Net Position		$	47,965,259

City of Inverness, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

Year Ended September 30, 2023

	General Fund	Special Revenue Community Redevelopment Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes and special assessments	$ 5,964,603	$ 1,375,706	$ -	$ -	$ 7,340,309
Licenses and permits	496,252	-	-	-	496,252
Intergovernmental	1,682,614	-	-	-	1,682,614
Impact fees	-	-	-	57,878	57,878
Charges for services	1,883,058	-	-	-	1,883,058
Fees and fines	40,395	-	-	-	40,395
Investment earnings	476,719	70,588	182,300	-	729,607
Miscellaneous	116,524	-	-	-	116,524
Total revenues	10,660,165	1,446,294	182,300	57,878	12,346,637
Expenditures:					
Current:					
General government	1,967,103	-	-	-	1,967,103
Community development services	455,150	295,558	-	-	750,708
Public safety	1,865,768	-	-	-	1,865,768
Highways and streets	1,089,660	-	-	36	1,089,696
Physical environment	1,361,330	-	-	-	1,361,330
Culture and recreation	1,999,851	-	-	-	1,999,851
Debt Service:					
Interest	-	426,800	-	-	426,800
Principal	-	320,000	-	-	320,000
Capital Outlay	-	-	1,890,913	-	1,890,913
Total expenditures	8,738,862	1,042,358	1,890,913	36	11,672,169
Excess of revenues over expenditures	1,921,303	403,936	(1,708,613)	57,842	674,468
Other Financing Uses:					
Transfers in	1,041,516	-	1,860,562	-	2,902,078
Transfers out	(1,860,562)	(286,500)	(2,500)	(16)	(2,149,578)
Total other financing uses	(819,046)	(286,500)	1,858,062	(16)	752,500
Net change in fund balances	1,102,257	117,436	149,449	57,826	1,426,968
Fund balances, beginning	13,044,171	1,931,306	7,785,997	560,961	23,322,435
Fund balances, ending	$ 14,146,428	$ 2,048,742	$ 7,935,446	$ 618,787	$ 24,749,403

The accompanying Notes to Financial Statements are an integral part of this statement.

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

Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds:			$	1,426,968
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.				
Expenditures for capital assets		2,150,253		
Less: current year depreciation	$	(1,583,902)		566,351
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net assets				(1,104)
Cash pension contributions reported in the funds were more than the calculated pension expense in the Statement of Activities, and therefore increased net position.				(554,850)
Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.				320,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.				
Change in accrued interest		6,666		
Amortization of bond premium		14,764		
Change in long-term compensated absences		95,726		
Change in other post employment benefits	$	(5,847)		111,309
Change in net position of governmental activities			$	1,868,674

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Inverness, Florida

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

Year Ended September 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes and special assessments	$ 5,738,347	$ 5,738,347	$ 5,964,603	$ 226,256
Licenses and permits	371,000	371,000	496,252	125,252
Intergovernmental	1,582,514	1,604,663	1,682,614	77,951
Charges for services	1,569,900	1,713,512	1,883,058	169,546
Fees and fines	30,506	30,506	40,395	9,889
Investment earnings	124,000	124,000	476,719	352,719
Miscellaneous	37,000	431,413	116,524	(314,889)
Total revenues	9,453,267	10,013,441	10,660,165	646,724
Expenditures:				
Current:				
General government	2,405,980	2,301,723	1,967,103	334,620
Community development services	599,296	616,776	455,150	161,626
Public safety	1,881,613	1,884,113	1,865,768	18,345
Highways and streets	1,284,335	1,284,335	1,089,660	194,675
Physical environment	1,270,695	1,361,331	1,361,330	1
Culture and recreation	1,856,348	2,036,258	1,999,851	36,407
Total expenditures	9,298,267	9,484,536	8,738,862	745,674
Excess (deficiency) of revenues over expenditures	155,000	528,905	1,921,303	1,392,398
Other Financing Sources:				
Transfers in	1,039,000	1,041,500	1,041,516	16
Transfers out	(1,444,000)	(1,860,562)	(1,860,562)	-
Total other financing sources	(405,000)	(819,062)	(819,046)	16
Net change in fund balances	(250,000)	(290,157)	1,102,257	1,392,414
Fund balance, beginning	13,044,171	13,044,171	13,044,171	-
Fund balance, ending	$ 12,794,171	$ 12,754,014	$ 14,146,428	$ 1,392,414

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Inverness, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Redevelopment Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes and special assessments	$ 1,331,692	$ 1,331,692	$ 1,375,706	$ 44,014
Investment earnings	4,000	4,000	70,588	66,588
Total revenues	1,335,692	1,335,692	1,446,294	110,602
Expenditures				
Current:				
Community development services	801,100	1,912,550	295,558	1,616,992
Debt service:				
Principal	320,000	320,000	320,000	-
Interest	426,800	426,800	426,800	-
Total expenditures	1,547,900	2,659,350	1,042,358	1,616,992
Excess (deficiency) of revenues over expenditures	(212,208)	(1,323,658)	403,936	1,727,594
Other Financing Sources:				
Transfers out	(286,500)	(286,500)	(286,500)	-
Total other financing sources	(286,500)	(286,500)	(286,500)	-
Net change in fund balances	(498,708)	(1,610,158)	117,436	1,727,594
Fund balance, beginning	1,931,306	1,931,306	1,931,306	-
Fund balance, ending	$ 1,432,598	$ 321,148	$ 2,048,742	$ 1,727,594

City of Inverness, Florida
Statement of Net Position
Proprietary Funds
September 30, 2023

	Enterprise Funds		
	Water and Sewer Utility	**Cemetery**	**Total**
Assets:			
Current assets:			
Cash and cash equivalents	$ 2,645,486	$ -	$ 2,645,486
Investments	4,781,935	659,743	5,441,678
Accounts receivable, net	518,602	-	518,602
Due from other governments	539,083	-	539,083
Accrued interest receivable	46,746	-	46,746
Other receivables	26,099	-	26,099
Inventories	-	495,105	495,105
Prepaids	1,848,641	-	1,848,641
Total current assets	10,406,592	1,154,848	11,561,440
Noncurrent assets:			
Restricted cash and cash equivalents	400,540	-	400,540
Total restricted assets	400,540	-	400,540
Capital assets:			
Land, buildings and equipment	42,884,751	54,988	42,939,739
Construction in progress	2,947,244	-	2,947,244
Less accumulated depreciation	(20,047,859)	(30,348)	(20,078,207)
Total capital assets (net of depreciation)	25,784,136	24,640	25,808,776
Total noncurrent assets	26,184,676	24,640	26,209,316
Total assets	36,591,268	1,179,488	37,770,756
Deferred outflows of resources:			
Deferred outflows-pension earnings	101,153	-	101,153
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	943,540	803	944,343
Accrued interest payable	15,652	-	15,652
Customer deposits payable	371,365	149	371,514
Compensated absences	16,293	-	16,293
Financed purchases	206,412	-	206,412
Notes payable	155,581	-	155,581
Total current liabilities	1,708,843	952	1,709,795
Noncurrent Liabilities:			
Financed purchases	331,177	-	331,177
Net pension liability	411,891	-	411,891
Notes payable	2,172,941	-	2,172,941
Total noncurrent liabilities	2,916,009	-	2,916,009
Total liabilities	4,624,852	952	4,625,804
Deferred Inflows of Resources:			
Deferred inflows-pension earnings	11,456	-	11,456
Total deferred inflows of resources	11,456	-	11,456
Net Position:			
Net investment in capital assets	22,918,025	24,640	22,942,665
Restricted for perpetual care	-	355,415	355,415
Unrestricted	9,138,088	798,481	9,936,569
Total net position	$ 32,056,113	$ 1,178,536	$ 33,234,649

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Inverness, Florida

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

Year Ended September 30, 2023

	Enterprise Funds		
	Water and Sewer Utility	Cemetery	Total
Operating Revenues:			
Charges for services	$ 4,558,690	$ 68,077	$ 4,626,767
Miscellaneous	90,152	-	90,152
Total operating revenues	4,648,842	68,077	4,716,919
Operating expenses:			
Salaries and benefits	593,996	33,113	627,109
Contractual services	1,425,065	43,200	1,468,265
Utilities	243,230	1,699	244,929
Materials and supplies	129,460	-	129,460
Other operating expenses	228,387	4,081	232,468
Depreciation	996,493	10	996,503
Total operating expenses	3,616,631	82,103	3,698,734
Operating income (loss)	1,032,211	(14,026)	1,018,185
Nonoperating Revenue (Expenses):			
Investment income	214,401	30,655	245,056
Insurance proceeds	51,007	-	51,007
Loss on disposal of property and equipment	(9,668)	-	(9,668)
Interest expense	(72,960)	-	(72,960)
Total nonoperating revenue (expenses)	182,780	30,655	213,435
Income before capital contributions and transfers	1,214,991	16,629	1,231,620
Capital contributions - grants	2,886,791	-	2,886,791
Transfers out	(749,000)	(3,500)	(752,500)
Change in net position	3,352,782	13,129	3,365,911
Total Net Position, beginning	28,703,331	1,165,407	29,868,738
Total Net Position, ending	$ 32,056,113	$ 1,178,536	$ 33,234,649

City of Inverness, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2023

	Water and Sewer Utility	Cemetery	Total
Cash Flows from Operating Activities:			
Receipts from customers	$ 4,705,760	$ 68,077	$ 4,773,837
Payments to suppliers	(3,126,200)	(45,471)	(3,171,671)
Payments to employees	(485,222)	(33,113)	(518,335)
Net cash provided (used) by operating activities	1,094,338	(10,507)	1,083,831
Cash Flows from Noncapital Financing Activities:			
Transfers out	(749,000)	(3,500)	(752,500)
Net cash provided (used) by noncapital financing activities	(749,000)	(3,500)	(752,500)
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(3,547,496)	(24,650)	(3,572,146)
Proceeds from insurance on capital assets	51,007	-	51,007
Grants	2,347,708	-	2,347,708
Principal paid on long-term debt	(346,468)	-	(346,468)
Interest paid on long-term debt	(75,281)	-	(75,281)
Net cash provided (used) by capital and related financing activities	(1,570,530)	(24,650)	(1,595,180)
Cash Flows from Investing Activities:			
Sales (purchases) of investments	(168,056)	(30,046)	(198,102)
Investment income	169,889	30,655	200,544
Net cash provided(used) by investing activities	1,833	609	2,442
Net Increase in Cash and Cash Equivalents	(1,223,359)	(38,048)	(1,261,407)
Cash and Cash Equivalents, beginning	4,269,385	38,048	4,307,433
Cash and Cash Equivalent, ending	$ 3,046,026	$ -	$ 3,046,026
Classified As:			
Cash and cash equivalents	$ 2,645,486	$ -	$ 2,645,486
Restricted cash and cash equivalents	400,540	-	400,540
Total	$ 3,046,026	$ -	$ 3,046,026

	Water and Sewer Utility	Cemetery	Total
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	$ 1,032,211	$ (14,026)	$ 1,018,185
Adjustments Not Affecting Cash:			
Depreciation and amortization	996,493	10	996,503
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	41,448	-	41,448
(Increase) decrease in prepaids	(1,825,718)	-	(1,825,718)
(Increase) decrease in inventory	-	3,343	3,343
Increase (decrease) in accounts payable	725,660	166	725,826
Increase (decrease) in compensated absences	(87)	-	(87)
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in deferred inflows	(1,311)	-	(1,311)
Increase (decrease) in deferred outflows	(15,971)	-	(15,971)
Increase (decrease) in net pension liability	126,143	-	126,143
Increase (decrease) in customer deposits	15,470	-	15,470
Total adjustments	62,127	3,519	65,646
Net Cash Provided (Used) by Operating Activities	$ 1,094,338	$ (10,507)	$ 1,083,831

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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
G*eneral 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.

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

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

Nonmajor Governmental Funds
Special Revenue Funds - account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cemetery Fund - accounts for the sale of lots and maintenance of the Oak Ridge Cemetery.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are 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.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

When both restricted and unrestricted resources are available for use, it is the 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/Fund Balance
Deposits and Investments
The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Receivables 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). 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 non-spendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

Inventories and Prepaid Items
All inventories 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.

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 notes and leases, 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 or their use is limited by applicable debt covenants. Restricted assets also include security deposits held by the enterprise funds. The General Fund also restricts assets for security deposits for commercial sanitation deposits. 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 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 acquisition value at the date of donation.

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.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Years
Buildings	10-50
Infrastructure and Improvements	10-50
Equipment	5-20
Intangible Assets	5-20

Compensated absences
It is the City's policy to permit Charter employees to accumulate earned but unused personal leave benefits. Since the City's policy is to pay accumulated personal leave when employees separate from service, all personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City pays general employees any unused leave balances on the employee's anniversary date. General employees may elect to transfer their unused sick time to a catastrophic leave bank, but unused vacation time is not carried over. For governmental funds, compensated absences, net pension liability and other post-employment benefits are generally liquidated by the General Fund.

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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred outflows/inflows of resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category for the year ended September 30, 2023, deferred outflows of pension 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category for the year ended September 30, 2023, deferred inflows of pension earnings and deferred inflows of leases.

Net position flow assumptions
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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 City'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 a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classifications are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has the responsibility for assigning fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities 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 Statements Implemented
In fiscal year 2023, the City has implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA).* To the extent relevant, the standards for SBITA are based on the standards established in (GASB) Statement No. 87, *Leases*, as amended. Thus, by requiring recognition of certain SBITA assets and SBITA liabilities to be recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of implementation, there were no changes to beginning fund balances or beginning net position.

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NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position
The governmental fund balance sheet includes a reconciliation between f*und balance - total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position.

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.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

NOTE 4 DEPOSITS AND INVESTMENTS

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

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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

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

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

Investments made by the City at September 30, 2023 are summarized below.

Investment Type	9/30/2023	Credit Rating	Weighted Average Maturity (Years)
Florida Prime	$ 44,694	AAAm	35 days
Florida Safe Money Market	16,447,230	AAAm	N/A
0-2 Year High Quality Bond	72,341	AAAf/S1	0.80 years
Florida Safe Treasury Note	3,992,058	Not Rated	31 days
Certificate of Deposit	4,086,047	Not Rated	108 days
	$ 24,642,370		

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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

The City has the following recurring fair value measurements as of September 30, 2023:

Investments Valued by Fair Value Level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
0-2 Year High Quality Bond	$ 72,341	$ -	$ 72,341
	$ 72,341	$ -	$ 72,341

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

Custodial Credit Risk
In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2023, all of the City's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. At September 30, 2023, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk
The policy has no limitations on portfolio composition.

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

NOTE 5 RECEIVABLES

Receivables as of September 30, 2023 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Water and Sewer Utility	Total
Receivables:				
Accounts	$ 213,811	$ 43,751	$ 618,602	$ 876,164
Leases	239,183	-	-	239,183
Other	66,007	-	26,099	92,106
Less allowance for uncollectible accounts	-	-	(100,000)	(100,000)
	$ 519,001	$ 43,751	$ 544,701	$ 1,107,453

Lease Receivables
Included in receivables above within the General Fund is $239,183 of lease receivables, in accordance with the City's implementation of GASB Statement No. 87, Leases. The receivables totaling $239,183 are reported as deferred inflows of resources in the governmental funds balance sheet, see Note 7 Leases for further information.

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NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 3,750,559	$ 12,594	$ -	$ 3,763,153
Construction in progress	670,575	1,359,237	(1,065,813)	963,999
Total capital assets, not being depreciated	4,421,134	1,371,831	(1,065,813)	4,727,152
Capital assets, being depreciated:				
Buildings	16,038,356	238,963	(1,901)	16,275,418
Improvements	27,331,716	1,183,128	-	28,514,844
Machinery and equipment	4,307,310	422,144	(208,826)	4,520,628
Intangibles	688,484	-	(4,058)	684,426
Total capital assets, being depreciated	48,365,866	1,844,235	(214,785)	49,995,316
Less accumulated depreciation for:				
Buildings	(3,943,394)	(405,526)	1,156	(4,347,764)
Improvements	(7,815,468)	(861,593)	-	(8,677,061)
Machinery and equipment	(2,682,584)	(297,942)	208,467	(2,772,059)
Intangibles	(647,999)	(18,841)	4,058	(662,782)
Total accumulated depreciation	(15,089,445)	(1,583,902)	213,681	(16,459,666)
Total capital assets, being depreciated, net	33,276,421	260,333	(1,104)	33,535,650
Governmental activities capital assets, net	$ 37,697,555	$ 1,632,164	$ (1,066,917)	$ 38,262,802

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NOTE 6 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 651,855	$ -	$ -	$ 651,855
Construction in progress	365,896	4,442,323	(1,860,975)	2,947,244
Total capital assets, not being depreciated	1,017,751	4,442,323	(1,860,975)	3,599,099
Capital assets, being depreciated:				
Buildings	17,669,190	81,150	-	17,750,340
Improvements	15,547,884	670,063	(35,862)	16,182,085
Machinery and equipment	8,132,449	239,585	(16,575)	8,355,459
Total capital assets, being depreciated	41,349,523	990,798	(52,437)	42,287,884
Less accumulated depreciation for:				
Buildings	(4,848,790)	(358,068)	-	(5,206,858)
Improvements	(7,285,995)	(447,023)	26,194	(7,706,824)
Machinery and equipment	(6,989,688)	(191,412)	16,575	(7,164,525)
Total accumulated depreciation	(19,124,473)	(996,503)	42,769	(20,078,207)
Total capital assets, being depreciated, net	22,225,050	(5,705)	(9,668)	22,209,677
Business-type activities capital assets, net	$ 23,242,801	$ 4,436,618	$ (1,870,643)	$ 25,808,776

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	$ 335,785
Public safety	72,611
Development services	677,834
Highways and streets	258,703
Culture and recreation	238,969
Total depreciation expense, governmental activities	$ 1,583,902
Business-type Activities:	
Water and sewer	$ 996,493
Cemetery	10
Total depreciation expense, business-type activities	$ 996,503

NOTE 7 LEASES

As lessor:
In January 2021, the city entered into a 24 month lease as lessor for the use of office space in the City's Government Center. An initial lease receivable was recorded in the amount of $10,100. The lessee is required to make monthly fixed payments of $673.33. The lease has an interest rate of 0%. As of September 30, 2023, there is no remaining value of the lease receivable and deferred inflow of resources and the City recognized lease revenue of $2,020 during the fiscal year.

In February 2014, the city entered into a lease as lessor for the use of office space in the City's Government Center. This lease was extended on February 1, 2021, for an additional 5 years. An initial lease receivable was recorded in the amount of $433,413. The lessee is required to make monthly payments of $8,058, with annual increases. The lease has an interest rate of 0%. As of September 30, 2023, the value of the lease receivable and deferred inflow of resources is $239,183 and the City recognized lease revenue of $98,387 during the fiscal year.

In March 2019, the city entered into a 48 month lease as lessor for the use of office space in the City's Government Center. An initial lease receivable was recorded in the amount of $9,792. The lessee is required to make monthly payments of $576. The lease has an interest rate of 0%. As of September 30, 2023, there is no remaining value of the lease receivable and deferred inflow of resources and the City recognized lease revenue of $2,880 during the fiscal year.

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

	Governmental Activities		
Year Ending September 30	**Principal**	**Interest**	**Total**
2024	$ 100,932	-	$ 100,932
2025	103,476	-	103,476
2026	34,775	-	34,775
Total Minimum Payments to be Received	$ 239,183	$ -	$ 239,183

The following is a schedule of approximate cost or carrying value and accumulated depreciation of capital assets under leases:

Buildings	$ 1,925,718
Less: accumulated depreciation	(670,656)
Capital Assets Held for Lease, net	$ 1,255,062

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NOTE 8 LONG-TERM DEBT

Notes Payable- Direct Borrowing

In 2005, the City executed a State Revolving Loan agreement for various water and wastewater system upgrades. The amended agreement provides total funding of $16,052,561, including grant funding of $10,000,000 that was funded by the state through a Small Community Wastewater Grant. The loan period is 26 years with an interest rate of 2.3%. The loan is secured by the gross revenues from the water and sewer utility net of operation and maintenance costs. Total principal and interest remaining was $2,707,223. For the fiscal year, principal and interest paid was $208,248 and total pledged revenue was $2,243,105.

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

Financed Purchase

The City has entered into an agreement for financing the acquisition and installation of water meter equipment. Payments are due semiannually. Total principal and interest remaining on the loan was $560,500. For the fiscal year, principal and interest paid was $213,500.

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

Year Ending	**Governmental Activities**		**Business-Type Activities**	
September 30,	Principal	Interest	Principal	Interest
2024	$ -	$ -	$ 361,993	$ 66,255
2025	-	-	377,432	56,816
2026	-	-	275,788	46,960
2027	-	-	166,630	41,618
2028	-	-	170,484	37,763
2029-2033	-	-	913,434	127,806
2034-2036	-	-	600,350	24,394
	$ -	$ -	$ 2,866,111	$ 401,612

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NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable Public Offering

In 2017, the City issued Tax Increment Revenue Refunding Bonds, Series 2017. These Bonds were issued to fund various City-wide projects and upgrades managed by the Inverness Community Development District. The agreement provided total funding of $12,980,000. The loan period is 27 years with an interest rate of 4%. The bonds are secured by Ad Valorem revenues from the Community Development District and supplemented by general fund ad valorem revenues. Total principal and interest remaining was $16,452,139. For the fiscal year, principal and interest paid was $746,800 and total pledged revenue was $1,446,294.

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

Year Ending	Governmental Activities		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest
2024	$ 335,000	$ 410,800	$ -	$ -
2025	355,000	394,050	-	-
2026	370,000	376,300	-	-
2027	390,000	357,800	-	-
2028	410,000	338,300	-	-
2029-2033	2,320,000	1,420,200	-	-
2034-2038	2,705,000	1,036,375	-	-
2039-2043	3,175,000	560,751	-	-
2044-2045	1,425,000	72,563	-	-
	$ 11,485,000	$ 4,967,139	$ -	$ -

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
ICRA refunding revenue bonds	$ 11,805,000	$ -	$ (320,000)	$ 11,485,000	$ 335,000
Bond premium	322,944	-	(14,764)	308,180	-
Compensated absences	95,726	-	(95,726)	-	-
Other post employment benefits	43,633	5,847	-	49,480	-
Net pension liability	3,319,512	558,009	-	3,877,521	-
Governmental activity long-term liabilities	$ 15,586,815	$ 563,856	$ (430,490)	$ 15,720,181	$ 335,000
Business-type Activities:					
SRF note payable	$ 2,480,587	$ -	$ (152,065)	$ 2,328,522	$ 155,581
Financed purchase	731,992	-	(194,403)	537,589	206,412
Compensated absences	16,380	-	(87)	16,293	16,293
Net pension liability	285,748	126,143	-	411,891	-
Business-type activity long-term liabilities	$ 3,514,707	$ 126,143	$ (346,555)	$ 3,294,295	$ 378,286

NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ended September 30, 2023 consisted of the following:

	Transfers In		
	General Fund	Capital Projects Fund	Total
Transfer Out:			
General fund	$ -	$ 1,860,562	$ 1,860,562
Community redevelopment fund	286,500	-	286,500
Capital projects fund	2,500	-	2,500
Road improvement fund	16	-	16
Water and sewer utility	749,000	-	749,000
Cemetery fund	3,500	-	3,500
Total	$ 1,041,516	$ 1,860,562	$ 2,902,078

Transfers between funds are primarily to move unrestricted revenues collected in funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 RETIREMENT PLANS

Florida Retirement System

City employees, except for participants in the separate general employees' defined contribution pension fund, participate in the State of Florida Retirement System (FRS), 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. The City elected to opt out of the System beginning with employees hired after January 1, 1996, then elected to re-enter with employees hired on or after January 1, 2005.

All employees, other than those described above participate in FRS. Employees who retire at or after age 62 with 10 years of credited service, or 30 years of credited service regardless of age, are entitled to a retirement benefit equal to 1.6% to 1.68% (dependent upon age and years of service) of their average final compensation. The average final compensation is the average of the five highest fiscal years of earnings. Benefits are adjusted annually for a cost of living increase in the Consumer Price Index up to a maximum of 3%. At September 30, 2023, 69 City employees were members of the FRS Retirement plans.

Benefits are payable monthly under one of four options elected by the participant upon retirement. The options range from a full benefit during life of the member to reduced benefits paid to survivors upon the death of the member. Benefits fully vest on reaching 6 years of service. Vested employees may retire at any time after vesting and receive a 5% benefit reduction for each year prior to normal retirement age or date. FRS also provides death and disability benefits.

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NOTE 10 RETIREMENT PLANS (CONTINUED)

General Information
As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

Pension Plan
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. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 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. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. 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. Elected Officers' 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 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

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NOTE 10 RETIREMENT PLANS (CONTINUED)

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of- living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

Contributions
Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular-11.91% and 13.57%; Special Risk Administrative Support-38.65% and 39.82%; Special Risk-27.83% and 32.67%; Senior Management Service-31.57% and 34.52%; Elected Officers-57.00% and 58.68%; and DROP participants-18.60% and 21.13%.

These employer contribution rates include 1.66% and 2.00% HIS Plan subsidy for the periods October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled $414,590 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At September 30, 2023, the City reported a liability of $3,284,256 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .0082 percent, which was an increase (decrease) of .0003 percent from its proportionate share measured as of June 30, 2022.

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NOTE 10 RETIREMENT PLANS (CONTINUED)

For the fiscal year ended September 30, 2023, the City recognized pension expense of $723,210. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 308,363	$ -
Change of Assumptions	214,095	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	137,159	.
Changes in Proportion and Differences Between City Pension Plan Contributions and Proportionate Share of Contributions	147,089	18,340
City Pension Plan Contributions Subsequent to the Measurement Date	119,415	-
Total	$ 926,121	$ 18,340

The deferred outflows of resources related to the Pension Plan, totaling $119,415 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, 2024. 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:

Fiscal Year Ending September 30:	**Amount**
2024	$ 125,707
2025	881
2026	566,966
2027	75,063
2028	19,749
Thereafter	-

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NOTE 10 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions
The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40 %
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP 2018.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash Equivalents	1.00%	2.90%	2.90%	1.10%
Fixed Income	19.80%	4.50%	4.40%	3.40%
Global Equity	54.00%	8.70%	7.10%	18.10%
Real Estate	10.30%	7.60%	6.60%	14.80%
Private Equity	11.10%	11.90%	8.80%	26.30%
Strategic Investments	3.80%	6.30%	6.10%	7.70%
Total	100.00%			
Assumed inflation - Mean			2.40%	1.40%

(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 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:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's Proportionate Share of the Net Pension Liability	$ 5,610,177	$ 3,284,256	$ 1,338,344

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, 2023, the City reported a payable in the amount of $75,228 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

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, 2023, 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, 2023, the HIS contribution for the period October 1, 2021 through June 30, 2023 and from July 1, 2023 through September 30, 2023 was 1.66% and 2.00%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled $44,721 for the fiscal year ended September 30, 2023.

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, 2023, the City reported a liability of $1,005,156 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .0063 percent, which was an increase (decrease) of .0001 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of $399,812. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 14,715	$ 2,359
Change of Assumptions	26,425	87,100
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	519	-
Changes in Proportion and Differences Between City HIS Plan Contributions and Proportionate Share of Contributions	71,956	11,505
City HIS Plan Contributions Subsequent to the Measurement Date	13,667	-
Total	$ 127,282	$ 100,964

The deferred outflows of resources related to the HIS Plan, totaling $13,667 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, 2024. 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:

Fiscal Year Ending September 30:	Amount
2024	$ 5,863
2025	11,728
2026	3,118
2027	(5,398)
2028	(2,713)
Thereafter	53

NOTE 10 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions
The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%, average, including inflation
Municipal Bond Rate	3.65 % net of pension plan investment expense

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate
The discount rate used to measure the total pension liability was 3.65%. 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 3.65%, 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 (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
City's Proportionate Share of the Net Pension Liability	$ 1,146,727	$ 1,005,156	$ 887,804

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.

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, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2022-23 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%, Senior Management Service class 12.67% and City Elected Officers class 16.34%.

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, 2023, 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 City’s Investment Plan pension expense totaled $128,972 for the fiscal year ended September 30, 2023.

General Employees Defined Contribution Pension Plan

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

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

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

At September 30, 2023 there were no plan members or City contributions to the plan.

NOTE 10 RETIREMENT PLANS (CONTINUED)

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

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

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS

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

Employees Covered by Benefit Term - At September 30, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	44
Total	44

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

Summary of Actuarial Methods & Assumptions
Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

The City qualifies to use the alternative measurement method, and has elected to do so. The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2021, updated to September 30, 2023 using the following actuarial assumptions:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.87%
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53

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

Discount Rate - Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Index as published by S&P Dow Jones Indices. The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

For the year ended September 30, 2023, the City will recognize OPEB Expense/(Revenue) of $49,480. Below are the details regarding the Total OPEB liability for the measurement period from October 1, 2022 to September 30, 2023.

	Increases and (Decreases) in Total OPEB Liability
Balances at September 30, 2022	$ 43,633
Changes for a Year:	
Service cost	5,031
Interest	2,299
Differences between expected and actual experience	-
Changes of assumptions	(541)
Contributions - employer	-
Benefit payments	(942)
Net Changes	5,847
Balances at September 30, 2023	$ 49,480

Changes of assumptions reflect a change in the discount rate from 4.77% for the fiscal year ending September 30, 2022 to 4.87% for fiscal year ending September 30, 2023.

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

There are no deferred inflows or outflows for the OPEB Plan, since the City uses the alternative measurement method.

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

	1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
Total OPEB Liability	$ 55,324	$ 49,480	$ 44,527

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 a healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease 3.00% - 6.50%	Healthcare Cost Trend Rates 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB Liability	$ 43,382	$ 49,480	$ 56,939

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Retiree Continuation Insurance Plan

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Last Ten Fiscal Years*

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability						
Service cost	$ 5,031	$ 6,865	$ 7,186	$ 8,164	$ 5,874	$ 6,137
Interest	2,299	1,412	1,198	1,974	1,927	1,689
Differences between expected and actual experience	-	(3,337)	-	(1,330)	-	-
Changes of assumptions	(541)	(15,384)	(1,930)	(7,838)	3,335	(2,704)
Benefit payments	(942)	(946)	(442)	(565)	(5,416)	(4,992)
Net change in total OPEB liability	5,847	(11,390)	6,012	405	5,720	130
Total OPEB liability, beginning	43,633	55,023	49,011	48,606	42,886	42,756
Total OPEB liability, ending	$ 49,480	$ 43,633	$ 55,023	$ 49,011	$ 48,606	$ 42,886
Plan fiduciary net position as a percentage of total OPEB liability		0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 1,951,335	$ 1,903,742	$ 1,894,691	$ 1,848,479	$ 1,589,353	$ 1,550,588
Total OPEB liability as a percentage of covered-employee payroll	2.54%	2.29%	2.90%	2.65%	3.06%	2.77%

Notes to Schedule:

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

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

Discount Rate in each period	4.87%	4.77%	2.43%	2.14%	3.58%	4.18%

* Information for prior years not available.

City of Inverness, Florida
Schedule of the City's Proportionate Share of Net Pension Liability- Last 10 Fiscal Years
September 30, 2023

Florida Retirement System (FRS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.008242200%	0.007926174%	0.007650116%	0.007732700%	0.007546508%	0.007301884%	0.007850393%	0.006162172%	0.005609830%
City's proportionate share of the net pension liability	$ 3,284,256	$ 2,949,174	$ 577,879	$ 3,351,466	$ 2,598,912	$ 2,199,365	$ 2,322,094	$ 1,555,953	$ 724,585
City's Covered Payroll	$ 2,510,676	$ 2,278,136	$ 2,013,052	$ 1,962,133	$ 1,935,226	$ 1,709,056	$ 1,805,362	$ 1,615,922	$ 1,455,498
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	130.81%	129.46%	28.71%	170.81%	134.30%	128.69%	128.62%	96.29%	49.78%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Health Insurance Subsidy (HIS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.006329169%	0.006194400%	0.005686248%	0.005696900%	0.005786409%	0.005235197%	0.005627769%	0.004954573%	0.004605352%
City's proportionate share of the net pension liability	$ 1,005,156	$ 656,086	$ 697,504	$ 697,504	$ 647,441	$ 554,099	$ 601,747	$ 577,435	$ 469,673
City's Covered Payroll	$ 2,510,676	$ 2,278,136	$ 2,013,052	$ 1,962,133	$ 1,935,226	$ 1,709,056	$ 1,805,362	$ 1,615,922	$ 1,455,498
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.04%	28.80%	34.65%	35.55%	33.46%	32.42%	33.33%	35.73%	32.27%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

* Information for prior years not available.

City of Inverness, Florida
Schedule of City Contributions - Last 10 Fiscal Years
September 30, 2023

Florida Retirement System (FRS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 414,590	$ 368,321	$ 296,126	$ 265,171	$ 239,744	$ 213,550	$ 203,914	$ 161,581	$ 138,199
Contributions in relation to the contractually required contribution	(414,590)	(368,321)	(296,126)	(265,171)	(239,744)	(213,550)	(203,914)	(161,581)	(138,199)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,572,160	$ 2,438,759	$ 2,049,004	$ 1,947,377	$ 1,987,097	$ 1,748,067	$ 1,747,095	$ 1,615,922	$ 1,455,498
Contributions as a percentage of covered- payroll	16.12%	15.10%	14.45%	13.62%	12.07%	12.22%	11.67%	10.00%	9.49%

Health Insurance Subsidy (HIS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 44,721	$ 40,028	$ 34,022	$ 32,584	$ 32,992	$ 29,038	$ 28,851	$ 26,098	$ 19,682
Contributions in relation to the contractually required contribution	(44,721)	(40,028)	(34,022)	(32,584)	(32,992)	(29,038)	(28,851)	(26,098)	(19,682)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 2,572,160	$ 2,438,759	$ 2,049,004	$ 1,947,377	$ 1,987,097	$ 1,748,067	$ 1,747,095	$ 1,615,922	$ 1,455,498
Contributions as a percentage of covered- payroll	1.74%	1.64%	1.66%	1.67%	1.66%	1.66%	1.65%	1.62%	1.35%

* Information for prior years not available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Major Governmental Fund

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

City of Inverness, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	$ -	$ -	$ 182,300	$ 182,300
Total revenues	-	-	182,300	182,300
Expenditures:				
Capital outlay	1,444,000	3,456,780	1,890,913	1,565,867
Total expenditures	1,444,000	3,456,780	1,890,913	1,565,867
Excess (deficiency) of revenues over expenditures	(1,444,000)	(3,456,780)	(1,708,613)	1,748,167
Other Financing Sources:				
Transfers in	1,444,000	1,860,562	1,860,562	-
Transfers out	-	(2,500)	(2,500)	-
Total other financing sources	1,444,000	1,858,062	1,858,062	-
Net change in fund balances	-	(1,598,718)	149,449	1,748,167
Fund balance, beginning	7,785,997	7,785,997	7,785,997	-
Fund balance, ending	$ 7,785,997	$ 6,187,279	$ 7,935,446	$ 1,748,167

Nonmajor Governmental Funds

Special Revenue Funds

Road Improvement	-	Accounts for capital road facilities projects funded by special assessments.
Impact Fee	-	Accounts for the collection and expenditures of transportation impact fees. All proceeds are collected from the fee and all interest accrued on said funds shall be used for the purpose of capital road facilities on the major road system within the corporate city limits of the City of Inverness.

City of Inverness, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Special Revenue		
	Road Improvement Fund	**Impact Fee Fund**	**Total Nonmajor Governmental Funds**
Assets:			
Cash and cash equivalents	$ -	$ 561,315	$ 561,315
Investments	-	63,778	63,778
Total assets	$ -	$ 625,093	$ 625,093
Liabilities:			
Accounts payable	$ -	$ 6,306	$ 6,306
Total liabilities	-	6,306	6,306
Fund Balances:			
Restricted for capital improvements	-	618,787	618,787
Committed to:			
Road Improvements	-	-	-
Unassigned	-	-	-
Total fund balances	-	618,787	618,787
Total Liabilities and fund balances	$ -	$ 625,093	$ 625,093

City of Inverness, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2023

	Special Revenue		
	Road Improvement Fund	**Impact Fee Fund**	**Total Nonmajor Governmental Funds**
Revenues:			
Intergovernmental	$ -	$ -	$ -
Impact fees	-	57,878	57,878
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total revenues	-	57,878	57,878
Expenditures:			
Current:			
Highways and streets	-	36	36
Total expenditures	-	36	36
Excess of revenues over expenditures	-	57,842	57,842
Other Financing Uses:			
Transfers out	(16)	-	(16)
Total other financing uses	(16)	-	(16)
Net change in fund balances	(16)	57,842	57,826
Fund balances, beginning	16	560,945	560,961
Fund balances, ending	$ -	$ 618,787	$ 618,787

STATISTICAL SCHEDULES

City of Inverness

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

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Tangible Personal Property	Taxable Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Factor of Taxable Value (1)	Assessed Value as a Percentage of Actual Value
2014	-	-	-	-	-	350,108,259	6.9949	-	-	-
2015	-	-	-	-	-	349,709,760	7.0729	-	-	-
2016	163,764,815	161,017,089	3,799,020	90,522,688	58,371,861	477,475,473	7.5729	615,851,685	1.289808	77.53%
2017	172,814,507	158,954,754	4,286,803	97,795,632	58,520,031	492,371,727	8.0729	622,053,577	1.263382	79.15%
2018	192,698,424	154,282,585	4,335,532	79,646,332	56,695,626	487,658,499	8.2729	661,434,142	1.356347	73.73%
2019	206,179,387	159,799,517	4,232,298	94,100,965	62,623,297	526,935,464	8.2729	698,117,300	1.324863	75.48%
2020	222,491,978	166,199,338	4,593,964	92,049,502	66,235,434	551,570,216	7.9730	689,461,115	1.249997	80.00%
2021	243,975,576	165,156,145	4,671,552	91,995,461	64,881,025	570,679,759	7.8211	718,008,728	1.258164	79.48%
2022	294,731,692	171,825,725	5,093,650	89,619,023	65,698,933	626,969,023	7.7600	778,474,207	1.241647	80.54%
2023	349,995,148	184,428,616	5,743,660	90,899,426	72,847,807	703,914,657	7.7600	854,161,721	1.213445	82.41%

Source: Avenu Insights & Analytics
(1.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.
Based on these calculations a factor was extrapolated and applied to current assessed values.
(-) Data Unavailable.
Note: 2016 is the citys first ACFR statitsical section publication, therefore prior year data availability is limited.

City of Inverness

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

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

Source: Citrus County Assessor data, Avenu Insights & Analytics
Note: 2016 is the citys first ACFR statitsical section publication, therefore prior year data availability is limited.

City of Inverness

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year End	City of Inverness	Citrus County	Citrus County School Board	Hospital Board	Mosquito Control	SWFWMD General	Total
2014	6.9949	8.8999	7.3040	1.2500	0.4478	0.3658	25.2624
2015	7.0729	7.7887	7.1890	0.0000	0.4478	0.3488	15.6582
2016	7.5729	7.6652	6.9250	0.0000	0.4478	0.3317	22.9426
2017	8.0729	7.4407	6.5810	0.0000	0.4478	0.3131	22.8555
2018	8.2729	7.3561	6.3380	0.0000	0.4478	0.2955	22.7103
2019	8.2729	7.2032	6.1250	0.0000	0.4478	0.2801	22.3290
2020	7.9730	7.2032	5.9300	0.0000	0.4478	0.2669	21.8209
2021	7.8211	7.1742	5.8170	0.0000	0.4307	0.2535	21.4965
2022	7.7600	7.6678	5.5230	0.0000	0.4307	0.2260	21.6075
2023	7.7600	8.3522	5.4440	0.0000	0.3958	0.2043	22.1563

Source: Citrus County Property Appraiser , Avenu Insights & Analytics

City of Inverness

Principal Property Tax Payers
Current and Four Fiscal Years Ago

Taxpayer	2023 Taxable Value ($)	2023 Percent of Total City Taxable Value (%)	2016 Taxable Value ($)	2016 Percent of Total City Taxable Value (%)
Citrus County Hospital Board	65,025,190	9.24%	88,976,473	18.63%
Citrus Memorial Hospital Inc-26670	20,364,347	2.89%		
Duke Energy Florida	18,177,151	2.58%	12,321,077	2.58%
95 FLRPT LLC	8,586,680	1.22%	6,609,630	1.38%
Sembler Gregory S	6,701,770	0.95%	6,017,110	1.26%
Sumter Electric Cooperative Inc	5,141,336	0.73%	4,891,841	1.02%
701 Medical Court East LLC	4,688,046	0.67%	4,525,990	0.95%
Signet Investments	4,559,680	0.65%	3,819,160	0.80%
Brannen Bank	4,067,073	0.58%	3,860,874	0.81%
FL Arbor Trail Holdings LLC	3,686,444	0.52%	3,363,620	0.70%
White Cap Of Florida Inc	3,479,900	0.49%	2,607,110	0.55%
Florida Low Income Housing	3,049,974	0.43%		
Colonnade Park LTD	3,025,680	0.43%		
AEM Anfang LLC	2,967,290	0.42%	2,141,390	0.45%
Citrus Plaza Commons LLC	2,866,691	0.41%	2,611,050	0.55%
Williams LTC Inc	2,860,610	0.41%		
Adams Homes Of Northwest Florida	2,836,000	0.40%		
Community Imaging Alliance LLC	2,799,423	0.40%		
Embarq Florida Inc	2,797,193	0.40%		
Rosenberg Peter Michael	2,624,780	0.37%	2,309,600	0.48%
Inverness Regional LLC	2,529,450	0.36%		
Hollynn Properties Inc	2,432,840	0.35%		
Osceola Inc	2,358,931	0.34%		
Nolette Joseph H	2,269,620	0.32%		
Circle K Stores Inc	2,222,970	0.32%		
Wells Fargo Bank			7,307,029	1.53%
First Baptist Church Of Inverness			5,141,205	1.08%
Centurylink			4,887,645	1.02%
Wyld Palms Holdings LLC			4,804,180	1.01%
Lynch Robert N As Bishop Of			4,157,820	0.87%
Cornerstone Baptist Church			3,541,647	0.74%
Inverness Church Of God Inc			2,992,032	0.63%
First Presbyterian Church			2,962,575	0.62%
Publix Super Market #1448			2,443,013	0.51%
Highland Terrace Aid Propco			2,292,432	0.48%
RKM Crystal LLC			2,245,830	0.47%
First Christian Church Of			2,060,298	0.43%
Total Top 25 Taxpayers	182,119,069	25.87%	188,890,631	39.56%
Total Taxable Value	703,914,657	100.00%	477,475,473	100.00%

Source: Citrus County Assessor data, Avenu Insights & Analytics
Note: 2016 is the citys first ACFR publication, therefore historical data availability is limited.

City of Inverness

Demographic and Economic Statistics
Last Eight Fiscal Years

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

Source: Avenu Insights & Analytics
1.) Data is provided by the U.S. Census Bureau.
2.) Median Age reflects the U.S. Census data estimation table.
3.) Student Enrollment reflects the total number of students enrolled in Citrus County School District.
4.) Unemployment rates data from www.homefacts.com.
Note: 2016 is the citys first ACFR publication, therefore prior year data availability is limited.

City of Inverness

Principal Employers
Current and Seven Years Ago

Employer	2023 Number of Employees	2023 Percent of Total Employment	2016 Number of Employees	2016 Percent of Total Employment
Citrus County School District	2,175	32.27%	2,234	38.52%
Citrus County	1,256	18.63%	1,416	24.41%
HCA Florida - Citrus Hospital	1,150	17.06%	878	15.14%
Publix Super Market	227	3.37%	170	2.93%
Lowe's Home Improvement	188	2.79%	185	3.19%
Winn-Dixie - 2 locations	172	2.55%	184	3.17%
Avante At Inverness	142	2.11%		
Arbor Trail Rehab & Nursing	133	1.97%	130	2.24%
Citrus Health & Rehabilitation	124	1.84%	130	2.24%
Nick Nicholas Ford	101	1.50%		
Walmart Supercenter			388	6.69%
Brannen Bank			110	1.90%
Total Top 10 Employers	5,668	84.08%	5,825	100.43%
Total City Labor Force (1)	6,741		5,800	

Source: Avenu Insights & Analytics
Results based on direct correspondence with city’s local businesses.
1.) Labor Force data is provided by the U.S. Census Bureau.

Note: Avante At Inverness has not responded to Avenu's employee count inquiries.
Previous year employee count applied in report.

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Other Reports

McDirmit Davis

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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*

The Honorable Mayor and City Council
City of Inverness, Florida

We have audited, in accordance with auditing standards generally accepted in the United states of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the *City of Inverness, Florida*, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 28, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the *City of Inverness, Florida'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 *City of Inverness'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 deficiencies, material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether *City of Inverness's* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result 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
May 28, 2024

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 Inverness, Florida

Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program
We have audited the *City of Inverness's* (the City) compliance with the types of compliance requirements described 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, 2023. 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, 2023.

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
May 28, 2024

Award type Grantor Pass-through grantor Grantor project title	Assistance Listing	Agency of Pass-through Entity Grant Number	Expenditures
Federal Grants			
U.S Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds *	21.027		$ 2,347,708
Total federal awards			$ 2,347,708

* 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 Inverness (the City) under programs of the federal government for the year ended September 30, 2023. 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, 2023, even if 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 10 percent de Miniums indirect rate as allowed under the Uniform Guidance is not in effect nor is available under its contracts.

Section I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditors' report issued:	Unmodified Opinion	
Internal control over financial reporting:		
• Material weakness identified?	____ Yes	_X_ No
• Significant deficiency identified	____ Yes	_X_ None reported
Noncompliance material to financial Statements noted?	____ Yes	_X_ No

Federal Programs

Type of auditors' report issued on compliance for major federal programs:	Unmodified Opinion	
Internal control over major federal programs:		
• Material weakness identified?	____ Yes	_X_ No
• Significant deficiency identified	____ Yes	_X_ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	____ Yes	_X_ No

Identification of Major Federal Programs

Federal	21.027	Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs	Federal $750,000	
Auditee qualified as a low-risk auditee pursuant to the Uniform Guidance?	____ Yes	_X_ No

Section II - Financial Statement Findings: None

Section III – Federal Award Findings and Questioned Costs: None

Section IV – Federal Award Summary Schedule of Prior Year Findings: No Prior Year Findings

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MANAGEMENT LETTER

Honorable Mayor and City Council
City of Inverness, Florida

Report on the Financial Statements
We have audited the financial statements of the *City of Inverness*, *Florida*, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated May 28, 2024.

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 Florida 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 State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 28, 2024, should be considered in conjunction with this management letter.

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

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

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

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.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Council Members, 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
May 28, 2024

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 Inverness, Florida

We have examined City of Inverness' (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. 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 Inverness complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDirmit Davis

Orlando, Florida
May 28, 2024

McDirmit Davis

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Honorable Mayor and City Council
City of Inverness Community Redevelopment Agency, Florida

We have audited the financial statements of City *of Inverness Community Redevelopment Agency* (the "CRA") as of and for the year ended September 30, 2023, and have issued our report thereon dated May 28, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit
As communicated in our engagement letter dated November 8, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the CRA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit
We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence
The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Significant Risks
A significant risk is an identified and assessed risk of material misstatement, that in the auditor's professional judgement, requires special audit consideration. We have focused on the following significant risks during our audit procedures:

- Management override of internal controls is the risk that management could circumvent established internal control procedures.
- Improper revenue recognition is the risk that revenue is recognized in a period it is not earned.

Our testing did not result in any management comments related to these risks.

Qualitative Aspects of the Entity's Significant Accounting Practices
Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the CRA is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Financial Statement Disclosures
Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the CRA's financial statements related to the summary of significant accounting policies.

Significant Unusual Transactions
For the purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during the audit. We did not identify any significant unusual transaction as a result of our audit procedures.

Identified of Suspected Fraud
We have not identified and have not obtained any information that indicates fraud may have occurred.

Significant Difficulties Encountered During the Audit
We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements
For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to CRA's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management
We have requested certain written representations from management, which are included in the attached letter dated May 28, 2024.

Management's Consultations with Other Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues
In the normal course of our professional association with the CRA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the CRA's auditors.

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

Very truly yours,

McDirmit Davis

Orlando, Florida
May 28, 2024

Annual Comprehensive Financial Report

September 30, 2023

City of Inverness, Florida

Community Redevelopment Agency

INTRODUCTORY SECTION

Table of Contents

FINANCIAL SECTION

McDirmit Davis

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and CRA Board
City of Inverness, Florida Community Redevelopment Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the *City of Inverness, Florida Community Redevelopment Agency (the "CRA")*, a component unit of the City of Inverness, Florida as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA'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 and each major fund of the City of Inverness Community Redevelopment Agency, as of September 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA 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 CRA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 CRA'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, 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 CRA'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 CRA'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 starting on page 3 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2024 on our consideration of the *City of Inverness Community Redevelopment Agency's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 result of that testing, and not to provide an opinion on the 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 City of Inverness Community Redevelopment Agency's internal control over financial reporting and compliance.

McDirmit Davis

Orlando, Florida
May 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the financial activities of the City of Inverness Community Redevelopment Agency (the "CRA") for the fiscal year ended September 30, 2023 is designed to assist the reader in a) focusing on significant financial issues, b) providing an overview of the CRA's financial activity, c) identifying changes in the CRA's financial position, d) identifying any material deviations from the approved budget, and e) identifying individual fund issues or concerns. Please read it in conjunction with the CRA's Independent Auditor's Report, financial statements, and accompanying notes.

Financial Highlights

- The liabilities of the CRA exceeded its assets at the close of the most recent fiscal year by $(9,620,306) (*net deficit*). Of this amount, $368,545 represents restricted net position, which is to be used to meet the CRA's ongoing obligations for redevelopment.
- The CRA's total net position increased by $602,691.
- As of the close of the current fiscal year, the CRA's governmental fund reported ending fund balance of $2,048,742. The total amount, $2,048,742 is restricted for the purpose of community redevelopment.

Using this Annual Report

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

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

Government-Wide Financial Statements

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

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

The government-wide financial statements distinguish functions of the CRA that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

The government-wide financial statements include only the CRA itself (known as the *primary government*).

The government-wide financial statements can be found on pages 7-8 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund of the CRA can be categorized as a governmental fund.

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 CRA adopts an annual appropriated budget for the general fund. A Budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget on pages 13.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-21 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, the liabilities and deferred inflows exceeded the assets and deferred outflows by $(9,620,306) at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 7.

	Governmental Activities	
	2023	**2022**
Current and other assets	$ 542,111	$ 524,660
Restricted assets	1,509,030	1,440,417
Capital assets	295,300	151,474
Total assets	2,346,441	2,116,551
Current liabilities	173,566	211,604
Long term liabilities outstanding	11,793,181	12,127,944
Total liabilities	11,966,747	12,339,548
Net Position:		
Net investment in capital assets	(9,988,851)	(10,536,053)
Restricted	368,545	313,056
Total net position	$ (9,620,306)	$ (10,222,997)

The CRA's net position of $(9,988,851) is reflected in investment in capital assets, less any outstanding related debt used to acquire those assets. The CRA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the CRA's investment in its capital assets is reported net of 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. The CRA conveyed its assets to the City, therefore, caused a negative net position in net investment in capital assets.

The CRA's net position increased by $602,691 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 8.

Changes in Net Position
For the Years Ended September 30,

	Governmental Activities	
	2023	**2022**
Revenues:		
Taxes	$ 1,375,706	$ 1,326,878
Other	70,588	10,619
Total revenues	1,446,294	1,337,497
Expenses:		
Community development services	345,128	329,498
Interest on long-term debt	405,371	419,270
Total expenses	750,499	748,768
Special Item:		
Assets conveyed to the city	(93,104)	(328,281)
Total special items	(93,104)	(328,281)
Increase (decrease) in net position	602,691	260,448
Net position, October 1	(10,222,997)	(10,483,445)
Net Position, September 30	$ (9,620,306)	$ (10,222,997)

Governmental Activities
Governmental activities increased the CRA's net position by $602,691. This was due to reduced expenses and increased revenues.

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

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

As of September 30, 2023, the CRA's governmental fund reported an ending fund balance of $2,048,742, an increase of $117,436. The fund balance is restricted for community redevelopment.

General Fund Budgetary Highlights
Budgets are conservatively developed to control costs with little growth or change. All functional expenditure areas expended less than budgeted for a total positive variance of $1,666,992 due to underspending in capital outlay in the current year.

Capital Asset and Debt Administration
Capital Assets
At September 30, 2023, the CRA had $295,300 invested in capital assets. At year end, the entire balance was considered construction in progress.

Additional information on the City's capital assets can be found in Note 4 on page 19 of this report.

Long-Term Debt
At the end of the current fiscal year, the City had total debt outstanding of $11,485,000.

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

Additional information on the City's long-term debt can be found in Note 5 on page 20 of this report.

Next Year's Budget and Rates
During the next fiscal year, the CRA is expecting to incur enough revenues to cover operating expenditures.

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

BASIC FINANCIAL STATEMENTS

City of Inverness, Florida Community Redevelopment Agency

Statement of Net Position

September 30, 2023

		Governmental Activities
Assets:		
Cash and cash equivalents	$	499,567
Investments		42,544
Restricted Assets:		
Investments		1,509,030
Capital Assets:		
Capital assets not being depreciated		295,300
Total assets		2,346,441
Liabilities:		
Accounts payable and accrued expenses		2,399
Accrued interest		171,167
Noncurrent Liabilities:		
Due within one year		335,000
Due in more than one year		11,458,181
Total liabilities		11,966,747
Net Position:		
Net investment in capital assets		(9,988,851)
Restricted for:		
Community redevelopment		368,545
Total net position	$	(9,620,306)

The accompanying Notes to Financial Statements are an integral part of this statement.

Statement of Activities

Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government			
Governmental Activities:			
Community development services	$ 345,128	$ -	$ (345,128)
Interest on long-term debt	405,371	-	(405,371)
Total governmental activities	750,499	-	(750,499)
General Revenues:			
Taxes			1,375,706
Investment earnings			70,588
Assets conveyed to the city			(93,104)
Total general revenues and special items			1,353,190
Change in net position			602,691
Net Position, beginning			(10,222,997)
Net Position, ending			$ (9,620,306)

The accompanying Notes to Financial Statements are an integral part of this statement.

Balance Sheet - Governmental Funds

September 30, 2023

		General Fund
Assets:		
Cash and cash equivalents	$	499,567
Investments		42,544
Restricted investments		1,509,030
Total assets	$	2,051,141
Liabilities:		
Accounts payable	$	2,399
Total liabilities		2,399
Fund Balances:		
Restricted for community development		2,048,742
Total fund balances		2,048,742
Total liabilities and fund balances	$	2,051,141

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

September 30, 2023

Total Fund Balance, Governmental Funds		$	2,048,742
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			295,300
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds			
Accrued interest payable	(171,167)		
Bonds payable	(11,485,000)		
Premium on bonds payable	(308,181)		(11,964,348)
Net position of governmental activities in the statement of net position		$	(9,620,306)

City of Inverness, Florida Community Redevelopment Agency

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

Year Ended September 30, 2023

		General Fund
Revenues:		
Taxes	$	1,375,706
Investment earnings		70,588
Total revenues		1,446,294
Expenditures:		
Current:		
Community development services		345,166
Debt Service:		
Interest		426,800
Principal		320,000
Capital Outlay		236,892
Total expenditures		1,328,858
Net change in fund balances		117,436
Fund balances, beginning		1,931,306
Fund balances, ending	$	2,048,742

The accompanying Notes to Financial Statements are an integral part of this statement.

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

Year Ended September 30, 2023

Net Change in Fund Balances - total governmental funds:		$	117,436
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets.			236,930
Conveyance of capital assets is recorded as an expense in the statement of activities while the amount does not affect the fund financial statements as the amount had previosuly been recorded as an expenditure for capital outlay.			(93,104)
Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.			320,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.			
Change in accrued interest	6,666		
Amortization of bond premium	14,763		21,429
Change in net position of governmental activities		$	602,691

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

Community Redevelopment Agency Fund

Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 1,331,692	$ 1,331,692	$ 1,375,706	$ 44,014
Investment earnings	4,000	4,000	70,588	66,588
Total revenues	1,335,692	1,335,692	1,446,294	110,602
Expenditures				
Current:				
Community development services	362,600	362,600	345,166	17,434
Debt Service:				
Principal	320,000	320,000	320,000	-
Interest	426,800	426,800	426,800	-
Capital Outlay	725,000	1,836,450	236,892	1,599,558
Total expenditures	1,834,400	2,945,850	1,328,858	1,616,992
Excess (deficiency) of revenues over expenditures	(498,708)	(1,610,158)	117,436	1,727,594
Net change in fund balances	(498,708)	(1,610,158)	117,436	1,727,594
Fund balance, beginning	1,931,306	1,931,306	1,931,306	-
Fund balance, ending	$ 1,432,598	$ 321,148	$ 2,048,742	$ 1,727,594

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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 CRA. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues are reported separately.

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

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*. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government reports the following fund:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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/Fund Balance

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

Receivables and Payables

All receivables are shown net of an allowance for uncollectible.

The CRA's primary source of revenue is tax-increment funds. This revenue is computed by applying the respective operating tax rates for the City and the County, multiplied by increased value of property located within the boundaries of the redevelopment areas of the CRA in excess of the base property value, minus 5%. The City and the County, are required to fund this amount annually without regard to tax collections or other obligations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the CRA 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 acquisition value at the date of donation. Any assets purchased with the CRA funds are conveyed to the City for ownership and maintenance once the asset is placed into service. At year end, the CRA has construction in progress and no assets in service. The construction in progress will be conveyed to the City upon completion of the project at the time the asset is placed into service.

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.

Long-term obligations
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred outflows/inflows of resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2023.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2023.

Net position flow assumptions
Sometimes the CRA 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 CRA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The CRA 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 City's highest level of decision-making authority. The CRA Board is the highest level of decision making authority for the CRA that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classifications are intended to be used by the CRA for specific purposes but do not meet the criteria to be classified as committed. The Council has the responsibility for assigning fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

New GASB Statements Implemented
In fiscal year 2023, the CRA has not implemented any new accounting standards with a material effect on the CRA's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information
Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the CRA, except as described below under Budget Basis of Accounting. All annual appropriations lapse at fiscal year end. The CRA follows these procedures set forth below in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1st, the City Manager 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.
2. Public hearings are conducted to obtain taxpayers comments.
3. On or before September 30th of each year, public hearings are completed, and the Council adopts the final budget and establishes the ad valorem tax millage.
4. The CRA cannot legally exceed the budget; however, the City Manager is authorized to transfer budgeted amounts within departments within any fund unless the transfer affects a budgeted reserve. The City Council must approve revisions that alter the total expenditures of any department. The legal level of budgetary control is department.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

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

Investments

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

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

Investments made by the CRA at September 30, 2023 are summarized below:

Investment Type	9/30/23	Credit Rating	Weighted Average Maturity (Years)
Florida Safe Money Market	$ 1,551,574	AAAm	N/A
	$ 1,551,574		

Fair Value

The CRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The CRA 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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the CRA's own data in measuring unobservable inputs. The CRA had no investments as defined by GASB Statement No. 72 as of September 30, 2023.

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

Custodial Credit Risk
In the case of deposits, this is the risk that in the event of a bank failure, the CRA's deposits may not be returned to it. The CRA'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, 2023, all of the CRA's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. At September 30, 2023, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk
The policy has no limitations on portfolio composition.

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

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 151,474	$ 228,230	$ (84,404)	$ 295,300
Total capital assets, not being depreciated	$ 151,474	$ 228,230	$ (84,404)	$ 295,300

During the year, the CRA contributed $8,700 of equipment and $84,404 of completed CIP improvements to the City for ownership and maintenance.

NOTE 5 LONG-TERM DEBT

Bonds Payable Public Offering

In 2017, the City issued Tax Increment Revenue Refunding Bonds, Series 2017. These Bonds were issued to fund various City-wide projects and upgrades managed by the Inverness Community Development District. The agreement provided total funding of $12,980,000. The loan period is 27 years with an interest rate of 4%. The bonds are secured by Ad Valorem revenues from the Community Development District and supplemented by City ad valorem revenues. Total principal and interest remaining was $16,452,138. For the fiscal year, principal and interest paid was $746,800 and total pledged revenue was $1,375,706.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
ICRA Refunding Revenue Bonds	$ 11,805,000	$ -	$ (320,000)	$ 11,485,000	$ 335,000
Bond Premium	322,944	-	(14,763)	308,181	-
Governmental activity long-term liabilities	$ 12,127,944	$ -	$ (334,763)	$ 11,793,181	$ 335,000

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

Year Ending September 30,	Principal	Interest
2024	335,000	410,800
2025	355,000	394,050
2026	370,000	376,300
2027	390,000	357,800
2028	410,000	338,300
2029-2033	2,320,000	1,420,200
2034-2038	2,705,000	1,036,375
2039-2043	3,175,000	560,750
2044-2045	1,425,000	72,563
	$ 11,485,000	$ 4,967,138

NOTE 6 RISK MANAGEMENT

The CRA 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 CRA carries commercial insurance.

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

NOTE 7 COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants

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

NOTE 8 RELATED PARTY TRANSACTIONS

The CRA is component unit of the City of Inverness, Florida. For the year ended September 30, 2023, the CRA's tax increment revenues include $691,964 received from the City. In addition, the CRA paid $286,500 to the City for general administrative direct, and indirect cost paid during the year, and conveyed assets of $116,758 to the City.

NOTE 9 SOURCE OF DEPOSITS AND PURPOSE OF WITHDRAWALS

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the CRA Funds for the fiscal year ended September 30, 2023:

Source of Deposit:		
Tax increment	$	1,375,706
Investment income		70,588
Total sources	$	1,446,294
Purpose of Withdrawal:		
Capital expenditures	$	236,892
Interest expense		426,800
Principal payments		320,000
General and administrative - paid to City		286,500
Contractual services		23,300
Utilities		14,228
Public art initiative		17,718
Professional services		2,500
Miscellaneous		920
Total withdrawals	$	1,328,858

OTHER REPORTS

McDirmit Davis

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

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*

The Honorable Mayor and CRA Board
City of Inverness, Florida Community Redevelopment Agency

We have audited, in accordance with auditing standards generally accepted in the United states of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the *City of Inverness Community Redevelopment Agency, Florida*, (the "CRA") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements and have issued our report thereon dated May 28, 2024.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the CRA'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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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 deficiencies, material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result 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
May 28, 2024

McDirmit Davis

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407-843-5406
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MANAGEMENT LETTER

Honorable Mayor and CRA Board
City of Inverness Community Redevelopment Agency, Florida

Report on the Financial Statements
We have audited the financial statements of the *City of Inverness Community Redevelopment Agency*, *Florida*, ("the CRA") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated May 28, 2024.

Auditor's Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida 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;* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 28, 2024, 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 findings or recommendations in the preceding annual financial audit report.

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

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

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.

Specific Information (Unaudited)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the CRA reported:

a. The total number of CRA employees compensated in the last pay period of the CRA's fiscal year as zero.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 10.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as none.
d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $25,800.
e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as
    - Corridor Study - $109,251
    - Shoreline Development - $43,024
f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, as disclosed in the CRA budget statement.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Council Members, 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
May 28, 2024

McDirmit Davis

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

The Honorable Mayor and CRA Board
City of Inverness, Florida Community Redevelopment Agency

We have examined City of Inverness Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA'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 CRA's compliance with specified requirements.

In our opinion, City of Inverness Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDirmit Davis

Orlando, Florida
May 28, 2024

McDirmit Davis

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 163.387 (6) AND (7), FLORIDA STATUTES

The Honorable Mayor and CRA Board
City of Inverness, Florida Community Redevelopment Agency

We have examined City of Inverness Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 163.387 (6) and (7), Florida Statutes, during the year ended September 30, 2023. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA'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 CRA'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 CRA's compliance with specified requirements.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDirmit Davis

Orlando, Florida
May 28, 2024

Agenda Memorandum - ***City of Inverness***

June 4, 2024

TO: Elected Officials

FROM: Eric Williams, City Manager

SUBJECT: Contract Award for Wayfinding Signage Phase 1*

CC: Susan Jackson, City Clerk, Cory Dilmore, Public Works Director, Christopher Shoemaker, Director of Community Development

Enclosures: 1. Encl 6.4 Gateway Location Map and Photogrpahs

GAI-Community Services Group (CSG) was engaged by the City to assist with creation of a new street signage system to match the City's brand. The Gateway signage will enhance the welcome experience entering the City. The Wayfinding signage will guide residents and visitors to destination points within the City.

The project solicitation RFP 2024-01-CDD was published in the Citrus Chronicle, on the City's website and through Demand Star, an ePlatform procurement system, on March 3rd. A mandatory pre-bid meeting was held on March 15th. There were twelve requests for the bid package, eight participants at the pre-bid meeting and four bids submitted on April 3rd.

Gateway signage includes two of the Type A Landscape Gateway Monuments. These are the large entry monuments to the City with a length of 16 feet; width of 3 feet 7 inches; and height of 13 feet 8 inches. The locations for installation are: A001 northeast corner of Highway 44 and Pleasant Grove Road; and A002 southeast corner of Highway 44 and U.S. 41 (see graphic of sign types and locations).

Gateway signage also includes five of the Type B Portrait Gateway Monuments. These 4 x 4-foot pillars are 16 feet tall. These entry pillars will be installed at the following locations: B001 US 41 at Zephyr Street; B002 Pleasant Grove and Grove Manor Boulevard; B003 South Apopka and Inverness Boulevard; B004 U.S. 41 and Mossy Oak Drive; and B005 Independence at Reagan Street West.

The final Gateway group includes five Type C Downtown Gateway signs to be installed at the following locations: C001 at Thompkins Street and North Citrus Way; C002 at Main Street and Seminole Avenue; C003 at Main Street and South Apopka Avenue; C004 at US Hwy 41 South and MLK Blvd; and 005 with undesignated location.

Phase 2 of the bid included 71 Wayfinding signs as follows: forty-nine (49) directional signs; eight (8) parking directional signs; seven (7) pedestrian kiosks; and seven (7) pedestrian directional signs.

Gateway and Wayfinding Bid Tabulation

Vendor	Phase 1	Phase 2	Total 1 & 2
AC Signs	$ 285,785	$ 820,094	$ 1,105,879
Creative	$ 462,749	$ 446,910	$ 909,659
Forge	$ 376,500	$ 559,500	$ 936,000
Harbinger	$ 306,038	$ 669,913	$ 975,951

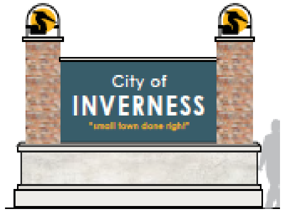
The FY 24 budgeted funds for the Gateway and Wayfinding Signage Project total $354,000. This amount will not meet the low bid submitted for both Phase 1 and 2
so staff is moving forward with only the Phase 1 Gateway Signage work.

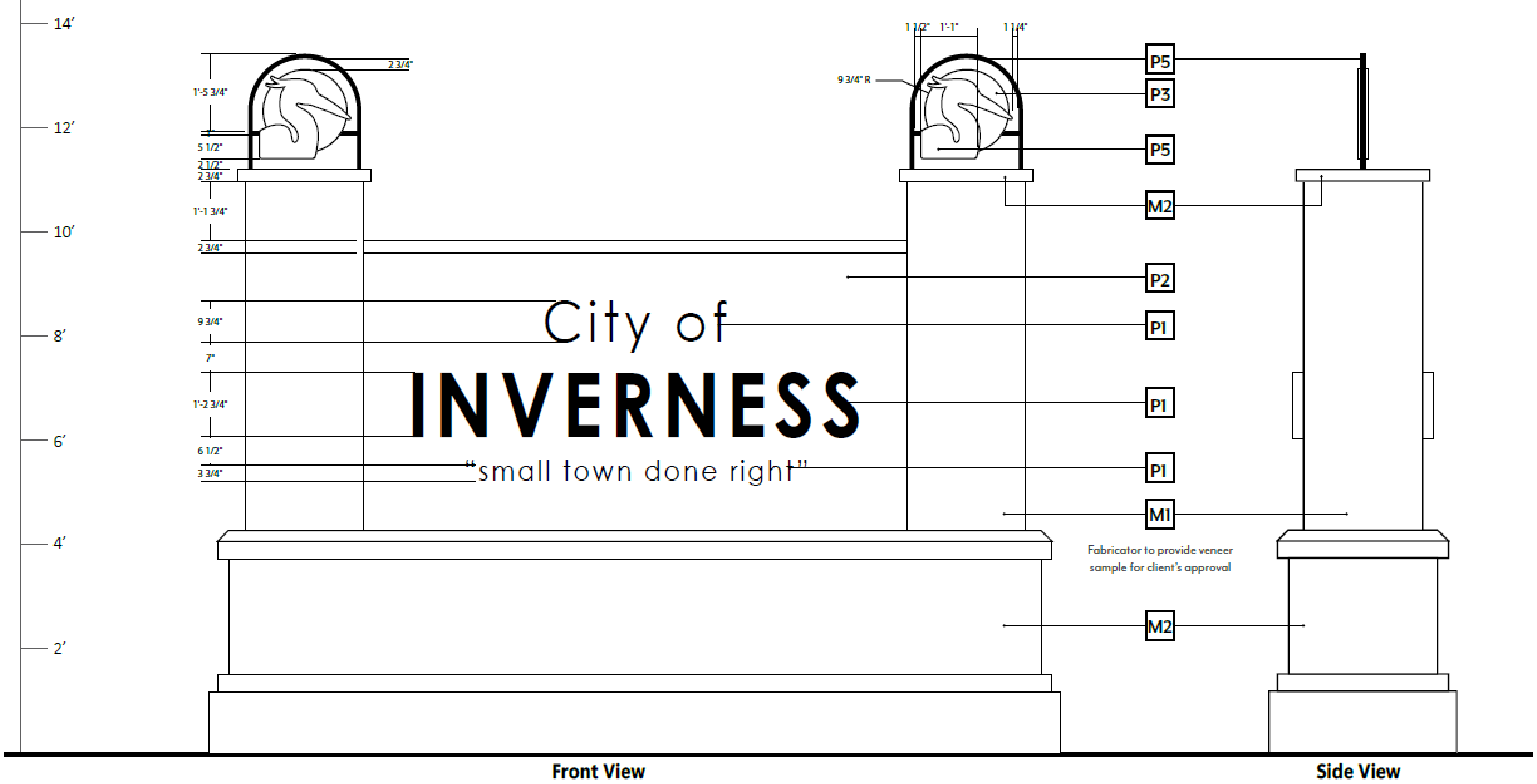
Staff recommend selection of AC Signs as the lowest and most responsive bidder to furnish and install the Phase 1 Gateway signage as submitted in response to bids received on April 3, 2024, and authorize the City Manager to execute a contract.

Recommended Action

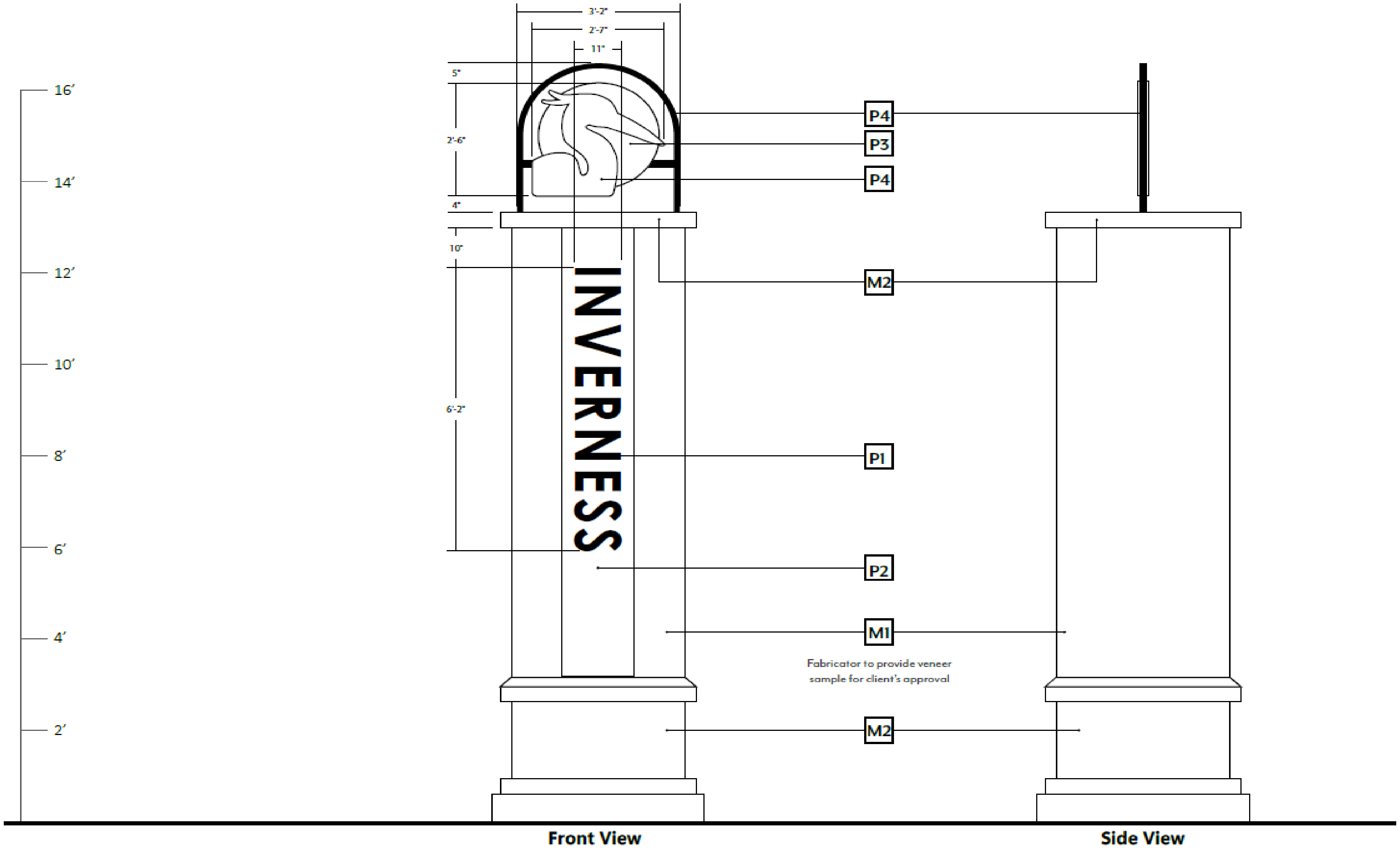
1. Allow Staff to Present
2. Motion and second to select AC Signs as vendor to furnish and install twelve (12) Gateway Signs in the amount of $285,785 and authorize the City Manager to excute the peccary documents and manager change orderes to the project accordingly..
3. Deliberate the Matter
4. Vote the Matter

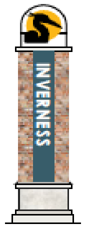
Sign Type A – City Landscape Gateway



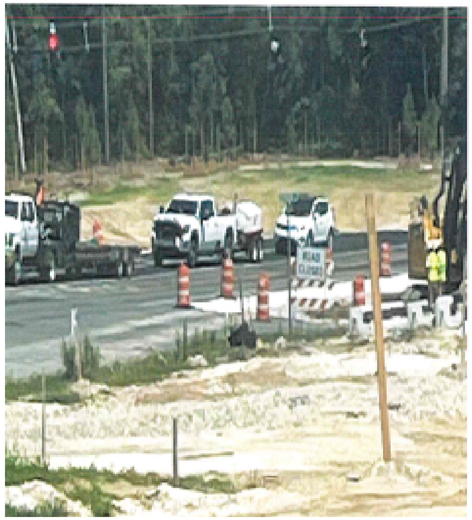


Sign Type B – City Portrait Gateway

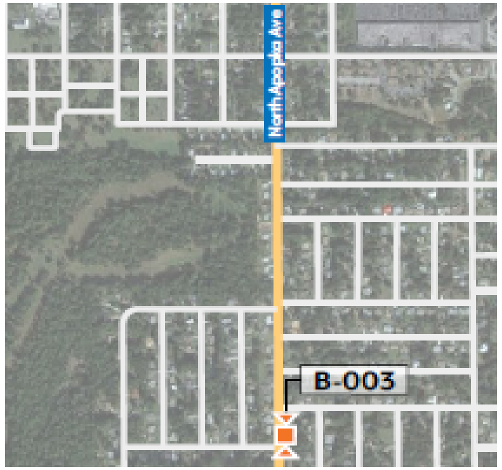


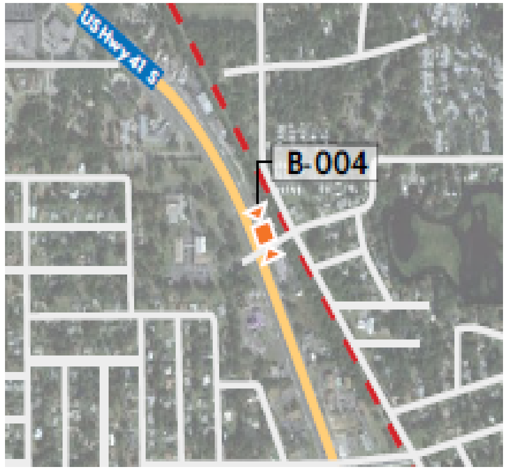


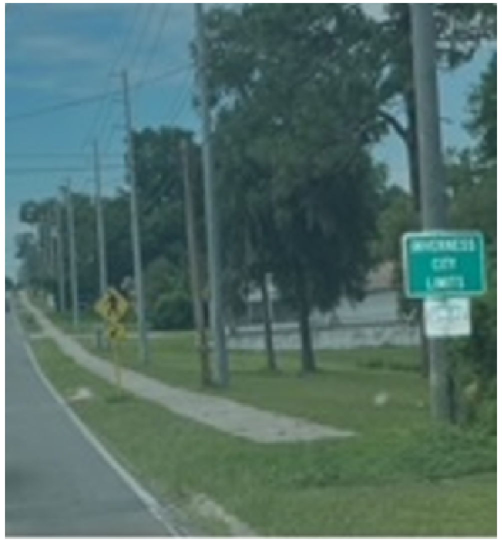





General Location Map and Photographs
Type A-001, A-002 and Type B-001, B-002



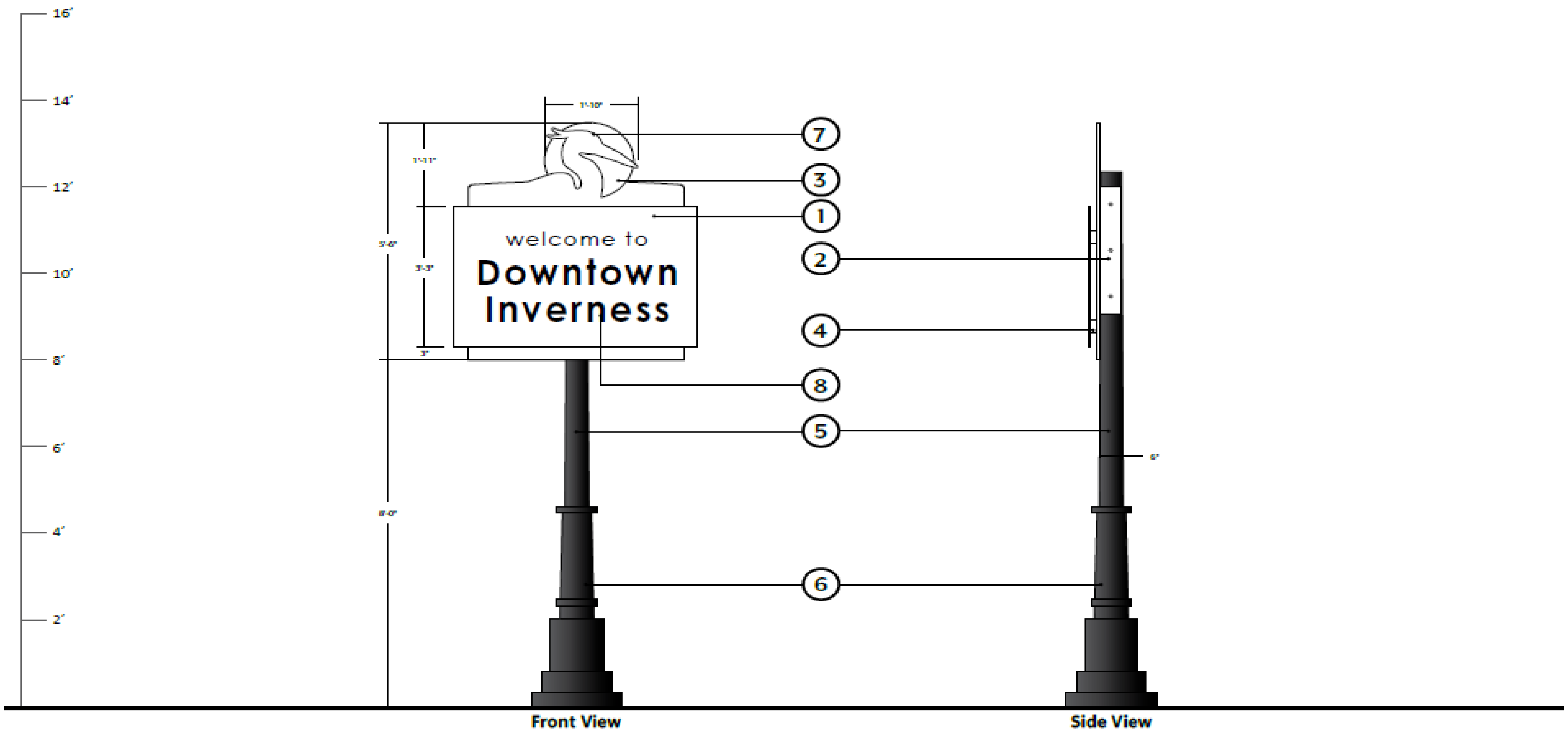


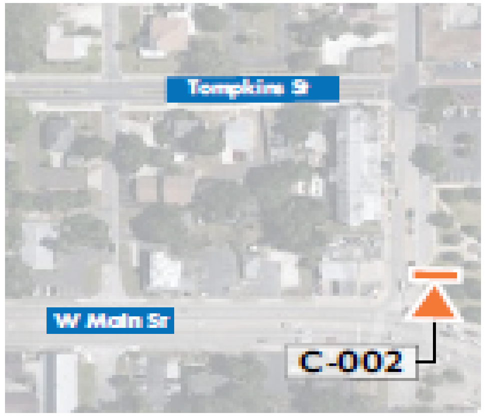


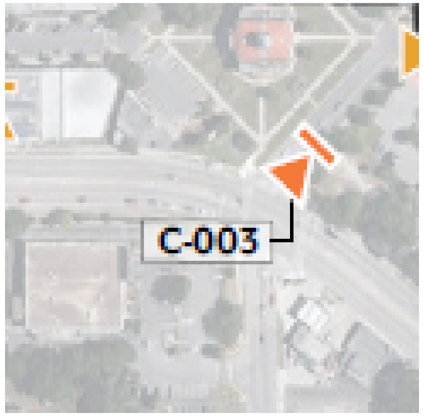
General Location Map and Photographs

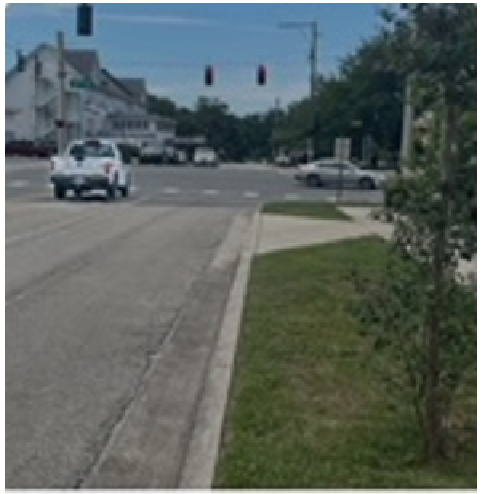
Type B-003, B-004 and B-005

Sign Type C – Downtown Gateway







General Location Map and Photographs
Type C-001, C-002, C-003, and C-004
C-005 Location Not Designated

Agenda Memorandum - ***City of Inverness***

June 4, 2024

TO: Elected Officials

FROM: Eric Williams, City Manager

SUBJECT: 310 East Dampier Street - Lot Purchase

CC: Alexis Koter, Frank Calascione, Assistant City Manager, Susan Jackson, City Clerk

Enclosures:
1. 310 E. Dampier Street - Appraisal Report
2. 312DAMPIER_PURCHASE_AGREE
3. Site Rehabilitation Completion Order 9.28.2005

The City has for many years attempted to acquire the vacant lot located at 312 East Dampier Street (see attached location map). The property was the former site of the Standard Oil Company distribution location. The property has been in the ownership of the Smith family for decades with no plans for future development therein. The property lies adjacent to the master lift station, Wallace Brooks Park and the Withlachoochee State Trail with frontage along Cooter Pond.

Given the previous use of the property as an oil distributorship there were environmental concerns that hindered previous attempts to acquire the property. However, the current owners did take extraordinary steps to remediate the site and did obtain full clearances from the Florida Department of Environmental Protection for site (please see attached FDEP clearance letters). In March 2024, the City obtained an appraisal for the property (see attached report) indicating a fair market value of $224,000. The City has put forth an offer for $200,000 that has been accepted by the owner contingent on Council approval. In the proposed offer, the City will fund the title commitment and review/acceptance of the environmental assessments and remediation performed previously.

It is recommended Council proceed to approve the purchase agreement as presented, funding would be by way of the Land Acquisition Fund with a closing set 30 days from approval.

Recommended Action –

1. Allow Staff to Present
2. Discuss the Matter.
3. Consider a Motion and Second for one of the following:
    a. Approve the purchase agreement as presented and authorize the City Manager to proceed with the acquisition
    b. Reject the purchase agreement in its entirety
4. Vote on the matter

If you wish to discuss this further, please contact me at your convenience.

Eric Williams
City Manager

VACANT LAND VALUATION

LOCATED AT:

310 E Dampier St
.74 +/- Acres in Sec 17/Twn 19S/Rge 20E
Inverness, FL 34450

FOR:

Eric Williams, City Manager
City of Inverness
212 W. Main Street, Inverness, Fla. 34450

AS OF:

March 27, 2024

BY:

Hugh E. Tolle, SRA, Cert Gen RZ 1679
Cert Gen RZ 1679
Tolle Appraisal Service, Inc.
835 NE Highway 19
Crystal River, Florida 34429

LAND APPRAISAL REPORT

File No. 24-239

IDENTIFICATION

Borrower: Lance E. Smith & Carolyn J. Smith, Trustees (Owner) | Census Tract: 4509.02 | Map Reference: 17/19/20

Property Address: 310 E Dampier St

City: Inverness | County: Citrus | State: FL | Zip Code: 34450

Legal Description: Lengthy metes & bounds description in Sec 17/19S/20E (Citrus County Tax Parcel #17/19/20-0050-01080-0040)

Sale Price $ N/A | Date of Sale N/A | Loan Term N/A yrs. | Property Rights Appraised [X] Fee [ ] Leasehold [ ] De Minimis PUD

Actual Real Estate Taxes $ 1,532.10* (yr) | Loan charges to be paid by seller $ N/A | Other sales concessions *2023 Assessed Value $69,150

Lender/Client: Eric Williams, City Manager, City of Inverness | Address: 212 W. Main Street, Inverness, Fla. 34450

Occupant: Vacant Parcel | Appraiser: Hugh E. Tolle, SRA, Cert Ger | Instructions to Appraiser: See attached addenda. Scope/Function is to estimate fee simple As-Is Market Value of subject parcel via summary form Appraisal Report.

NEIGHBORHOOD

Location	[X] Urban	[ ] Suburban	[ ] Rural
Built Up	[ ] Over 75%	[X] 25% to 75%	[ ] Under 25%
Growth Rate [ ] Fully Dev.	[ ] Rapid	[X] Steady	[ ] Slow
Property Values	[ ] Increasing	[X] Stable	[ ] Declining
Demand/Supply	[ ] Shortage	[ ] In Balance	[X] Oversupply
Marketing Time	[ ] Under 3 Mos.	[X] 4-6 Mos.	[ ] Over 6 Mos.

Present Land Use: 30% 1 Family; 5% 2-4 Family; ___% Apts.; ___% Condo; 45% Commercial; 5% Industrial; 15% Vacant; ___%

Change in Present Land Use: [X] Not Likely [ ] Likely (*) [ ] Taking Place (*) — (*) From ___ To ___

Predominant Occupancy: [X] Owner [ ] Tenant 15 % Vacant

Single Family Price Range: $ 25,000 to $ 1,000,000 | Predominant Value $ 200,000

Single Family Age: New yrs. to 50+ yrs. | Predominant Age 5-20 yrs.

	Good	Avg.	Fair	Poor
Employment Stability	[ ]	[X]	[ ]	[ ]
Convenience to Employment	[ ]	[X]	[ ]	[ ]
Convenience to Shopping	[ ]	[X]	[ ]	[ ]
Convenience to Schools	[ ]	[X]	[ ]	[ ]
Adequacy of Public Transportation	[ ]	[ ]	[X]	[ ]
Recreational Facilities	[ ]	[X]	[ ]	[ ]
Adequacy of Utilities	[ ]	[X]	[ ]	[ ]
Property Compatibility	[ ]	[X]	[ ]	[ ]
Protection from Detrimental Conditions	[ ]	[X]	[ ]	[ ]
Police and Fire Protection	[ ]	[X]	[ ]	[ ]
General Appearance of Properties	[ ]	[X]	[ ]	[ ]
Appeal to Market	[ ]	[X]	[ ]	[ ]

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): Employment, shopping, schools, medical, and other services are located within east central Citrus County neighborhood in downtown Inverness. Recreational and government facilities located nearby. Improvements are overall average and are generally well-maintained. Supportive services are good. 4 to 6 +/- Months east central Citrus County marketing time & exposure time is common for properties competitively priced similar to the subject.

SITE

Dimensions: Irregular (see tax aerial map) = 32,031 Sq. Ft. or Acres | [ ] Corner Lot

Zoning classification: CBD (Central Business District) | Present Improvements [X] do [ ] do not conform to zoning regulations

Highest and best use: [X] Present use [ ] Other (specify) Highest and Best Use is for Commercial

	Public	Other (Describe)	OFF SITE IMPROVEMENTS		
Elec.	[X]		Street Access	[X] Public	[ ] Private
Gas	[ ]	N/A	Surface	Paved	
Water	[X]	City	Maintenance	[X] Public	[ ] Private
San. Sewer	[X]	City	[ ] Storm Sewer	[ ] Curb/Gutter	
	[ ]	Underground Elect. & Tel.	[ ] Sidewalk	[ ] Street Lights	

Topo: Sloping Elevations (potential wetlands on southern portion)

Size: .74 Acres (32,031 SF) per CCPA tax records

Shape: Irregular Shape (triangular)

View: Recreational/Public Services/Residential/Commercial

Drainage: Appears Adequate

Is the property located in a HUD Identified Special Flood Hazard Area? [ ] No [X] Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): Subject is wooded mixed upland/wetland parcel in Inverness city limits with CBD zoning. Property has road access from E. Dampier Street (87 FF +/-), Rails-to-Trails frontage, north side of Cooter Pond, and near Wallace Brooks Park. It includes chain link fence and CBlk/slab (prior fuel storage) which is assumed cleared of any hazardous waste conditions. Parcel size, wetland/uplands, & flood zone are subject to survey (Zone AE, FIRM#12017C-0354D 9/14).

MARKET DATA ANALYSIS

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address	310 E Dampier St Inverness, FL 34450	208 E Dampier St Inverness, FL 34450		1000 W Tompkins St Inverness, FL 34450		901 Lounds St Inverness, FL 34450	
Proximity to Subject		0.07 miles W		0.95 miles W		0.92 miles NW	
Sales Price	$ Price per SF		$ 11.08		$ 22.54		$ 2.67
Price Total	$ Sales Price		$ 90,000		$ 1,200,000		$ 50,000
Data Source	Inspection	OR BK/PG 3356/1611		OR BK/PG 3328/816		OR BK/PG 3363/0052	
Date of Sale and Time Adjustment	DESCRIPTION N/A	DESCRIPTION 2/23	+(–)$ Adjust.	DESCRIPTION 10/22	+(–)$ Adjust.	DESCRIPTION 3/23	+(–)$ Adjust.
Location	Inverness	Inverness		Inverness		Inverness	
Site/View	Dampier St	Dampier/Crnr -5%	-0.55	Tmpkn/US 41 -20%	-4.51	Ella/Crnr -5%	-0.13
Site Size/Eco Scale	32,031 SF/.74 Acre	8,125 SF -15%	-1.66	53,250 SF 10%	+2.25	18,733 SF -10%	-0.27
Topography	Mixed Upl/Wetland	100% Upland -10%	-1.11	100% Upland -10%	-2.25	100% Upland -10%	-0.27
Land Use/Zoning	CBD Commercial	CBD Comm.		C Comm. -5%	-1.13	R-O/R-P 10%	+0.27
Site Shape/Config	Irregular/1 Parcel	Rect/1 Parcel		Rect/10 Lots -15%	-3.38	Rect/1 Parcel	
Sales or Financing Concessions	GRANTOR GRANTEE	Horton Osborne		Highway 41, LLC 95 FLRPT, LLC		Skywalker Dev Petty	
Net Adj. (Total)		[ ] + [X] –	$ -3.32	[ ] + [X] –	$ -9.02	[ ] + [X] –	$ -0.4
Indicated Value of Subject			$ 7.76		$ 13.52		$ 2.27

RECONCILIATION

Comments on Market Data: All sales from Immediate neighborhood. Few recent vacant commercial sales were available, the 3 most comparable sales were utilized. All sales are given generally equal emphasis after adjustments with valuation on a per SF unit basis. Adjustments required for size (economies of scale), site/view (roadway), wetland/uplands (topography), configuration, and land use (zoning).

Comments and Conditions of Appraisal: Sale #2 sets upper limit of value range ($13.52/SF) being a parcel sale adjacent to Publix shopping center, and Sale #3 sets lower limit of value range ($2.27/SF) being a .43 Acre parcel with a limited commercial zoning. The indicated value range is somewhat reasonable. The final value estimate is weighted towards the mean of all three adjusted sales ($7.85/SF), with slight emphasis given to Sale's #1 & #3 due primarily to having the most recent closed sale dates and having the least required in gross adjustments.

Final Reconciliation: The subject parcel is assumed to have average roadway access and some visibility of Cooter Pond. Assuming there are no hazardous waste conditions, and that the parcel includes only minimal wetland area, it is my opinion the As-Is Market Value estimate is: $7.00/SF X 32,031 SF = $224,000 (Rnd).

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF March 27 2024 to be $ 224,000

Hugh E. Tolle, SRA, Cert Gen RZ 1679
Appraiser(s)

Review Appraiser (if applicable) [ ] Did [ ] Did Not Physically Inspect Property

[Y2K]

FIRREA / USPAP ADDENDUM

Borrower	Lance E. Smith & Carolyn J. Smith, Trustees (Owner)
Property Address	310 E Dampier St
City	Inverness County Citrus State FL Zip Code 34450
Lender/Client	Eric Williams, City of Inverness

Purpose

The purpose of this summary form Appraisal Report is to estimate current Market Value of the subject property for City of Inverness internal asset valuation analysis (not for lending purposes). Market Value is defined within the certification pages of this report.

Scope

The scope of work in this appraisal assignment includes: physical inspection of the subject property and all comparables used in the report and the surrounding sub-market area; research public records for comparable sales for comparison to the subject property, research the local Multiple Listing Service database and public records for prior sales of the subject and comparables; analyze and define the sales comparison approach to value as it relates to the subject; research and collect all other meaningful and relevant data as it deemed necessary to provide the client with a credible market value estimate; analyze and conclude an "as is" current market value estimate of the subject property from the range of value indicators; and finally, prepare an Appraisal Report (summary form) which provides the client with the analyses and conclusions of the appraiser.

Intended Use / Intended User

The intended user of this report is the client, Eric Williams, City Manager, City of Inverness, Inverness, Fla. The intended use is to provide the client with current market value estimate as of 3/27/24, the most current date of inspection, for internal asset valuation analysis purposes. No additional intended users are identified by the appraiser.

History of Property

Current listing information: According to Realtors Association of Citrus County MLS, the subject property does not appear to be actively Broker listed for sale.

Prior sale: According to Citrus County Public Records the subject property has not transferred within the last 3 years as of the report date.

Exposure Time / Marketing Time

Based on MLS sales data and discussions with area market participants, the marketing time is four to six months (+/-), and the exposure time has been four to six months (+/-) for most vacant commercial properties similar to the subject in the general City of Inverness area if competitively priced.

Personal (non-realty) Transfers

None is included in the estimate of value

Additional Comments

The appraiser is not a licensed contractor or professional inspector, and is not qualified to survey, provide legal opinions, and/or analyze environmental issues. This appraisal is based on observable conditions noted at time of inspection and other conditions known to exist at time of appraisal. If any parties in this transaction have any questions or concerns regarding engineering or environmental issues, soil/sub-soil conditions, title issues, condemnation, and/or legal access issues regarding the subject property, an expert in that field should be consulted. If the client desires complete assurance that no hazardous waste conditions exist, then a Phase 1 Environmental Site Assessment (ESA) is recommended. It is assumed as an **Extraordinary Assumption** that the subject property can be fully developed for a commercial utility and the parcel size is accurate as obtained from CCPA tax records. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions. We were not provided a current Boundary Survey, JD Wetland Survey, Topographic Survey, ESA Phase 1, and/or Title Policy to review. Our valuation assumes the subject property has clear and marketable title, and no significant detrimental easement, encroachment, environmental, and/or restriction issues. The opinions of value reflects current market conditions, and likely actions of market participants as of the date of value. It is based on information gathered and provided to us, and which was deemed reliable. This does not predict future performance, as changing property and/or market conditions will likely have an effect on value.

The reported analyses, opinions, and conclusions were developed and report has been prepared in confirmity with the Code of Professional Ethics, and Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the report date, Hugh E. Tolle, SRA, has completed the continuing education program of the Appraisal Institute.

Certification Supplement

1. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or an approval of a loan.
2. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
3. Hugh E. Tolle, SRA, Cert Gen RZ 1679, has performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.

Appraiser(s): Hugh E. Tolle, SRA, Cert Gen RZ 1679
Effective date / Report date: March 27, 2024 April 5, 2024

Supervisory Appraiser(s):
Effective date / Report date:

Citrus County is located on the west coast of Florida bordered by Levy and Marion Counties to the north, Sumter County to the east, Hernando County to the South and the Gulf of Mexico to the west. Citrus County contains a total of 584 square miles. The Withlacoochee River meanders 45 miles along Citrus County's north and east borders. Located to the west of the river, along east Citrus County, is Lake Tsala-Apopka chain of lakes. This recreational area is 22 miles long and covers approximately 24,000 acres. Three large fresh water rivers flow through the county: Chassahowitzka, Homosassa, and Crystal River.

Citrus County had an April 2023 population estimate of 157,626. Citrus County is predominantly composed of elderly residents with the two major age categories being the 45-64 year olds and the 65 and over classification.

Principal industries in the Citrus County area are commerce, agriculture, construction trade and some mining. The leading employer in the area, with the exception of the county government and school board, is the Duke Energy Electric Generating Plant. The county government is directed by five elected county commissioners serving four-year terms. The county government is managed by an appointed county administrator. The City of Inverness and City of Crystal River is directed by five elected council members, a mayor, and an appointed city manager.

Citrus County is traversed in a north/south direction by US Hwy 19 and US Hwy 41. Other major arterial routes include SR 44, CR 480, CR 488 and CR 486, which are all east/west arteries. CR 491 and CR 495, traverse the county in a north/south direction. Interstate 75 and Florida Turnpike are located 12 miles east of Inverness. The Suncoast Parkway connects to SR 44 (Gulf to Lake Highway), and is being extended north to CR 486. Two county owned airports, located in Inverness and Crystal River, provide access for light aircraft.

The Citrus County school system includes three high schools, four middle schools, several special education centers, and ten primary schools with a fall 2023/2024 enrollment of over 14,000 students. Higher education is available at the Central Florida Community College Lecanto campus. Citrus County is served by two hospitals, Citrus Memorial Hospital and Tampa General Hospital.

Summary - Citrus County has experienced the same recent growth and increasing property values as other counties in Florida. The main problem for Citrus County has been a lack of varied industry and employment as a result of an increased retiree population. Trends appear to continue to indicate a positive expectation for future growth throughout the county as economic conditions continue to strengthen. The subject should be favorably impacted by these factors of predicted future growth.

Subject Photo Page

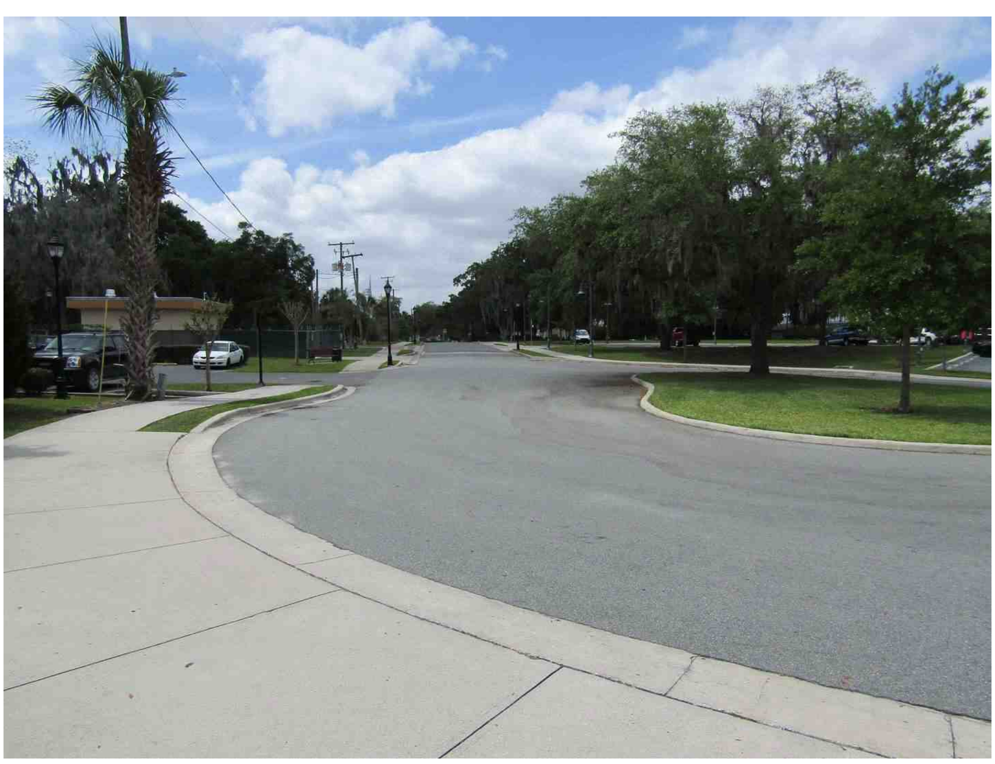
Borrower	Lance E. Smith & Carolyn J. Smith, Trustees (Owner)						
Property Address	310 E Dampier St						
City	Inverness	County	Citrus	State	FL	Zip Code	34450
Lender/Client	Eric Williams, City of Inverness						

Subject Front

Front View from the North

Subject Interior

View of old Slab



Subject Street Scene

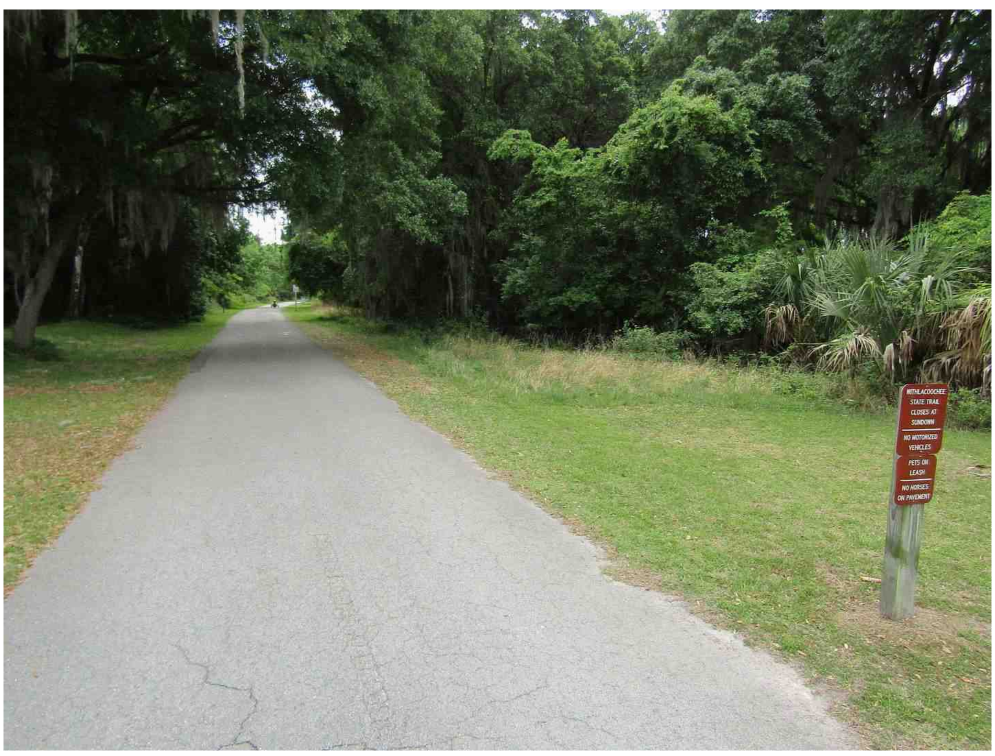
E. Dampier Street

Subject Photo Page

Borrower	Lance E. Smith & Carolyn J. Smith, Trustees (Owner)						
Property Address	310 E Dampier St						
City	Inverness	County	Citrus	State	FL	Zip Code	34450
Lender/Client	Eric Williams, City of Inverness						

Subject Interior

View from Rails-to-Trails
Sales Price
G.L.A.
Tot. Rooms
Tot. Bedrms.
Tot. Bathrms.
Location
View
Site
Quality
Age



Eastern Boundary

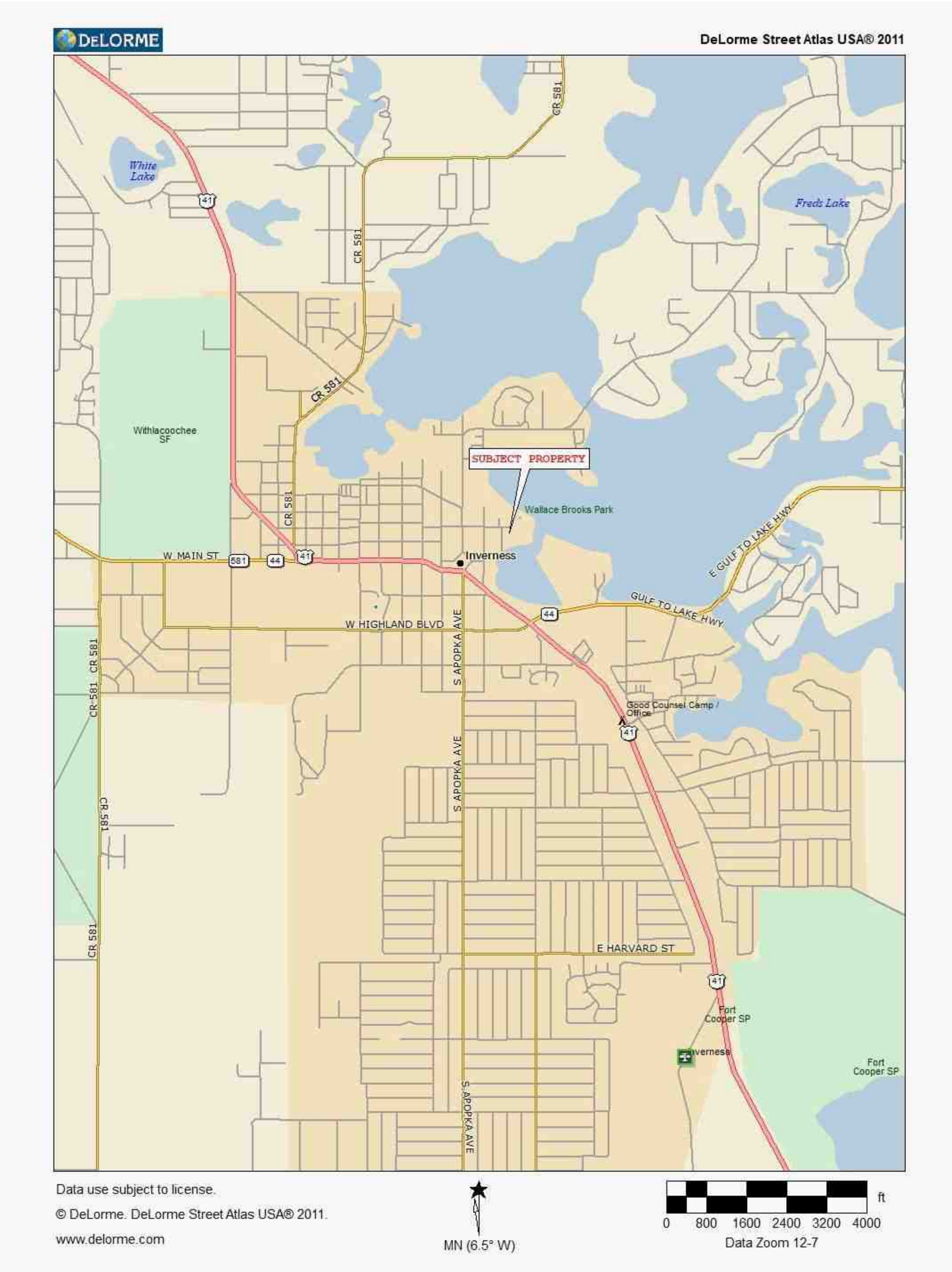
Rails-to-Trails
Looking South

Northern Boundary

Florida Map

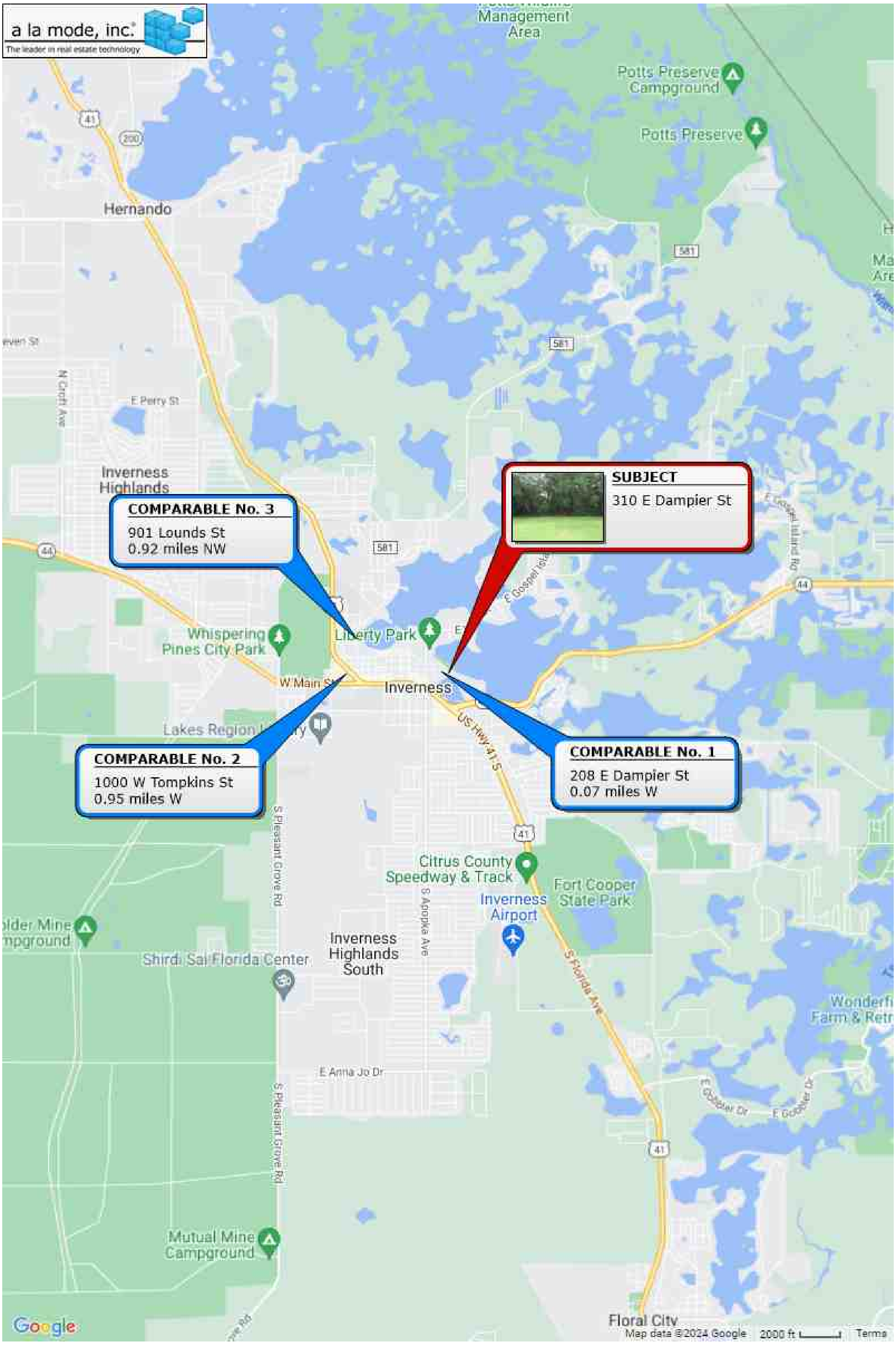
LEVY
MARION
CITRUS
SUMTER
HERNANDO
PASCO
Tallahassee
Jacksonville
Gainesville
Orlando
Tampa
Saint Petersburg
Clearwater
Sarasota
Fort Myers
West Palm Beach
Fort Lauderdale
Miami
Florida

Neighborhood Map



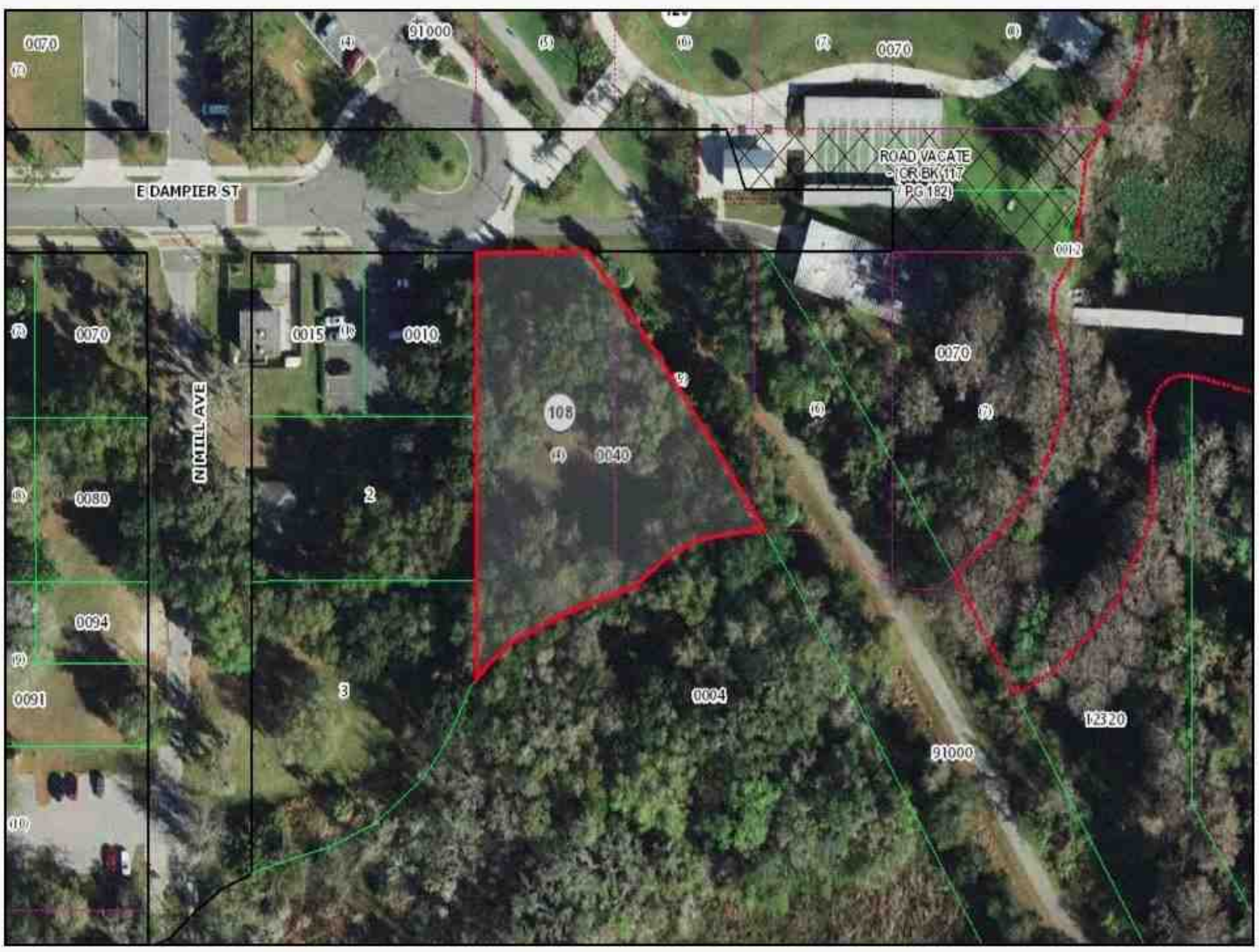
Subject/Vacant Land Sales Location Map

Borrower	Lance E. Smith & Carolyn J. Smith, Trustees (Owner)						
Property Address	310 E Dampier St						
City	Inverness	County	Citrus	State	FL	Zip Code	34450
Lender/Client	Eric Williams, City of Inverness						



Tax Aerial Map & Legal Description (from CCPA tax records)

LOTS FOUR AND FIVE IN BLOCK 108 IN THE CITY OF INVERNESS ACCORDING TO THE MAP OR PLAT THEREOF OF RECORD IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF CITRUS COUNTY, FLA, --&-- LESS AND EXCEPT THOSE PARTS OF SAID LOTS FOUR AND FIVE LYING WITHIN RIGHT OF WAY OF ATLANTIC COAST LINE RAILROAD COMPANY; CITRUS COUNTY, FLA.



ENVIRONMENTAL ADDENDUM

APPARENT* HAZARDOUS SUBSTANCES AND/OR DETRIMENTAL ENVIRONMENTAL CONDITIONS

Borrower	Lance E. Smith & Carolyn J. Smith, Trustees (Owner)						
Address	310 E Dampier St						
City	Inverness	County	Citrus	State	FL	Zip code	34450
Lender/Client	Eric Williams, City of Inverness						

***Apparent* is defined as that which is visible, obvious, evident or manifest to the appraiser.**

This universal Environmental Addendum is for use with any real estate appraisal. Only the statements which have been checked by the appraiser apply to the property being appraised.

This addendum reports the results of the appraiser's routine inspection of and inquiries about the subject property and its surrounding area. It also states what assumptions were made about the existence (or nonexistence) of any hazardous substances and/or detrimental environmental conditions. **The appraiser is not an expert environmental inspector** and therefore might be unaware of existing hazardous substances and/or detrimental environmental conditions which may have a negative effect on the safety and value of the property. It is possible that tests and inspections made by a qualified environmental inspector would reveal the existence of hazardous materials and/or detrimental environmental conditions on or around the property that would negatively affect its safety and value.

DRINKING WATER

_____ Drinking Water is supplied to the subject from a municipal water supply which is considered safe. However the only way to be absolutely certain that the water meets published standards is to have it tested at all discharge points.

_____ Drinking Water is supplied by a well or other non-municipal source. It is recommended that tests be made to be certain that the property is supplied with adequate pure water.

_____ Lead can get into drinking water from its source, the pipes, at all discharge points, plumbing fixtures and/or appliances. The only way to be certain that water does not contain an unacceptable lead level is to have it tested at all discharge points.

X **The value estimated in this appraisal is based on the assumption that there is an adequate supply of safe, lead-free Drinking Water.**

Comments _____

SANITARY WASTE DISPOSAL

_____ Sanitary Waste is removed from the property by a municipal sewer system.

_____ Sanitary Waste is disposed of by a septic system or other sanitary on site waste disposal system. The only way to determine that the disposal system is adequate and in good working condition is to have it inspected by a qualified inspector.

X **The value estimated in this appraisal is based on the assumption that the Sanitary Waste is disposed of by a municipal sewer or an adequate properly permitted alternate treatment system in good condition.**

Comments _____

SOIL CONTAMINANTS

_____ There are no apparent signs of Soil Contaminants on or near the subject property (except as reported in Comments below). It is possible that research, inspection and testing by a qualified environmental inspector would reveal existing and/or potential hazardous substances and/or detrimental environmental conditions on or around the property that would negatively affect its safety and value.

X **The value estimated in this appraisal is based on the assumption that the subject property is free of Soil Contaminants.**

Comments _____

ASBESTOS

_____ All or part of the improvements were constructed before 1979 when Asbestos was a common building material. The only way to be certain that the property is free of friable and non-friable Asbestos is to have it inspected and tested by a qualified asbestos inspector.

_____ The improvements were constructed after 1979. No apparent friable Asbestos was observed (except as reported in Comments below).

X **The value estimated in this appraisal is based on the assumption that there is no uncontained friable Asbestos or other hazardous Asbestos material on the property.**

Comments _____

PCBs (POLYCHLORINATED BIPHENYLS)

_____ There were no apparent leaking fluorescent light ballasts, capacitors or transformers anywhere on or nearby the property (except as reported in Comments below).

_____ There was no apparent visible or documented evidence known to the appraiser of soil or groundwater contamination from PCBs anywhere on the property (except as reported in Comments below).

X **The value estimated in this appraisal is based on the assumption that there are no uncontained PCBs on or nearby the property.**

Comments _____

RADON

_____ The appraiser is not aware of any Radon tests made on the subject property within the past 12 months (except as reported in Comments below).

_____ The appraiser is not aware of any indication that the local water supplies have been found to have elevated levels of Radon or Radium.

_____ The appraiser is not aware of any nearby properties (except as reported in Comments below) that were or currently are used for uranium, thorium or radium extraction or phosphate processing.

X **The value estimated in this appraisal is based on the assumption that the Radon level is at or below EPA recommended levels.**

Comments _____

USTs (UNDERGROUND STORAGE TANKS)

______ There is no apparent visible or documented evidence known to the appraiser of any USTs on the property nor any known historical use of the property that would likely have had USTs.

______ There are no apparent petroleum storage and/or delivery facilities (including gasoline stations or chemical manufacturing plants) located on adjacent properties (except as reported in Comments below).

______ There are apparent signs of USTs existing now or in the past on the subject property. It is recommended that an inspection by a qualified UST inspector be obtained to determine the location of any USTs together with their condition and proper registration if they are active; and if they are inactive, to determine whether they were deactivated in accordance with sound industry practices.

X **The value estimated in this appraisal is based on the assumption that any functioning USTs are not leaking and are properly registered and that any abandoned USTs are free from contamination and were properly drained, filled and sealed.**

Comments

NEARBY HAZARDOUS WASTE SITES

______ There are no apparent Hazardous Waste Sites on the subject property or nearby the subject property (except as reported in Comments below). Hazardous Waste Site search by a trained environmental engineer may determine that there is one or more Hazardous Waste Sites on or in the area of the subject property.

X **The value estimated in this appraisal is based on the assumption that there are no Hazardous Waste Sites on or nearby the subject property that negatively affect the value or safety of the property.**

Comments

UREA FORMALDEHYDE (UFFI) INSULATION

______ All or part of the improvements were constructed before 1982 when UREA foam insulation was a common building material. The only way to be certain that the property is free of UREA formaldehyde is to have it inspected by a qualified UREA formaldehyde inspector.

______ The improvements were constructed after 1982. No apparent UREA formaldehyde materials were observed (except as reported in Comments below).

X **The value estimated in this appraisal is based on the assumption that there is no significant UFFI insulation or other UREA formaldehyde material on the property.**

Comments N/A

LEAD PAINT

______ All or part of the improvements were constructed before 1980 when Lead Paint was a common building material. There is no apparent visible or known documented evidence of peeling or flaking Lead Paint on the floors, walls or ceilings (except as reported in Comments below). The only way to be certain that the property is free of surface or subsurface Lead Paint is to have it inspected by a qualifed inspector.

______ The improvements were constructed after 1980. No apparent Lead Paint was observed (except as reported in Comments below).

X **The value estimated in this appraisal is based on the assumption that there is no flaking or peeling Lead Paint on the property.**

Comments N/A

AIR POLLUTION

______ There are no apparent signs of Air Pollution at the time of the inspection nor were any reported (except as reported in Comments below). The only way to be certain that the air is free of pollution is to have it tested.

X **The value estimated in this appraisal is based on the assumption that the property is free of Air Pollution.**

Comments

WETLANDS/FLOOD PLAINS

______ The site does not contain any apparent Wetlands/Flood Plains (except as reported in Comments below). The only way to be certain that the site is free of Wetlands/ Flood Plains is to have it inspected by a qualified environmental professional.

X **The value estimated in this appraisal is based on the assumption that there are no Wetlands/Flood Plains on the property (except as reported in Comments below).**

Comments

MISCELLANEOUS ENVIRONMENTAL HAZARDS

X There are no other apparent miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site except as indicated below:

- ______ Excess Noise
- ______ Radiation + Electromagnetic Radiation
- ______ Light Pollution
- ______ Waste Heat
- ______ Acid Mine Drainage
- ______ Agricultural Pollution
- ______ Geological Hazards
- ______ Nearby Hazardous Property
- ______ Infectious Medical Wastes
- ______ Pesticides
- ______ Others (Chemical Storage + Storage Drums, Pipelines, etc.)

It is assumed that no hazardous conditions are present and any old fuel storage contaminants are cleaned.

X **The value estimated in this appraisal is based on the assumption that there are no Miscellaneous environmental Hazards (except those reported above) that would negatively affect the value of the property.**

When any of the environmental assumptions made in this addendum are not correct, the estimated value in this appraisal may not be valid.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

* Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgement.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.

2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.

5. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.

6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.

7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.

8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.

2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.

3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.

4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.

5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.

6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.

7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.

8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.

9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

10. According to the client, the subject property is not MLS broker listed for sale. The subject property has not had any apparent sales history over the past 5 years.

11. Hugh E. Tolle, SRA, Cert Gen RZ 1679, has performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

ADDRESS OF PROPERTY APPRAISED: 310 E Dampier St, Inverness, FL 34450

APPRAISER:

Signature:

Name: Hugh E. Tolle, SRA, Cert Gen RZ 1679

Date Signed: 04/05/2024

State Certification #: Cert Gen RZ 1679

or State License #:

State: FL

Expiration Date of Certification or License: 11/30/2024

SUPERVISORY APPRAISER (only if required):

Signature:

Name:

Date Signed:

State Certification #:

or State License #:

State:

Expiration Date of Certification or License:

☐ Did ☐ Did Not Inspect Property

QUALIFICATIONS - HUGH E. TOLLE, SRA, REAL ESTATE APPRAISER
United States Air Force, 1974-78
Bachelor of Science Degree, Florida Southern College, 1980
AVP, Operations, Citizens 1st Nat'l Bank Citrus County, 1982-84
MBA Post-Baccalaureate Studies, Florida Southern College, 1987
Appraiser, Tolle Appraisal Service, Inc., 1987 To Present

PROFESSIONAL DESIGNATIONS AND ORGANIZATIONS
Florida State Certified General Appraiser, License #RZ0001679
SRA Member, Appraisal Institute, Mbr #50901
FHA Appraiser, License #FLRZ1679
VA Appraiser, #5000533
Florida Real Estate Broker, License #BK452046
Realtors Association of Citrus County
Citrus County Chamber of Commerce

REAL ESTATE EDUCATION AND EXPERIENCE
Florida Licensed Real Estate Broker, 1987 To Present
Special Master, Citrus County Value Adjustment Board, 2003
City of Crystal River Planning Commissioner, 2005 to 2008

APPRAISAL COURSES AN EDUCATION
National Association of Master Appraisers:
Principles of Real Estate Appraisal, Course 627, 7/89
Practice of Real Estate Appraisal, Course 636, 7/89
Writing the Narrative Appraisal, Course 660, 7/89

Society of Real Estate Appraisers:
Introduction to Appraising Real Property, Course 101, 12/87
Applied Residential Property Valuation, Course 102, 10/88
Introduction to Income Capitalization, 12/87
Appraisal Regulations of the Federal Banking Agencies, 11/90

Appraisal Institute:
Accrued Depreciation, 1/87
Report Writing & Valuation Analysis, 2-2, 11/91
Market Extraction - Income Properties, 8/93
Basic Income Capitalization, Course 310, 9/93
Residential Demonstration Appraisal Report Writing, 12/93
Business Enterprise Valuation, 6/99
Private Mortgage Insurance, 6/99
FHA and the Appraisal Process, 11/99
Standards of Professional Practice, Part C, 6/2000
Partial Interest Valuation - Divided, 9/2000
Like Kind Exchange, 2/2001
Highest & Best Use, Course 520, 4/2001
Advanced Sales Comparison & Cost Approach, Course 530, 9/2001
Advanced Applications, Course 550, 10/2003
Professionals Guide to URAR, 10/2005

Subdivision Valuation, 2/2006
Advanced Residential App. & Case Studies, Pt. 1, 10/07
Advanced Residential Report Writing, Pt. 2, 10/07
Residential Market Conditions, 3/09
Condemnation Appraising, 5/09
Appraiser as Expert Witness, 6/09
Litigation Specialized Topics, 4/10
Discounted Cash Flow Model, 2/11
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets, 3/12
Marketability Studies, 6 Step Process, 3/13
Spreadsheet Programs in RE Appraisals, 9/14
Appraising Airports & Airplane Hangars, 12/14
Income Capitalization, Part A, 3/16
General Demonstration Report Writing, 12/17
Advanced Income Capitalization, 5/18
Advanced Concepts & Case Studies, 5/19
Business Practice & Ethics, 11/21
Florida Appraisal Law Update, 7/22
Uniform Standards of Professional Appraisal Practice, 7/22
50% FEMA Appraisal Rule, 10/22

Florida Dept. Of Transportation:
Uniform Standards of Professional Appraisal Practice, 5/16
Florida Appraisal Law & Rules, 5/16

McKissock Data Systems:
Regression Analysis (Automated Valuation Models), 8/98
Multi-Family (2-4) Properties, 8/98
Real Estate Fraud & the Appraiser's Role, 5/02
Understanding the Uniform Appraisal Dataset, 7/11
Reviewers Checklist, 7/14
Applications of Appraisal Analysis, 7/14
Appraising FHA Today, 3/15
Supporting Adjustments, 10/22
Market Disturbances, 10/22
Fundamentals of Expert Witness Testimony, 10/22

Partial Listing of Clients (others at request) -
Regions Bank
Bank of America
TD Bank, N.A.
Truist Bank
Capital City Bank
Brannen Bank
SouthState Bank
IberiaBank
Old Florida Bank
Centennial Bank
First American Title Company, Inc.

Hernando County Board of County Commission
Citrus County Board of County Commission
Citrus County School Board
City of Crystal River
City of Inverness
FDOT, Turnpike Right-of-Way
Florida Dept. of Environmental Protection
Southwest Florida Water Management District
Progress Energy of Florida
Dept. Of Veteran Affairs

HUGH TOLLE LICENSE

Ron DeSantis, Governor

Melanie S. Griffin, Secretary

Florida dbpr

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

TOLLE, HUGH EUBANKS
835 NE HWY 19
CRYSTAL RIVER FL 32629

LICENSE NUMBER: RZ1679

EXPIRATION DATE: NOVEMBER 30, 2024

Always verify licenses online at MyFloridaLicense.com

Do not alter this document in any form.

This is your license. It is unlawful for anyone other than the licensee to use this document.

Engagement Purchase Order

Purchase Order

Fiscal Year 2024 Page 1 of 1

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.

Purchase Order Number **20240629**

Purchase Order Date **03/04/2024**

Department **OTHER GENERAL GOVT**

Bill To
FINANCE DEPARTMENT
212 W. MAIN STREET
INVERNESS, FL 34450

Ship To
ADMINISTRATION
212 W. MAIN STREET
INVERNESS, FL 34450

Delivery must be made within doors of specified destination.

Vendor
TOLLE APPRAISAL SERVICE
835 NE HWY 19
CRYSTAL RIVER, FL 34429

VENDOR PHONE NUMBER	VENDOR FAX NUMBER	VENDOR NUMBER	REQUISITION NUMBER	BUYER NAME	DELIVERY REFERENCE
563-0222	795-0722	6585	20240707	Paula Carnevale	

NOTES

VACANT LAND APPRAISAL

The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading

ITEM #	DESCRIPTION		QUANTITY	UOM	UNIT PRICE	EXTENDED PRICE
1	APPRAISAL OF 310 E DAMPIER ST VACANT PARCEL		1.0000		$900.0000	$900.00
	GL #: 01191902 - 533190	$900.00				

GL SUMMARY

01191902 - 533190	$900.00

Finance Director

Total Ext. Price	$900.00
Purchase Order Total	**$900.00**

DEPARTMENT COPY

CONTRACT FOR SALE AND PURCHASE

THIS AGREEMENT is entered into on the ___ day of May 2024, by and between Lance E. Smith and Carolyn J. Smith, as Trustee of The Lance E. Smith Revocable Inter Vivos Trust dated November 23, 1999, whose mailing address is P.O. Box 101, Inverness, FL 34451, hereinafter called the (collectively "Seller")[1] and the City of Inverness, a Florida municipal corporation, whose mailing address is 212 W. Main Street, Inverness, FL 34450, hereinafter called the ("Buyer")[1].

NOW THEREFORE, in consideration of the mutual promises contained herein, and under the good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. **Sale and Purchase**. Seller agrees to sell, and Buyer agrees to buy, the following property ("Property"): real property located in Citrus County, Florida, identified by Citrus County Parcel # 20E19S170050 01080 0040; Altkey: 1756502, and described as follows:

   Parcel 1: Lots Four and Five in Block 108 in the City of Inverness according to the map or plat thereof of record in the Office of the Clerk of the Circuit Court of Citrus County, Florida, LESS and EXCEPT those parts of said Lots Four and Five lying within the right of way of Atlantic Coast Line Railroad Company;

   And all improvements to and structures in and on such Property.

2. **Purchase Price**. The purchase price ("Purchase Price") shall be Two Hundred Thousand and 00/100 Dollars ($200,000.00) payable at closing, subject to any deductions as set forth herein, including but not limited to those specifically set forth in Section 3

3. **Environmental Assessment and Remediation**. Prior to execution of this Agreement, Seller has indicated that he has in his possession a satisfactory Phase 1 Environmental Site Assessment ("ESA") report. If such a report is not delivered to Buyer within the times prescribed herein, Buyer may cause an ESA to be conducted at Seller's expense, which shall be deducted from the Purchase Price at closing. If any such ESA, either the one provided by Seller or initiated by Buyer, is unacceptable to Buyer and remediation measures are required to address any issues identified therein, such cost of remediation shall be deducted from the Purchase Price at closing.

   a. Seller shall, not less than ten (10) days after Seller's execution of this Agreement, furnish to buyer copies of any previously prepared environmental reports, including an ESA, in Seller's possession.

4. **TIME FOR ACCEPTANCE AND CONTINGENCIES.** **THIS AGREEMENT IS**

[1]Wherever the context so admits or requires, the terms "Seller" and "Buyer" are used for singular and plural, and respectively refer to the parties to this instrument and the heirs, legal representatives, and assigns for individuals, and the successors and assigns of corporations.

CONTINGENT AND NOT BINDING UPON BUYER UNTIL RATIFIED AND ACCEPTED BY INVERNESS CITY COUNCIL, SIGNED BY ITS PRESIDENT, AND ATTESTED BY THE CITY CLERK, WITHIN 60 DAYS OF EXECUTION OF THIS AGREEMENT BY SELLER. IF NOT SO RATIFIED AND ACCEPTED WITHIN SUCH TIME PERIOD, THIS AGREEMENT SHALL BE DEEMED REJECTED BY BUYER AND OF NO FURTHER EFFECT. SELLER ACKNOWLEDGES AND AGREES THAT THIS PROVISION CANNOT BE WAIVED BY BUYER OR ANY AGENT OF BUYER.

5. **Closing**.

   a. Date. Closing shall be held at a location selected by Buyer on or before ________________ ____, 2024. The City Attorney shall act as closing agent to close the transaction and disburse the proceeds.

   b. Documents and Payments at the Closing. Seller shall execute and deliver to Buyer: a statutory warranty, trustee's, personal representative's, or guardian's deed, as appropriate to the status of Seller with statutory warranty of title; an absolute bill of sale for any personal property with warranty of title; a construction lien affidavit; assignments of Leases; tenant and mortgagee estoppel letters; corrective instruments, and any other such documents required to issue a title insurance policy. Buyer shall furnish a closing statement and pay the Purchase Price.

6. **Expenses**. **BUYER** shall pay for title insurance and for recording of the deed. **SELLER** shall pay all costs necessary to cure or satisfy any title defects, liens, or encumbrances and the costs of recording any corrective instruments.

7. **Prorations.** Taxes, assessments, rent, interest, insurance, and other expenses and revenue of the Property shall be prorated through the date of the closing. Cash at closing shall be increased or decreased as may be required by prorations. Advance rent and security deposits will be credited to Buyer and escrow deposits held by any mortgagee shall be credited to Seller. If closing occurs at a date or under circumstances where the current year's millage is not yet fixed, or the current year's assessments are otherwise unavailable, taxes will be prorated based on prior year's tax. A tax proration based upon an estimate shall, at request of either party, be readjusted upon receipt of a tax bill if a statement to that effect is signed at closing.

8. **Representations and Obligations of Seller**. Seller represents and agrees as follows:

   a. Seller holds marketable, record fee simple title to the Property, and is the sole owner of and has good right, title, and authority to convey and transfer all of the Property, free and clear of all liens and encumbrances, excepting only taxes which are not due and payable.

   b. Seller shall convey marketable title subject only to liens, encumbrances, exceptions, or qualifications specified in this Agreement. Marketable title shall be determined according to applicable Title Standards adopted by the Florida Bar. If title is found defective, Buyer shall, prior to closing, notify Seller in writing specifying the defects. If the defects render title unmarketable, Seller shall have thirty (30) days (or such longer period as provided by Buyer) from receipt of notice within which to remove the defects failing which Buyer shall have the option of either accepting the title as it then is or canceling this Agreement. Seller shall, if title is found unmarketable, use diligent efforts to correct defects in the title within the time provided therefore, including the bringing of necessary suits. If Seller is unable to timely correct the defects, Buyer shall either waive the defects or cancel this Agreement.

c. From the date of execution of this Agreement through the closing, Seller shall exercise diligent care in protecting the Property against waste or destruction of any kind and shall not do or permit anything to be done to permit or cause any liens, encumbrances, liabilities, debts, or obligations on the Property except as exist as of the date of Seller's execution of this Agreement.

d. Seller shall, not less than ten (10) days after Seller's execution of this Agreement, furnish to Buyer copies of all written Leases, if any, and estoppel letters from each tenant specifying the nature and duration of each tenant's occupancy, rental rates, advanced rent, and security deposits paid by the tenant. If Seller is unable to obtain such letter from each tenant or if the Leases are not written, the same information shall be furnished by Seller to Buyer within such time period in the form of a Seller's affidavit, and Buyer may thereafter contact tenants to confirm such information. Seller shall, at closing, deliver and assign all original Leases to Buyer. Buyer shall not be required to accept the Property subject to the Leases.

e. There are no facts known to Seller materially affecting the value of the Property which are not readily observable by Buyer or which have not been disclosed to Buyer.

9. **Feasibility Study**. Buyer may, during the period commencing with the execution of this Agreement by Buyer's agent and concluding ninety (90) days after Buyer's acceptance of this Agreement (the "Feasibility Study Period"), determine whether the Property is suitable, in Buyer's sole and absolute discretion, for Buyer's use. Buyer may conduct a Phase I environmental assessment and any other tests, analyses, surveys and investigations ("Inspections") that Buyer deems necessary to determine, to Buyer's satisfaction, the Property's engineering, architectural and environmental properties; zoning and land use restrictions; subdivision status; soil and grade; availability of access to public roads, water and other utilities; consistency with local, state and regional growth management plans; availability of permits, governmental approvals and licenses; and other Inspections that Buyer deems appropriate to determine the Property's suitability for the Buyer's intended use. If the Property must be rezoned or other governmental approval given to permit the use of the Property for Buyer's purposes, Seller will sign all documents Buyer may be required to file in connection with development or rezoning approvals and cooperate with Buyer in obtaining such approvals but shall not be required to incur any expense or liability in the application process or related proceedings. Seller gives Buyer, its agents and other representatives, the right to enter the Property at any time during the Feasibility Study Period for the purpose of conducting Inspections. Seller shall fully

cooperate with Buyer and its professionals in connection with the foregoing. Buyer shall deliver written notice to Seller prior to the expiration of the Feasibility Study Period if Buyer determines the Property is not acceptable, in which event this Agreement shall be deemed canceled and of no further effect.

10. **Risk of Loss**. If the Property is damaged by fire or other casualty before closing, Buyer shall have the option of either taking the Property as is, together with any insurance proceeds payable by virtue of such loss or damage, or of canceling this Agreement.

11. **Brokerage Commissions**. Seller represents that it has not listed the Property with any real estate broker. Each party represents to the other that no real estate brokers, salespersons, agents, or finder fees are involved in this transaction, and each party agrees to indemnify and hold harmless the other party from and against any claims by real estate brokers or other persons claiming by, through or under them.

12. **Time of the Essence**. Time is of the essence with respect to each provision of this Agreement which requires that action be taken by either party within a stated time period, or within a specified date.

13. **Default**. If Buyer fails to comply with this Agreement, Buyer will be in default and Seller may, as its sole and exclusive remedy, terminate the Agreement after providing Buyer with notice of such default and a fourteen (14) day opportunity to cure such default, and thereafter neither Buyer nor Seller shall have any further obligations to each other. Seller expressly waives its rights to seek damages in the event of Buyer's default hereunder. If Seller fails to comply with this Agreement, Seller will be in default and Buyer may (a) enforce specific performance of Seller's obligations under the Agreement or (b) terminate this Agreement, and thereafter neither Buyer nor Seller shall have any further obligations to each other. If Seller renders Purchaser' s remedy of specific performance impossible (e.g., by conveying the Property to a bona fide purchaser), Buyer may obtain damages from Seller.

14. **Attorney's Fees and Costs**. In the event of any litigation arising out of this Agreement, the prevailing party shall be entitled to recover all expenses and costs incurred, including court costs, reasonable attorney's fees, paralegal, investigative and any other paraprofessional fees whether incurred in trial, appellate, post-judgment or Bankruptcy proceeding.

15. **Entire Agreement.** This Agreement and any exhibits attached hereto constitute the entire Agreement between Buyer and Seller, and there are no other covenants, agreements, promises, terms, provisions, conditions, undertakings, or understandings, either oral or written, between them concerning the Property other than those set forth herein. No subsequent alteration, amendment, change, deletion, or addition to this Agreement shall be binding upon Buyer or Seller unless in writing and signed by both Buyer and Seller.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, each of the parties executed this **PURCHASE AND SALE AGREEMENT** as of the day and year set forth immediately beneath their respective signatures.

SELLER(S)

Lance E. Smith, as Trustee of The Lance E. Smith Revocable Inter Vivos Trust dated November 23, 1999

Date: May 19, 2024

Carolyn J. Smith, as Trustee of The Lance E. Smith Revocable Inter Vivos Trust dated November 23, 1999

Date: May 19, 2024

APPROVED AS TO FORM AND LEGALITY:

James T. Hartley, Assistant City Attorney

BUYER

CITY OF Inverness, a Florida municipal corporation

By:______________________________

Eric Williams, City Manager

APPROVED BY:

This Contract is ratified and accepted by **Inverness City Council on**______________

Jacquie Hepfer, City Council President

ATTEST:

Susan Jackson, City Clerk

P:\RWB\City of Inverness\Real Estate\Smith Property\Draft Smith PSA JTH 5-9-24.docx

Department of Environmental Protection

Jeb Bush
Governor

Twin Towers Building
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Colleen M. Castille
Secretary

SEP 2 8 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Inez Smith
P.O. Box 97
Inverness, Florida 32650

Subject: Site Rehabilitation Completion Order
Former Standard Oil
310 E. Dampier Street
Inverness, Citrus County
FDEP Facility ID# 099802549
Discharge Date: November 15, 1999 (Non-program)

Dear Ms. Smith:

The Bureau of Petroleum Storage Systems has reviewed the Site Assessment Report (SAR) and No Further Action Proposal (NFAP) dated June 2005 (received June 24, 2005), and the Monitoring Well Abandonment Report dated September 16, 2005 (received September 19, 2005), prepared and submitted by Earth Tech for the petroleum product discharge referenced above. Documentation submitted with the SAR/NFAP confirms that criteria set forth in subsection 62-770.680(1), Florida Administrative Code (F.A.C.), have been met. The SAR/NFAP is hereby incorporated by reference in this Site Rehabilitation Completion Order (Order). Therefore, you are released from any further obligation to conduct site rehabilitation at the site for petroleum product contamination associated with the discharge referenced above, except as set forth below.

In the event concentrations of petroleum products' contaminants of concern increase above the levels approved in this Order, or if a subsequent discharge of petroleum or petroleum product occurs at the site, the Florida Department of Environmental Protection (Department) may require site rehabilitation to reduce concentrations of petroleum products' contaminants of concern to the levels approved in the SAR/NFAP or otherwise allowed by Chapter 62-770, F.A.C.

Please send a copy of the approved assessment document to Ken Weber of the Southwest Florida Water Management District within 30 days of receiving this Order.

Legal Issues

The Department's Order shall become final unless a timely petition for an administrative hearing is filed under sections 120.569 and 120.57, Florida Statutes (F.S.), within 21 days of receipt of this Order. The procedures for petitioning for an administrative hearing are set forth below.

Persons affected by this Order have the following options:

(A) If you choose to accept the Department's decision regarding the SAR/NFAP you do not have to do anything. This Order is final and effective as of the date on the top of the first page of this Order.

(B) If you choose to challenge the decision, you may do the following:

(1) File a request for an extension of time to file a petition for an administrative hearing with the Department's Agency Clerk in the Office of General Counsel within 21 days of receipt of this Order; such a request should be made if you wish to meet with the Department in an attempt to informally resolve any disputes without first filing a petition for an administrative hearing; or

(2) File a petition for an administrative hearing with the Department's Agency Clerk in the Office of General Counsel within 21 days of receipt of this Order.

Please be advised that mediation of this decision pursuant to section 120.573, F.S., is not available.

How to Request an Extension of Time to File a Petition for an Administrative Hearing

For good cause shown, pursuant to subsection 62-110.106(4), F.A.C., the Department may grant a request for an extension of time to file a petition for an administrative hearing. Such a request must be filed (received) by the Department's Agency Clerk in the Office of General Counsel at 3900 Commonwealth Boulevard, Mail Station 35, Tallahassee, Florida, 32399-3000, within 21 days of receipt of this Order. Petitioner, if different from Ms. Smith, shall mail a copy of the request to Ms. Smith at the time of filing. Timely filing a request for an extension of time tolls the time period within which a petition for an administrative hearing must be made.

How to File a Petition for an Administrative Hearing

A person whose substantial interests are affected by this Order may petition for an administrative hearing under sections 120.569 and 120.57, F.S. The petition must contain the information set forth below and must be filed (received) by the Department's

Agency Clerk in the Office of General Counsel at 3900 Commonwealth Boulevard, Mail Station 35, Tallahassee, Florida, 32399-3000, within 21 days of receipt of this Order. Petitioner, if different from Ms. Smith, shall mail a copy of the petition to Ms. Smith at the time of filing. Failure to file a petition within this time period shall waive the right of anyone who may request an administrative hearing under sections 120.569 and 120.57, F.S.

Pursuant to subsection 120.569(2), F.S. and rule 28-106.201, F.A.C., a petition for an administrative hearing shall contain the following information:

(a) The name, address, and telephone number of each petitioner; the name, address, and telephone number of the petitioner's representative, if any; the facility owner's name and address, if different from the petitioner; the FDEP facility number, and the name and address of the facility;
(b) A statement of when and how each petitioner received notice of the Department's action or proposed action;
(c) An explanation of how each petitioner's substantial interests are or will be affected by the Department's action or proposed action;
(d) A statement of the disputed issues of material fact, or a statement that there are no disputed facts;
(e) A statement of the ultimate facts alleged, including a statement of the specific facts the petitioner contends warrant reversal or modification of the Department's action or proposed action;
(f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the Department's action or proposed action; and
(g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the Department to take with respect to the Department's action or proposed action.

This Order is final and effective as of the date on the top of the first page of this Order. Timely filing a petition for an administrative hearing postpones the date this Order takes effect until the Department issues either a final order pursuant to an administrative hearing or an Order Responding to Supplemental Information provided to the Department pursuant to meetings with the Department.

<u>Judicial Review</u>

Any party to this Order has the right to seek judicial review of it under section 120.68, F.S., by filing a notice of appeal under rule 9.110 of the Florida Rules of Appellate Procedure with the Department's Agency Clerk in the Office of General Counsel at 3900 Commonwealth Boulevard, Mail Station 35, Tallahassee, Florida, 32399-3000, and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate district court of appeal. The notice of appeal must be filed within 30 days after this Order is filed with the Department's clerk (see below).

Questions

Any questions regarding the Department's review of your SAR/NFAP should be directed to Donna Burmeister, P.G. at (850) 245-8889. Questions regarding legal issues should be referred to the Department's Office of General Counsel at (850) 245-2242. Contact with any of the above does not constitute a petition for an administrative hearing or a request for an extension of time to file a petition for an administrative hearing.

The FDEP Facility Number for this site is 099802549. Please use this identification on all future correspondence with the Department.

Sincerely,

Michael E. Ashey, Chief
Bureau of Petroleum Storage Systems

MEA/db

cc: Laurel Culbreth, FDEP Southwest District Office
Donna Burmeister, P.G., FDEP – BPSS
Suzanne Schomer, P.E., Earth Tech, 30 South Keller Road, Suite 500, Orlando, Florida 32810-6101
File

FILING AND ACKNOWLEDGMENT
FILED, on this date, pursuant to §120.52 Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.

Nancy C. Day
Clerk
(or Deputy Clerk)

SEP 2 8 2005
Date

P.G. CERTIFICATION

No Further Action Proposal for Former Standard Oil, located at 310 E. Dampier Street, Inverness, Citrus County, FDEP Facility ID# 099802549.

I hereby certify that in my professional judgment, the components of this No Further Action Proposal satisfy the requirements set forth in Chapter 62-770, Florida Administrative Code (F.A.C.), and that the conclusions in this report provide reasonable assurances that the objectives stated in Chapter 62-770, F.A.C., have been met.

_X_ I personally completed this review.

___ This review was conducted by ________________________ working under my direct supervision.

Donna Burmeister

Donna Burmeister, P.G.
Professional Geologist #372
Petroleum Cleanup Section Two

9/29/05
Date

Agenda Memorandum - ***City of Inverness***

June 4, 2024

TO: Elected Officials

FROM:

SUBJECT: Project / Program Updates

- July 3 Patriotic Evening
- Code Compliance Intiaitives
- Other

CC:

Enclosures: