



Annual Comprehensive Financial Report

For the fiscal year ended
September 30, 2023

City of Largo, Florida



City of Largo, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

CITY COMMISSION

Dr. Woody Brown
Mayor

Donna Holck
Vice Mayor

Michael Smith

Curtis Holmes

Eric Gerard

Jamie Robinson

Chris Johnson

CITY ADMINISTRATION

Margaret Paluch
Acting City Manager

Meridy M. Semones
Acting Assistant City Manager

Alan S. Zimmet
City Attorney

Diane Bruner, CMC
City Clerk

Rebecca Spuhler
Finance Director



Fred Marquis
Pinellas
Trail

DOWNTOWN

LARGO

City of Largo
Annual Comprehensive Financial Report
for the Fiscal Year Ended September 30, 2023



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INTRODUCTORY SECTION

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PO Box 296
Largo, FL 33779
Largo.com

April 1, 2024

Letter of Transmittal

Honorable Mayor and City Commissioners, City Manager and Citizens of the City of Largo, Florida

INTRODUCTION

The Finance Department respectfully transmits the City's FY23 Annual Comprehensive Financial Report(ACFR), which fulfills the annual financial reporting requirements for several stakeholder groups, including:

- The Mayor and City Commissioners, who are primarily responsible for maintaining the City's financial integrity
- Federal and State regulatory agencies, grant providers, the financial industry and creditors, who need to verify whether the City was in compliance with grant restrictions, debt covenants, contractual provisions and statutory requirements
- Largo's citizens and businesses, who are the City's most important stakeholders.

Two documents are provided herein to assist with interpreting the City's financial statements and assess the City's financial condition, including:

- **Letter of Transmittal** – This letter presents general information about the City and highlights certain information that is not discussed elsewhere.
- **Management's Discussion and Analysis (MD&A)** – The MD&A is located after the Independent Auditors' Report and summarizes the City's financial reporting principles and practices. The MD&A also provides an analysis of major components of the City's financial condition, financial position and results of operations.

CITY OF LARGO PROFILE

The City of Largo, Florida is an independent reporting entity, as defined by the Governmental Accounting Standards Board (GASB). Please visit **Largo.com** for more information and for links to other sites within the Tampa Bay area.

Largo is located on Florida's Gulf Coast in Pinellas County, the most densely populated county in Florida. Largo provides a full range of municipal services, including: police and fire/rescue, wastewater collection and treatment, solid waste collection, community planning, street repair and maintenance, stormwater repair and maintenance, recreation, parks, arts and library services. Pinellas County provides potable water, solid waste disposal and jail/court services.

Largo was incorporated in 1905 with 291 residents and an area of 1 square mile and has grown to approximately 84,500 residents and 20 square miles and is the third largest city in Pinellas County. The City also serves over 30,000 unincorporated county residents with services, including: fire protection, EMS, wastewater, library, recreation, parks and arts, the cost of which is partially funded by the County.

In 1913, Largo became the first town in Florida and second in the nation to adopt the Commission/Manager form of government. Largo's Mayor and six Commissioners (City Commission) are elected at large and serve staggered four-year terms. The City Commission establishes legislative policies and hires a City Manager who implements the policies and manages daily operations through an executive leadership team.

INDEPENDENT AUDIT AND AUDIT COMMITTEE

State Statutes and the City Charter require an annual audit to be conducted by independent Certified Public Accountants selected by the City Commission. This requirement was fulfilled and the City's financial statements have received an unmodified opinion from the auditors, Carr Riggs and Ingram, LLC, which is the highest opinion that can be received. The Independent Auditors' Report (opinion) enhances the reliability of the City's financial statements within certain limitations, as outlined in the opinion letter.

The City Commission appoints an Audit Committee, which provides a public venue to discuss any audit matters. The Audit Committee monitors the audit through meetings with the auditors, which enhances the auditors' independence and objectivity. Audit Committee members are, Eric Gerard, Chairperson and City Commissioners James Robinson and Christopher Johnson. The Audit Committee was supported by the Performance & Budget Manager, William Payne, and an independent financial expert, John Houser, CPA, of Wells, Houser and Schatzel, PA.

MANAGEMENT'S FINANCIAL REPORTING RESPONSIBILITY

The City Administration (management) is responsible for the accuracy, completeness and fairness of presentation of all financial information. Internal accounting and administrative controls have been implemented to capture and record all financial information so that the City's financial statements can be prepared in accordance with generally accepted accounting principles (GAAP).

The cost of a control should not exceed the benefit derived; therefore, the City's internal controls have been developed with the objective to provide reasonable assurance that the financial statements are free of any material misstatements. Management believes the information presented is accurate and complete in all material respects and fairly presents the City's financial position and results of operations for FY23 and as of year-end.

FINANCIAL MANAGEMENT POLICIES

The City Commission has adopted financial policies to guide the City's activities, which are included in the Statistical Section. Financial policies cover the following areas:

- Operating Budget
- Fund Balance & Reserves
- Accounting, Auditing & Financial Reporting
- Revenues
- Debt
- Long-term Planning & Capital Improvements
- Purchasing
- Investments
- Capital Improvements Element

BUDGETARY & INTERNAL ACCOUNTING CONTROLS

The City's annual budget is an integral part of the financial accounting system. The City Manager proposes an annual operating budget to the City Commission. The City Commission must adopt an operating budget in accordance with procedures established by the City Charter and the State of Florida.

Primary budget preparation and monitoring is assigned at the department level. Each department designates program managers who authorize purchases and payments and evaluate budget performance. Encumbrances are recorded for all significant purchases at the time a commitment is made. Line item reports are accessible to all managers that include: amounts budgeted, expenditures to date, encumbrances, budget balances and prior year activity.

The Finance Department monitors financial activity on an ongoing basis throughout the year. Monthly reports are prepared for all departments and reports are periodically reviewed in meeting with the Treasury Manager, Assistant Finance Director, Finance Director, OPB staff, Assistant City Manager and City Manager.

LONG-TERM FINANCIAL PLANNING

The City prepares a five-year Long-term Financial Plan (LTFP) and Capital Improvements Program (CIP) for all Funds, which projects the City's major revenues, operating expenditures, fund balance and capital projects over a rolling five-year period. The LTFP/CIP provides information to assess the City's long-term financial condition in comparison to the short-term focus of the annual operating budget.

The City Manager proposes an LTFP/CIP to the City Commission annually, which the City Commission reviews and adopts in accordance with the City Charter and State requirements. The LTFP/CIP is an integral part of the financial management system, but does not appropriate funds. Projections are updated and the first year's projects are incorporated into the next budget. The City is projected to remain in good financial condition.

| | Actual | | Projected (FY24 millage rate is actual) | | | | |
|---|---------------|-------------|--|-------------|-------------|-------------|-------------|
| General Fund | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 |
| Millage rate (10 mill maximum) | 5.58 | 5.52 | 5.52 | TBD | TBD | TBD | TBD |
| Property Tax Revenue Increase | 8% | 11% | 10% | 7% | 7% | 7% | 7% |
| Unrestricted fund balance as % of the following year's budget | 24% | 29% | 14% | 16% | 16% | 17% | N/A |

The City's utility rates are competitive with similar communities. Projected utility rate and golf fee increases are:

| Projected Increases | FY24 | FY25 | FY26 | FY27 | FY28 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Stormwater (drainage) | 20% | 20% | 15% | 15% | - |
| Wastewater (sewage) | 12% | 5% | 5% | 5% | - |
| Reclaimed Water (sewage effluent) | - | - | - | - | - |
| Solid Waste Collection (garbage) | - | 20% | - | 10% | - |
| Golf (subject to market constraints) | \$1 | \$1 | \$1 | \$1 | \$1 |

Conditions that will enable the City to maintain a positive financial condition, include:

- Adequate reserves in most funds
- No general obligation debt
- All revenue-pledged debt is within conservative guidelines
- Sufficient provisions have been made for infrastructure repairs, maintenance and replacement
- A relatively diversified revenue structure provides stability
- Focus on Sustainable practices

Conditions that could challenge the City's future financial condition, include:

- The Covid - 19 Coronavirus's continued affect on the economy
- Inflation rates highest in decades
- Previous budget cuts have reduced operating flexibility
- Public safety pension costs and health care costs
- Low or no growth in several major revenues
- Existing and proposed property tax exemptions and 'Save Our Homes' portability
- The Governor and Legislature have repeatedly introduced legislation eroding the City's Home Rule Authority

AWARDS FOR FINANCIAL REPORTING & BUDGET PRESENTATION

The City participates in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program, which recognizes conformance with the highest standards for preparation of state and local government financial reports. To receive a Certificate, a government must publish a ACFR that must be: easy to read, organized, promotes consistency, contains full disclosure and meets all GAAP requirements. The City received the Certificate for FY22 and the FY23 ACFR will be submitted to the Program for review.

The City also participates in the GFOA's Distinguished Budget Presentation Award Program. In order to receive this award, a government must publish a budget that meets Program criteria as a policy document, as an operations guide, and as a communication medium. The City received the award for the FY 2023 Budget and believes the FY 2024 Budget will meet all Program requirements.

ACKNOWLEDGMENTS

The largest contributing factor to Largo's sound financial condition is the steadfast commitment of Largo's elected officials to maintaining the City's financial integrity. The City Commission has established prudent fiscal policies and has worked hard to ensure those policies were implemented. With their continued leadership, the City can look forward to a secure financial future.

Preparation of the ACFR was made possible by the efforts of everyone in the Finance and Office of Performance and Budget Departments. Appreciation is expressed to Jared Meyer who prepared all Statistical Schedules and assisted with preparation of the Schedule of Federal Awards and Notes to the Financial Statements. Mr. Meyer also performed numerous quality control reviews, which greatly improved accuracy and completeness. Denise Fournier is commended for coordinating capital assets reconciliations and for providing analytical assistance in several other areas.

Nancy Costa, Barbara SanSouci, Lisa Pasch and Noelle Sansom deserve special recognition for conducting the utility funds closing activities and assisting the auditors with testing. Jolanta Data and Nancy Costa are commended for their efforts in preparing several of the utility funds' financial statements, year end reconciliations and assisting in preparation of the Notes to the Financial Statements.

Katherine Oster, Jolanta Data and Diane DeBiase are commended for their extensive account analysis and preparation of year-end journal entries. Appreciation is also expressed to Patricia Stopa, Kerry Kellogg, Denise Martinez and Maria Encinosa who were responsible for coordinating the accurate recording of all cash transactions, year-end accounts payable, encumbrances, payroll accruals and other items.

Appreciation is also expressed to IT Assistant Director, Scott Semones, who assisted the auditors with their IT systems evaluation. William Payne, Performance and Budget Manager, along with the Mangement Analyst team is commended for their contributions of fund and account analysis. Kate Oyer, Communications and Engagement Director, is commended for her professionalism in contributing the photographs displayed throughout the ACFR.

Other City Departments contributed significantly to the success of the audit process by ensuring the accuracy of accounting information recorded throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Every City Department's efforts are greatly appreciated.

Last, but not least, appreciation is expressed to the City's auditors, Carr Riggs and Ingram, LLC, for their professionalism in conducting the audit. CRI contributed valuable reporting suggestions that made the ACFR better than it would have been otherwise, in addition to adding credibility to the contents therein.

Respectfully Submitted,



Brandon Bevan, CPA
Assistant Finance Director
City of Largo



Rebecca Spuhler
Finance Director
City of Largo



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Largo
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrell

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Largo
Florida**

For the Fiscal Year Beginning

October 01, 2022

Christopher P. Morill

Executive Director

**CITY OF LARGO, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2023**

City Commission

Dr. Woody Brown, Mayor
Donna Holck, Vice Mayor
Michael Smith
Curtis Holmes
Eric Gerard
Jamie Robinson
Chris Johnson

City Manager

Margaret Paluch (*acting*)

Assistant City Manager

Meridy M. Semones (*acting*)

City Attorney

Alan S. Zimmet

City Clerk

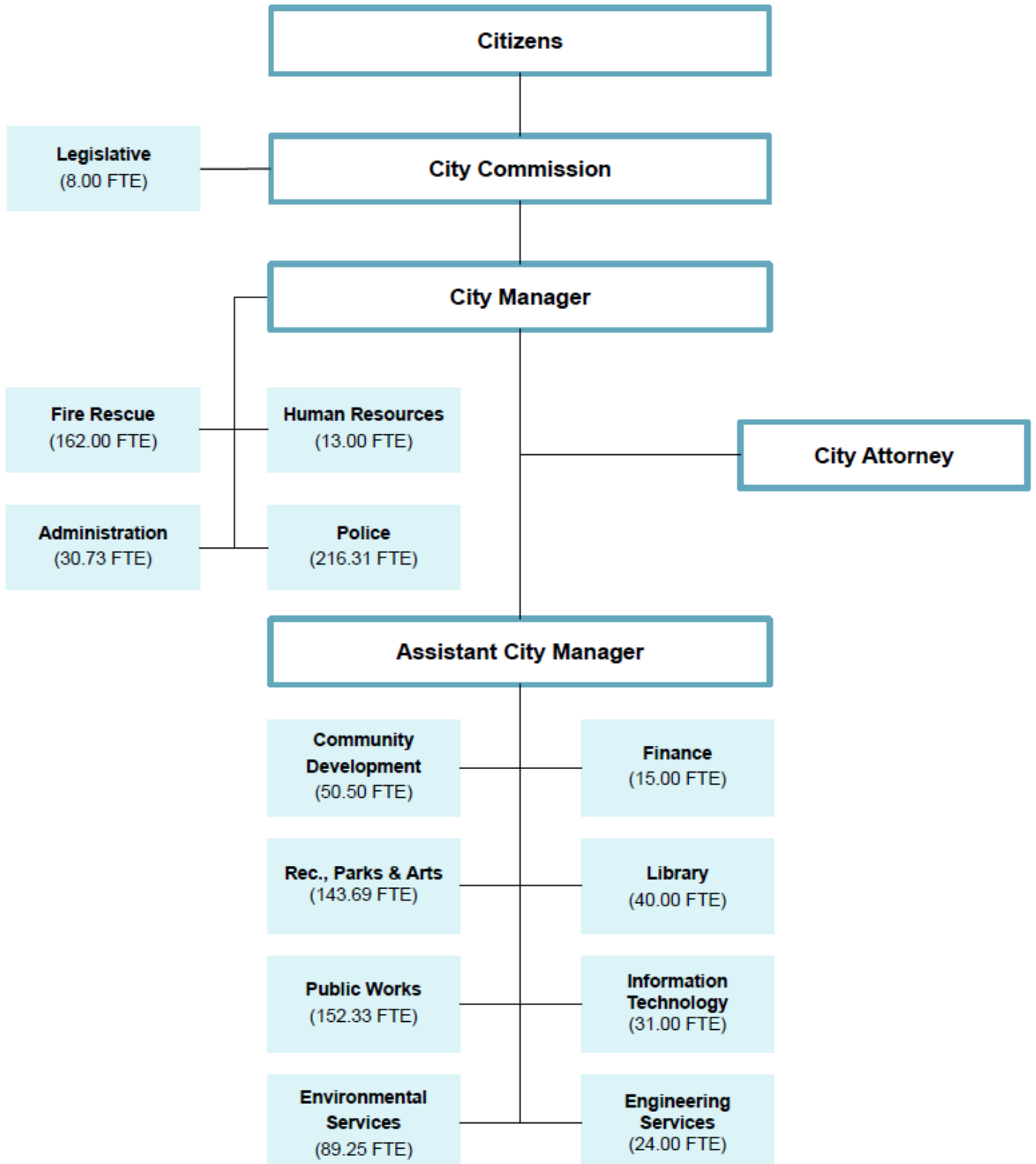
Diane L. Bruner

Executive Leadership Team

Community Development Director, Cheryl C. Reed
Communications & Engagement Director, Kate Oyer
Engineering Services Director, Jerald Woloszynski
Finance Director, Rebecca Spuhler
Fire Chief, Chad Pittman
Human Resources Director, Susan K. Sinz
Information Technology Director, Daniel J. Penning
Library Director, Casey B. McPhee
Police Chief, Michael Loux
Recreation, Parks & Arts Director, Krista Pincince
Utilities Director, Shelby Beauchemin

CITY OF LARGO

(975.81 FTE)



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Commission, and City Management
City of Largo, 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 Largo, Florida (the "City"), 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 Largo, 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, Local Option Sales Tax Fund, SHIP Fund, HOME Fund, CDBG Fund, and ARPA Covid Relief Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Largo, 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.

Emphasis of Matters

Change in Accounting Principle

As discussed in Note 2.B.III. to the financial statements, in the current year the City of Largo, Florida adopted new accounting guidance, GASB No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Correction of Error

As described in Note V. E. to the financial statements; fiduciary funds – net position, beginning of year was restated in the amount of \$10,541,300 due to a correction of an error. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

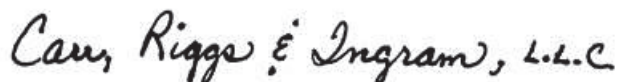
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

April 1, 2024

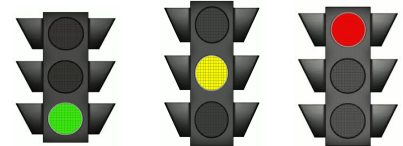
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MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) INTRODUCTION

Thank you for your interest in the City of Largo. You're in the perfect place to learn about the City's financial condition, financial position, results of operations and multi-year financial trends as of the end of Fiscal Year 2023.

This MD&A summarizes key financial information and is written for non-technical readers who simply want to know, *"How's the City doing financially?"* As discussed throughout the MD&A, the City is doing well overall.

Traffic lights are inserted in the MD&A to highlight significant items that are positive (green), bear watching (yellow) and less positive (red). A few yellow lights point to areas of concern. It's important to realize that significant financial condition changes are often caused by multiple yellow-light events over time rather than from a one-time red light event.



ANNUAL COMPREHENSIVE FINANCIAL REPORT OVERVIEW (ACFR)

The ACFR was prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as established by the Governmental Accounting Standards Board (GASB).

The ACFR includes four main sections:

- **Introductory:** Includes general information about the City, such as:
 - Letter of Transmittal
 - Organizational chart & list of principal officials
 - Awards and acknowledgments
- **Financial:** Includes the City's main financial reports:
 - This MD&A
 - Government-wide and Fund level financial statements
 - Notes to the financial statements and other financial schedules
- **Statistical:** Includes interesting historical information of up to ten years that highlights financial trends
- **Compliance:** Includes compliance information on grants, debt and other legal or regulatory requirements

FINANCIAL OVERVIEW *(Items below are discussed in greater detail later in the MD&A.)*



Fund Balance & Net Position: *The accumulation of financial resources for the future.*

Fund balance and net position (*equity* in the private sector) represent the financial capacity to respond to unexpected events, such as recessions and disasters or seize unforeseen opportunities.

The General Fund's unassigned fund balance, which is available for appropriation, increased about \$6.4 million to \$19.3 million; however, total fund balance increased \$3.4 million. The increase was mostly due to higher operating revenues and interest earnings. FY24's projected operating deficit was down from \$7.4 million in FY23 to \$4.9 million; therefore, a lower assignment of fund balance was needed, which increased the unassigned fund balance.



Unfunded long-term liabilities: Personnel services obligations.

The Police and Fire Pension Plan's unfunded liability of \$60.7 million according to GASB standards (\$49 million using the actuarial funding method calculation) and is an increase of \$36 million from last year due to investment income and changes in assumptions. The liability is responsible for creating most of the negative unrestricted net position in Governmental Activities. This liability also increases the City's pension contribution about \$4.5 million annually. Little progress has been made to reduce the amount owed over the past ten years, although the pension plan's funded ratio has remained between 74% and 79% for the same period from a low of 59% in 2011.

An unfunded liability for Other Post-Employment Benefits (OPEB) of \$13.5 million is also partly responsible for creating the deficit in Governmental Activities. The OPEB liability reflects an *implicit subsidy* for retiree health insurance, which is discussed in the MDA's long-term debt section.



Debt: The financial impacts of borrowing.

The City borrows infrequently, repays debt quickly and only borrows for major non-recurring capital items, which is the cornerstone of the City's strong financial condition.

The City issued taxable and non taxable bonds totaling \$62 million during FY22 to fund the land purchase, construction and design of a new city hall complex, titled Horizon. This is the largest governmental debt issuance in City history. The bonds are payable for 30 years from the Debt Service Fund. Non ad valorem revenues were pledged to secure this debt and they will be drawn from the CRA fund and General Fund. Debt service costs in FY23 were \$3.0 million.

The City also borrowed \$2.5 million during FY20 to finance the implementation of the ERP system. This was a 5 year bank note payable through FY25.

The Wastewater Fund is the only other fund reporting long-term loans, which is serviced by wastewater fees. Wastewater debt increased \$12.8 million (net), due to construction of several major capital projects at the wastewater treatment facility and other flood plain and lift station improvements, but remains reasonable and affordable.



Operating Results: The degree to which revenue and expenditures/expenses met expectations.

Sales tax increased significantly and several revenues were over-budget as the result of the economic recovery, but most revenues were not significantly affected. All departments except one were under-budget in all funds which will be discussed later.



Trends: The degree to which financial conditions are changing.

Several revenues have declined, grown slowly or remained flat for several years, not counting the pandemic's impacts. This is due partly to changes in customer/taxpayer behavior and is similar to many Florida governments' experience. This trend has reduced revenue diversification and placed more reliance on property taxes, because property taxes are the City's largest controllable revenue.

FINANCIAL HIGHLIGHTS *(Highlights are discussed in greater detail later in the MD&A.)*

Government-wide financial statements (Statement of Net Position and Statement of Activities)

The *Government-wide financial statements* present a "big-picture" view of the City's financial condition, position and operations, which communicates operational efficiency similar to private sector financial reporting. The

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Government-wide statements do not present any individual fund information; instead, they present highly-aggregated information divided into two types of Activities:

- Governmental Activities (GA) (governmental-type services, such as police, fire, recreation, etc.)
- Business-type Activities (BTA) (fee-based services, like wastewater, garbage and the golf course).

GA *program revenue* (non-tax revenue like fees), increased to \$48.7 million from \$39.5 million in FY22 (23%), due partly to higher Fire/EMS fees that were generated by an increase in the City's budget (the budget is the base for determining fees), a 20% increase in stormwater fees from FY22 and a continued rebound in Culture and Recreation fees. In FY23 the City also received additional funding for disaster relief from Hurricane Ian as well as additional grants.

GA program revenue paid 40% of GA expenses (also 37% last year), which means 60% of expenses were paid with general revenue (primarily taxes), which is about normal. Most GA expenses are usually paid with general revenue, because charging for most governmental-type services is impractical.



Total GA Net Position (called *equity* in the private sector) was positive; however, the unfunded pension and OPEB liabilities created a deficit in Unrestricted Net Position. Unfunded pension and OPEB liabilities have caused financial weakness for most state and local governments throughout the nation.

Total BTA *program revenue* (mostly fees) was up \$3.7 million, primarily because of a 10% sewer rate increase (\$2.8 million) and Golf revenue was up 15% (\$216,000), due to lower play in FY22 caused by the pandemic and also due to the closing of a competing near by golf course. Enterprise funds comprise all BTA Activities and are discussed later in the Major Funds section.

BTA's total net position increased \$8.0 million, compared to \$1.6 million in FY22.



Question: Is it good to have a higher Net Position?

Answer: It depends.

- All things equal, a higher net position is good as long as a government is meeting the community's needs.
- A higher net position means a government owns more of its assets, has a potentially larger financial cushion for unforeseen events (cash reserves) and did a better job of living within its means.
- A government can have "too much" net position, depending on whether its stakeholders value having a higher net position for use in emergencies or to seize opportunities instead of receiving additional services or paying lower taxes and fees. So, a higher net position can be good or bad depending on someone's perspective.
- A lower net position may mean a government has not lived within its means, as reflected by the negative unrestricted net position created by the unfunded pension liability and OPEB liability. These liabilities indicate that the City has provided services, but has deferred paying a portion of related costs to the future.
- In a perfect world, net position would be zero, because there would be no emergencies or unanticipated opportunities. Until then, determining a "right size" net position will be partly objective and partly subjective.

Major Fund highlights

- Fund-level financial reporting focuses on "major funds", which report the majority of financial activity.

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- Local governments may report dozens and even hundreds of funds, so focusing on each individual fund could be confusing and unproductive to most readers; hence the focus on major funds.
- Major funds are discussed in greater detail in the Funds section of the MD&A.

Major Governmental Funds (seven funds)

- The General Fund usually reports about half of the City's total revenues and expenditures.
- The General Fund's total fund balance increased \$3.4 million (12.1%) from the prior year.
 - Total revenue was \$10.6 million higher than the prior year, due partly to the continued improved economy compared to FY 22, which was affected by the pandemic. Another contributor to higher revenues was the increase in property tax, investment earning revenues and implementation of GASB 96 and its addition of subscription based information technology arrangements financing (SBITA). SBITA will be discussed in the Notes to the Financial Statements.
 - Property taxes increased \$3.8 million or 12.1% due to property value increases, and new construction/ annexations. The millage rate was 558 mills which is the same as it was in FY22.
 - Fire/EMS fees paid by the County and other jurisdictions increased \$1.5 million, due partly to an increase in the Fire/EMS budget and station positions, which increased the base that is used to calculate the fees.
 - State shared revenue, primarily sales taxes, was up \$300,000, due to the continued improved economy.
 - Expenditures were under-budget in total.
- The Local Option Sales Tax Fund (LOST) accounts for revenue received from the seventh-cent sales tax collected in Pinellas County referred to as The Penny for Pinellas.
 - LOST revenue was \$304,000 million higher than FY22 (2.5%), which was only a slight increase from amounts received in FY22. Total LOST Fund revenue increased \$891,000 or 6.9% from FY22 mostly attributable to increased investment earnings.
- Loans receivable in the three major housing funds (SHIP, HOME and CDBG) totaled \$11.1 million, which was an increase from the prior year of 16.8%. The majority of this increase is due to one loan issued in FY23 for \$1.0 million for a These funds underwrite low interest loans for low income families to help maintain, renovate or purchase homes, sometimes with companion commercial loans.

Major Enterprise Funds (two funds)

- Wastewater rates increased 10%, so revenue was \$2.8 million higher than FY22. The fund reported a higher operating income than FY22, because costs increases were less than the 10% revenue increase.
- Solid Waste (garbage) rates unchanged from FY22 and total operating revenue was \$163,000 lower than FY22, also due mostly to lower recycled material revenue. The fund reported slightly higher operating income (\$318,000 vs. \$285,000), due to associated maintenance expenditure decreases.

FINANCIAL STATEMENTS OVERVIEW

This section provides an overview of the GASB state and local governmental financial reporting structure and the City's reporting structure, which are required to be presented by the GASB.

Government Financial Statements - State & local governments present two sets of financial statements:

- **Government-wide financial statements** (*long-term focus, big picture*)
 - Similar to, but not identical to consolidated financial reporting in the private sector
 - Reports Governmental Activities and Business-type Activities, not individual funds
 - Measures the flow of economic resources using the full-accrual basis of accounting similar to, but not identical to the private sector
- **Individual fund financial statements** (*small picture and usually most interesting to readers*)
 - Governmental funds – Measures the flow of current financial resources (short-term focus), e.g., cash inflows and outflows, using the modified-accrual basis of accounting
 - Proprietary and Fiduciary funds – Measures the flow of economic resources (long-term focus) using the full-accrual basis of accounting, similar to, but not identical to the private sector and identical to the Government-wide statements

Fund Accounting – The City uses fund accounting to enhance accountability over public resources and to demonstrate compliance with legal requirements. A fund also helps maintain greater control over resources dedicated to specific activities, e.g., gas tax revenues that are restricted to road project costs.

Each fund maintains a separate, self-balancing set of accounts, which makes each fund a fiscal entity and an accounting entity; however, the City's funds are not separate standalone reporting entities. The City reports all three of the common fund types: Governmental, Proprietary and Fiduciary.

- a. Governmental funds.** Includes: General, Special Revenue, Capital Projects, Debt Service and Permanent funds. The City always reports the first two types and the other three as needed.

Governmental fund financial statements focus on short-term inflows and outflows of financial resources (mostly cash) and on available (spendable) financial resources at year end. This information is useful in evaluating the City's short-term financial position and results of operations.

- i. Major Funds.* The reporting focus is on Major Funds (largest funds), which for the City include: the General Fund, five special revenue funds: LOST, SHIP, CDBG, HOME, ARPA and one capital project fund, Horizon City Hall Capital Project. Information is presented in separate columns for each major fund, while non-major fund information is aggregated into one column. Information on non-major funds is provided after the Notes.

- ii. Budgets.* Budgets are adopted for all governmental funds. Budget statements are presented for major funds and budget schedules are presented for non-major funds after the Notes.

- b. Proprietary funds.** The City reports both types of proprietary funds:

- i. Enterprise funds.* Enterprise funds report the same information as Business-type Activities in the government-wide financial statements, only in greater detail. The City has three enterprise funds: Wastewater, Solid Waste Collection (both major funds) and the Golf Course.

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ii. **Internal Service funds.** Internal service funds are used to account for the costs of providing certain services to other City departments. The City uses internal service funds for vehicle repair and maintenance (Fleet Fund) and for risk management operations (Risk Fund).

- Both internal service funds are combined into a single column and presented with enterprise funds in the proprietary fund financial statements. Individual internal service fund data is provided in the Combining Financial Statements located after the Notes.
- Internal service fund balance sheets are combined with Governmental Activities in the government-wide financial statements, and current year activity is split between Governmental and Business Type statements since they serve both functions.

c. **Fiduciary funds (four).** The City reports one type of fiduciary fund; a pension trust fund.

Fiduciary fund financial statements report resources held for the benefit of others, such as pension members. Fiduciary fund information is not reported in the government-wide statements, because the resources in fiduciary funds are not available to provide City services or programs.

Minimum Financial Reporting: Local governments must present the following financial information:

a. **Management Discussion and Analysis (MD&A)** - An MD&A is required supplementary information.

b. **Government-wide statements.** Government-wide statements (the City as a whole) include two statements, two Activities and information is reported using the accrual basis of accounting.

- i. **Statement of Net Position.** Presents assets, liabilities and deferred inflows/outflows with the difference being *net position* ("equity").
- ii. **Statement of Activities.** Presents the changes in net position from revenues and expenses, which are reported as soon as an event occurs, regardless of when cash is received or paid.
 - **Governmental Activities.** These activities are primarily supported by taxes. GA include: general government (administration, etc.), public safety (fire-rescue & police), culture & recreation (library, recreation, parks & arts), public works and economic development.
 - **Business-type Activities.** These activities are primarily supported by charges for services (user fees). BTA services include: wastewater (collection, treatment and disposal), solid waste collection and an 18-hole par 62 executive golf course.

b. **Fund statements.** Individual fund financial information is only reported for major funds, while non-major funds' financial information is aggregated into one column by fund-type for governmental and proprietary funds. Fiduciary fund types are reported in aggregated columns. Individual financial statements for each non-major fund are provided immediately following Other RSI after the Notes.

c. **Financial statement reconciliation.** Governmental Activities and Governmental Fund statements are prepared with different bases of accounting (accrual and modified-accrual, respectively); therefore, a reconciliation of the differences is provided for the position statements and operating statements.

d. **Notes to the financial statements (the "notes").** The Notes provide information that is essential to gaining a full understanding of the government-wide and individual fund financial statements.

e. **Other Required Supplementary Information (RSI).** Other RSI is located after the Notes and includes information on pension funding. "Other" means other than the MD&A, which is also RSI.

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f. Optional combining and individual fund financial statements or schedules. Financial statements are provided for each non-major fund immediately following Other RSI after the Notes.

GOVERNMENT-WIDE STATEMENTS SUMMARY (*The City as a whole, "big-picture" focus.*)

This section summarizes information from the government-wide statements (the City as a whole) by focusing on Governmental Activities and Business-type Activities, not on individual funds.

- *Governmental Activities* includes all governmental funds and internal services funds combined and adjusted from the modified accrual basis of accounting (short-term, financial-flow focus) to the accrual basis of accounting (long-term, economic-flow focus).
- *Business-type Activities* includes all enterprise funds combined using the accrual basis of accounting, which is also used at the fund level.

Government-wide Statement of Net Position.

- Similar to a Balance Sheet, this statement reports assets, liabilities and net position ("*equity*").
- Deferred outflows and inflows represent "timing differences" and are not assets or liabilities.

Comparative Summary - Government- Wide Statement of Net Position (\$ in thousands)

| | Governmental | | Business-type | | Total Activities | |
|------------------------------|---------------------|-------------------|----------------------|-------------------|-------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | | |
| Current | \$ 169,160 | \$ 170,576 | \$ 58,158 | \$ 38,127 | \$ 227,318 | \$ 208,703 |
| Capital (net) | 178,704 | 156,665 | 227,576 | 228,332 | 406,280 | 384,997 |
| Total assets (a) | 347,864 | 327,241 | 285,734 | 266,459 | 633,598 | 593,700 |
| Deferred Outflows (b) | 33,955 | 17,065 | 982 | 1,147 | 34,937 | 18,212 |
| Liabilities | | | | | | |
| Current | 25,265 | 25,976 | 11,292 | 11,412 | 36,557 | 37,388 |
| Non-current | 146,789 | 111,885 | 126,122 | 115,572 | 272,911 | 227,457 |
| Total liabilities (c) | 172,054 | 137,861 | 137,414 | 126,984 | 309,468 | 264,845 |
| Deferred Inflows (d) | 8,215 | 20,999 | 1,683 | 1,048 | 9,898 | 22,047 |
| Net Position | | | | | | |
| Invested in cap. assets | 128,298 | 132,573 | 95,967 | 108,100 | 224,265 | 240,673 |
| Restricted | 66,280 | 55,647 | 9,793 | 9,077 | 76,073 | 64,724 |
| Unrestricted | 7,504 | (2,774) | 41,859 | 22,398 | 49,363 | 19,624 |
| Total NP (a+b-c-d) | \$ 202,082 | \$ 185,446 | \$ 147,619 | \$ 139,575 | \$ 349,701 | \$ 325,021 |

Total Net Position was similar to last year for both Activities. The majority of both Activities' Net Position is invested in capital assets; therefore, the majority of Net Position cannot be spent.

- The largest changes for *Governmental Activities* was in construction in progress including the Horizon City Hall complex, deferred outflows related to the police and fire pension plan, and non-current liabilities reflecting the increase in the net pension liability, which will be discussed later.

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Cash remained relatively constant (current assets), due to increased spending of the Bond funds received in FY22 for the City Hall Capital Project Fund and delayed spending of LOST funds on capital projects.

- Restricted Net position increased primarily due to an increased fund balance in the Local Option Sales Tax fund due to delays in capital projects.

The Police and Fire Pension Plan's unfunded liability of \$60.7 million was a increase of \$36.0 million, primarily because of negative actuarial experience and investment returns (losses) during the preceding fiscal year



GA Unrestricted Net Position had been negative (a deficit) for several years. The deficit is created by the unfunded pension liability and the OPEB liability as well as debt not yet secured by capital assets. FY23 is the first year since 2014 that it has been positive.

The OPEB liability isn't funded, because it is an implicit subsidy and does not require funding or cash payments to be made; however, the unfunded pension liability must be funded by making cash payments into the pension fund.

The largest changes for *Business-type Activities* was a increase in cash, an increase noncurrent liabilities for additional debt.

- Construction was completed during FY23 on the wastewater "middle-plant" project equipment, which is valued at over \$60 million.
- The middle-plant project is being funded through a low-interest State loan. The State loan is a reimbursement loan, where capital assets must be paid for by the City and a loan draw requested afterwards; therefore, the cash used to pay capital costs will be replenished by future loan draws. Debt associated with the project increased by \$8.0 million in FY23.
- The City also received \$9.4 million in proceeds from a tax exempt bank loan near the end of FY23. The cash proceeds of this loan will be used for several flood plain mitigation and inflow and infiltration capital projects for the wastewater system.
- Capital assets and related debt are discussed in more detail later in the Fund section.

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Government-wide Statement of Activities. This statement summarizes revenues and expenses, which are responsible for the change in total net position reported above.

Comparative Summary - Government-wide Statement of Activities (\$ in thousands)

| | Governmental Activities (GA) | | Business-type Activities (BTA) | | Total Activities | |
|-------------------------------|---|-------------------|---|-------------------|-----------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Program revenue | | | | | | |
| Charges for services | \$ 39,353 | \$ 35,450 | \$ 47,969 | \$ 44,597 | \$ 87,322 | \$ 80,047 |
| Operating grants/contrib. | 8,556 | 3,193 | 173 | 60 | 8,729 | 3,253 |
| Capital grants/contrib. | 798 | 852 | 460 | 288 | 1,258 | 1,140 |
| Total program revenue | 48,707 | 39,495 | 48,602 | 44,945 | 97,309 | 84,440 |
| General revenue | - | - | - | - | - | - |
| Property taxes | 36,061 | 32,151 | - | - | 36,061 | 32,151 |
| Other taxes | 35,272 | 33,223 | - | - | 35,272 | 33,223 |
| Shared revenue | 11,781 | 11,480 | - | - | 11,781 | 11,480 |
| Other (net) | 5,955 | (1,063) | 3,020 | (1,309) | 8,975 | (2,372) |
| Total general revenue | 89,069 | 75,791 | 3,020 | (1,309) | 92,089 | 74,482 |
| Total revenue | 137,776 | 115,286 | 51,622 | 43,636 | 189,398 | 158,922 |
| Expenses | | | | | | |
| General government | 12,261 | 13,243 | - | - | 12,261 | 13,243 |
| Public safety | 61,108 | 50,323 | - | - | 61,108 | 50,323 |
| Public works | 14,562 | 13,318 | - | - | 14,562 | 13,318 |
| Economic development | 9,233 | 7,747 | - | - | 9,233 | 7,747 |
| Culture and recreation | 20,425 | 19,277 | - | - | 20,425 | 19,277 |
| Interest and fees | 3,551 | 1,694 | - | - | 3,551 | 1,694 |
| Wastewater | - | - | 26,132 | 25,271 | 26,132 | 25,271 |
| Solid waste | - | - | 16,122 | 15,333 | 16,122 | 15,333 |
| Golf course | - | - | 1,324 | 1,395 | 1,324 | 1,395 |
| Total expenses | 121,140 | 105,602 | 43,578 | 41,999 | 164,718 | 147,601 |
| Change in net position | 16,636 | 9,684 | 8,044 | 1,637 | 24,680 | 11,321 |
| Net position - Oct 1 | 185,446 | 175,762 | 139,575 | 137,938 | 325,021 | 313,700 |
| Net position - Sept 30 | \$ 202,082 | \$ 185,446 | \$ 147,619 | \$ 139,575 | \$ 349,701 | \$ 325,021 |

Revenue Summary

GA *program revenue* increased \$9.2 million or 23.3% due mostly to increases in Stormwater charges, EMS/Fire and Recreation funding received in FY23. Recreation revenue increased about \$500,000 due to continued recovery from the pandemic and expanded recreational offerings.

GA *general revenue* increased \$13.3 million or 17.5%, due mostly to property taxes based on higher property valuations and new construction/annexations. The property tax rate was lowered slightly from 5.58 to 5.52 mills.

BTA *program revenue* increased about \$3.7 million or 8.1%, due mostly to a 10% sewer rate increase (\$2.8 million) and an increase in golf course charges for services revenues (\$215,000)

GA Program Revenue - The City charges service fees when practical so service users pay a portion of the costs of the services received. Even so, most GA services are paid for with taxes, because fees are impractical or inefficient to assess and collect for many services, such as police, road maintenance, etc.

- Grant and Contribution revenue was up by about 121% from last year, most of which provides housing assistance. American Rescue Plan Act recognized revenues are also included in this amount.

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- Of the \$48.7 million of program revenue in FY23, 61.2% came from the following sources:
 - Fire/EMS service charges, \$14.3 million
 - Stormwater fees, \$7.9 million
 - Recreation, Parks and Arts fees, \$4.4 million
 - Construction Services fees, \$2.4 million
 - Library County-wide Cooperative fees, \$854,000

GA Charges for Services are presented below by Functions. Most Functions reported increases.

- Total GA Charges for Services increased 11.0%, due mostly to the continued recovery from reduced services provided during the pandemic.
- Public Safety fees increased for Fire/EMS services as the City's expenditures increased, because fees are based on a percentage of the Fire/EMS budget.
- Most of the Economic Development increase is related to higher construction services fees (permits and inspections) because FY23 continues to see increases in redevelopment.
- The Culture & Recreation increase is related to higher program and event fees compared to lower amounts in FY22 due to the continued recovery from reduced services provided during the pandemic and additional offerings being added.

Governmental Activities (GA)
Charges for Services (\$ in thousands)

| Major Functions | FY23 | FY22 | Increase (Decrease) | |
|----------------------|------------------|------------------|---------------------|--------|
| | | | \$ | % |
| General Government | \$ 5,080 | \$ 4,820 | \$ 260 | 5.4% |
| Public Safety | 16,503 | 14,464 | 2,039 | 14.1% |
| Public Works | 7,933 | 6,645 | 1,288 | 19.4% |
| Economic Development | 4,505 | 4,685 | (180) | (3.8)% |
| Culture & Recreation | 5,332 | 4,836 | 496 | 10.3% |
| Total | <u>\$ 39,353</u> | <u>\$ 35,450</u> | <u>\$ 3,903</u> | 11.0% |

GA General Revenue - GA General Revenue is discussed in more detail in the General Fund section, which is where most of it is recorded. A summary of the five largest GA General Revenues is below.

| GA - Major General Revenue (\$ millions) | FY23 | FY22 | Increase (Decrease) | |
|---|----------------|----------------|---------------------|-------|
| | | | \$ | % |
| Property Tax | \$ 36.1 | \$ 32.2 | \$ 3.9 | 12.1% |
| Utility and Franchise Tax (mostly electric) | 18.9 | 17.4 | 1.5 | 8.6% |
| Local Option Sales Tax ("Penny for Pinellas") | 12.2 | 11.9 | 0.3 | 2.5% |
| Communications Services Tax | 3.1 | 2.8 | 0.3 | 10.7% |
| State Shared Revenue (mostly sales tax) | 11.8 | 11.5 | 0.3 | 2.6% |
| | <u>\$ 82.1</u> | <u>\$ 75.8</u> | <u>\$ 6.3</u> | 8.3% |

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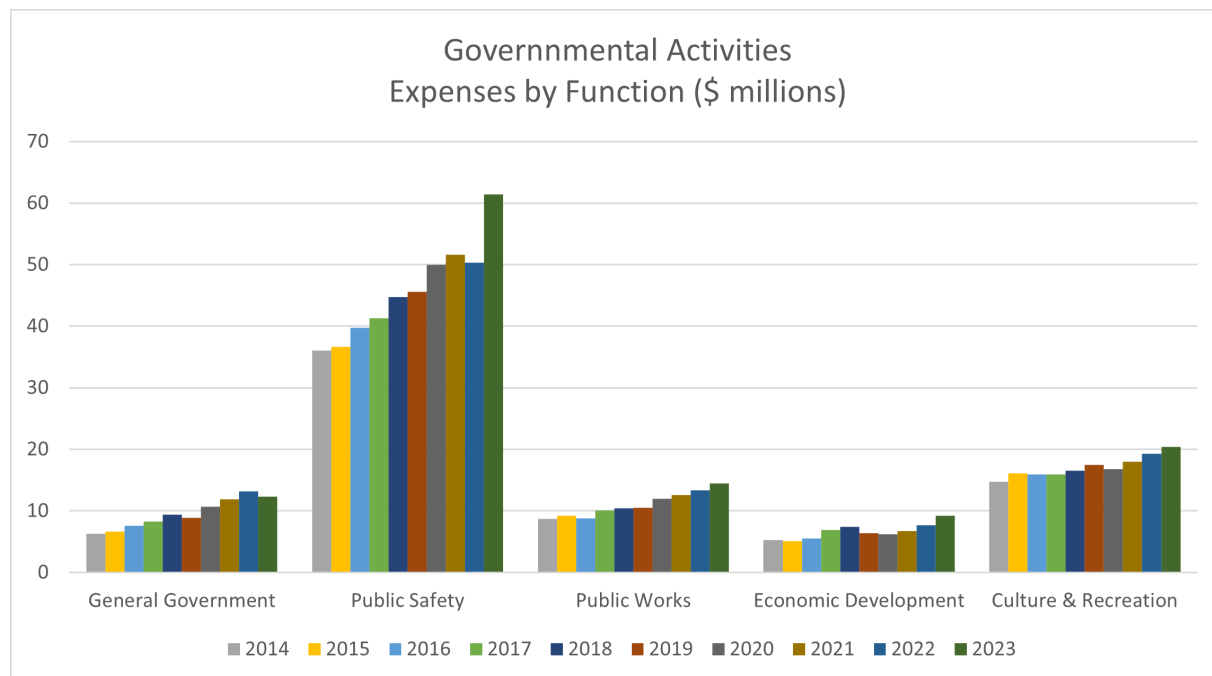
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GA General Revenue (continued)

- GA General Revenue paid approximately 59.8% of total GA Expenses, compared to 62.6% in FY22.
- Total GA General Revenue increased 19.5%, due mostly to additional property taxes, sales taxes and investment earnings.
- The millage rate was reduced to 5.52 in FY23, but property tax revenue increased \$3.9 million (12.2%), due to a stronger economy that increased values and due to annexations/new construction.
- A ten-year history of assessments, millage rates and revenues is in the Statistical Section (Sch. H).
- GA Charges for Services exceeded Property Tax revenue in the last two years, which has been true for several years. Many people are surprised that property taxes are not the City's largest revenue.
- Local Option Sales Tax ("Penny for Pinellas") increased 2.5% and State Shared revenue (mostly sales tax) increased 2.6%. Most of the increase was due to a continued rebounding economy from the pandemic compared to FY22 as well as population growth.
- CST revenue increased 8.6% or \$243,000, due to industry-wide customer changes as well as slight population growth in the City.

GA Expenses - As presented above, Total GA Expenses grew \$15 million from \$106 million to \$121 million, or 14%. The following graph presents GA Expenses by Function for ten years, which helps identify trends.



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- A "Function" is a grouping of similar activities, e.g., the Public Safety Function includes police and fire rescue activities and the Culture & Recreation Function includes library and recreation/parks/arts.
- Most expense growth relates to salary and benefit costs, which comprise 75-80% of GA expenses.
- As shown above, most Functions experienced modest growth, except for General Government, Public Safety and Economic Development.
 - General government declined slightly, largely due to extended position vacancies.
 - Public safety increased about 22.1%, largely because of increased staffing costs and expenditures related to the net pension liability in 2023. About 50.5% of total GA expenses relate to Public Safety.
 - Economic Development increased approximately 19.5% due to increases in housing related expenditures as well as contribution towards Governmental debt service.

Governmental Activities (GA) "Net" Expenses - The GASB requires a presentation of Net Expenses.

Net Expenses are total expenses minus program revenue (non-tax), which is mostly charges for services; therefore, Net Expenses are paid with general revenue (mostly taxes).

The table below presents GA Net Expenses, which shows that 59 % of GA expenses were paid for with general revenue, which means 41 % were paid for with program revenue, mostly charges for services.

| Governmental Activities (\$ in millions) | | | | |
|--|-----------------|-----------------|----------------|-----|
| Function | Total Expense | Program Revenue | Net Expense | |
| General Government | \$ 12.3 | \$ 8.3 | \$ 4.0 | 33% |
| Public Safety | 61.1 | 18.8 | 42.3 | 69% |
| Public Works | 14.6 | 8.0 | 6.6 | 45% |
| Economic Development | 9.2 | 8.1 | 1.1 | 12% |
| Culture & Recreation | 20.4 | 5.6 | 14.8 | 73% |
| Total | <u>\$ 117.6</u> | <u>\$ 48.8</u> | <u>\$ 68.8</u> | 59% |

- It's normal to pay most GA expenses with General Revenue, because user charges are impractical to charge and collect for many services such as, police, fire/rescue, and library services.
- Economic Development reported the lowest net expense, primarily because of program revenue generated by construction permits, construction inspections and housing grants.
- General Government reported the second-lowest net expense, primarily because of recognition of American Rescue Plan grant funds against expenditures.
- Culture and Recreation (library, recreation, parks and arts) reported the second highest net expense, because most recreation, parks and library services are provided free of charge or at nominal charges. Most program revenue is generated by recreation fees.
- Public Safety (police and fire rescue) reported the highest net expense, because fees are difficult to assess for most public safety services. The majority of Program Revenue (\$14.3 million) is from Fire/EMS fees for providing fire services outside the City and for county-wide EMS.

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- Police fines typically generate about \$250,000 of revenue annually, which is less than 1% of police expenses. Fines are used to encourage compliance with laws, and not to generate extra revenue.

Business-type Activities (BTA) – Three enterprise funds comprise all BTA:

- Wastewater (collection, treatment & reclaimed water)
- Solid Waste collection (garbage, brush, bulk items & recyclables)
- The Largo Golf Course

Key financial BTA metrics include:

- Charges for services revenue increased because wastewater rates were increased.
- Wastewater and Solid Waste revenues are not growing significantly without rate increases, because the City is virtually at build-out and re-development is insignificant relative to the existing customer base.
- Wastewater revenue declines 20% if properties are annexed, because the surcharge is removed.

BTA expenses increased 3.8%, mostly due to normal personnel cost increases.

- All BTA expenses are normally paid with program revenue (mostly user charges).
- Golf Course operating revenue was \$215,000 or 15.1% higher than the prior year, due mostly to continued recovery from the pandemic in FY23.

Additional information and further BTA discussion is provided in the Enterprise Fund section of the MD&A.

GOVERNMENTAL FUNDS (*Focus on individual funds, "small-picture"*)

The City reported seven major funds (largest funds) in the past two years: General, Local Option Sales Tax, SHIP, HOME, CDBG, ARPA Covid Recovery fund and City Hall Capital Project fund. These seven funds comprise the majority of Governmental Activities.

- Governmental Funds report a "short-term" focus using the modified accrual basis of accounting. A short-term focus is best suited to reporting the results of "tax and spend" decisions.
- All other funds and government-wide activities use full-accrual accounting ("*big picture*" focus).

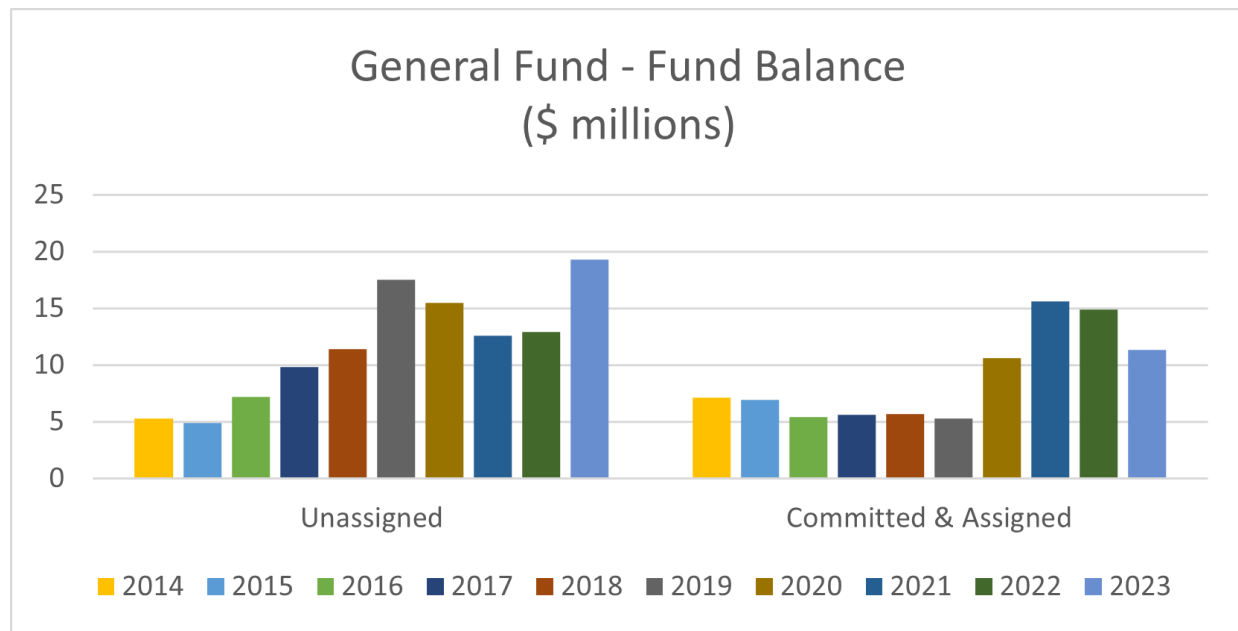
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General Fund. The General Fund is the City's largest fund and accounts for a majority of Governmental Activities discussed previously. The next several pages highlight the General Fund's financial information.

Fund Balance. The following graph presents ten years of fund balances, including part of the lengthy recovery period from the Great Recession. Examining multi-year data is useful for revealing trends.



- Fund balance is "left over" unexpended revenue from prior years and is similar to "equity".
- *The Unassigned Fund Balance* is available for appropriation and is often called a rainy-day or emergency reserve, because it can be used when revenues or expenses do not meet projections.
- The Unassigned Fund Balance remained relatively low from FY14 to FY15, due to the lengthy recovery from the Great Recession, which was the longest recovery in post WWII history. US employment took longer to reach its pre-recession peak than in the previous three recoveries.
- Rebuilding the Unassigned Fund Balance from FY14 to FY15 was hampered due to low revenue growth during the recovery from the Great Recession, despite significant expenditure reductions.
- Additional revenue from economic improvements and continued fiscal discipline lead to growth of the unassigned fund balance beginning in FY16.
- Declines began during the pandemic in FY20 and began improving in FY23.

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The *Committed & Assigned Fund Balance* is not available for general use unless the commitment or assignment is removed, which may not be possible. All amounts presented above were Assigned.

A portion of fund balance is always assigned for encumbrances (unfilled purchase orders) and to balance the following year's budget, because estimated revenues are always less than appropriations.

- The assignment for outstanding purchase orders (POs) was \$3.6 million in FY23 and \$4.1 in FY22 and represent a claim against the current year's budget, similar to an expenditure.
- \$4.9 million was assigned for the FY24 budget compared to \$7.4 million for the FY23 budget, which represented 4.5% and 7.1% of appropriations, respectively.



The \$7.4 million assignment for the FY23 budget was lower than the previous year. The \$4.9 million for FY24 is based on total appropriations of \$108.6 million and indicates that the imbalance of expenditures over revenues is less than in the previous year due mostly to property value growth.

- \$2.9 million was assigned for unused vacation leave in both FY23 and FY22. Unused vacation leave cannot be recorded as a liability in governmental funds; therefore, these assignments reflect the same impact on fund balance as if a liability had been recorded. This amount could be used for additional appropriations if needed in the short-term.

Fund Balance Policy. The City Commission's General Fund fund balance policy establishes a minimum "unrestricted" fund balance of 10% and a target fund balance for 20%.

- An unrestricted fund balance is defined by the Government Finance Officers Association (GFOA) as a combination of the committed, assigned and unassigned fund balances.
- The GFOA recommends a minimum unrestricted fund balance of roughly two months of budgeted expenditures (17%). A maximum is not recommended, because every government is unique.
- The GFOA recommends establishing a "target" fund balance based on unique characteristics, including: economic stability, exposure to disasters, and financial flexibility, among other criteria.

Common methods of determining a target fund balance are:

- As an absolute dollar amount ("pick a number that feels comfortable", like \$1 million)
- As a percentage of the current year's budgeted revenue or expenditures
- As a percentage of the follow year's budgeted revenue or expenditures

Factors that influenced the General Fund's fund balance policy are:

- The local economy and major revenue sources are relatively stable and diversified
- The Property Tax rate could be increased, because it is about half of the legal limit
- Many expenditures are variable or semi-variable and could be reduced
- Elected officials have demonstrated a willingness to increase revenues or reduce expenditures

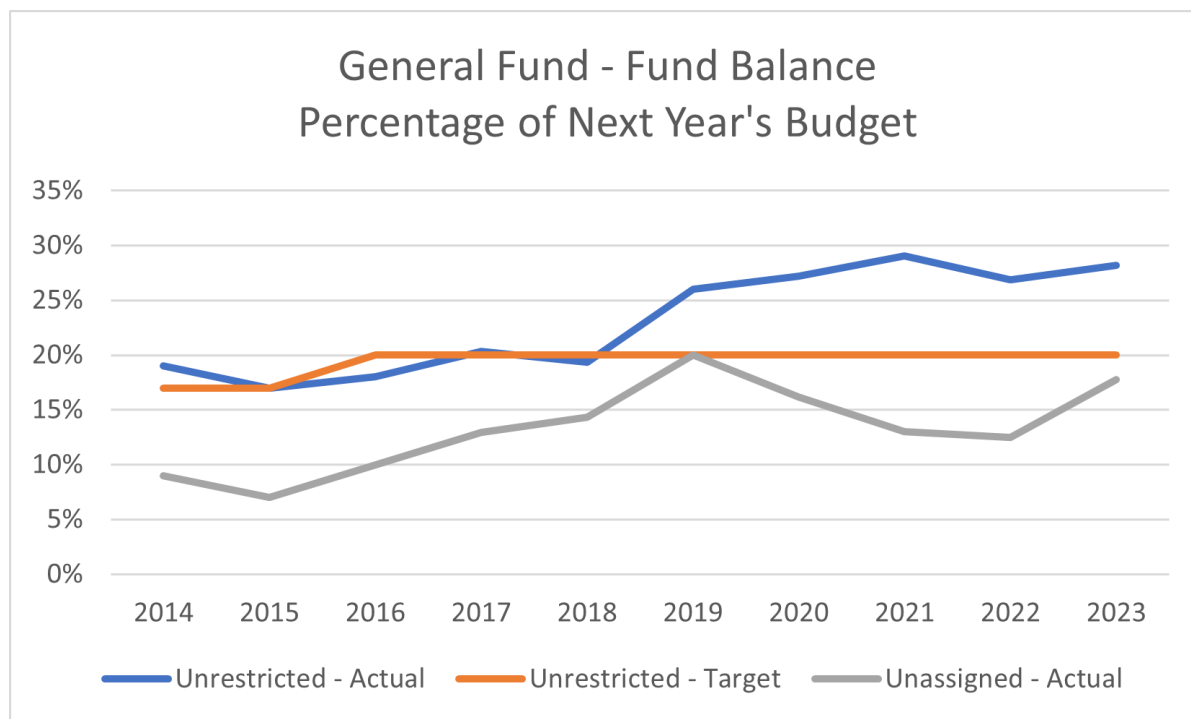
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- Additional debt could be issued
- The City has an average level of risk aversion and maintains adequate insurance coverage

Relative Fund Balance - The graph below presents the General Fund's fund balance as a percentage of the following year's budget for the past ten years. Examining multi-year data is useful for revealing trends.



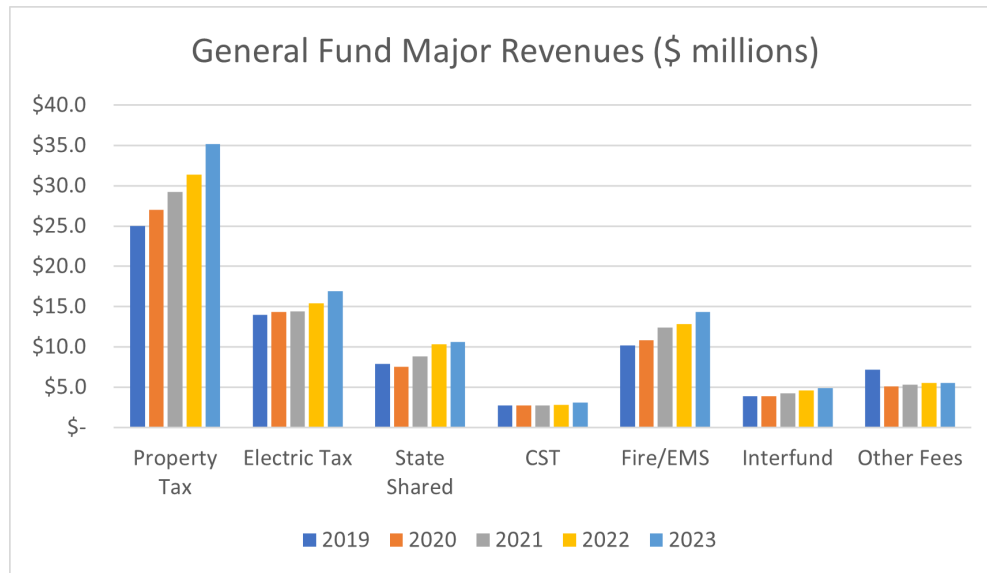
- A higher percentage in the graph above represents a greater ability to make additional appropriations
- Fund balances were relatively low in FY14 to FY15, due to the Great Recession and slow recovery, which required spending a portion of fund balance (these years represented "rainy days")
- State Statutes set no fund balance guidelines, except that the total fund balance cannot be negative
- Most of the unrestricted fund balance is unavailable to appropriate, because of the assignments; therefore, the unassigned fund balance is a better measure of an emergency reserve.
- The unassigned fund balance increased over the past year, due to growth in several revenues including investment income and property taxes.

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General Fund Revenue. The following graph presents the General Fund's Major Revenues for the past five years. Major revenues typically comprise 90% of total General Fund revenue.



- The above graph depicts slow or no growth in Electric Tax, CST, and Other Fees
- If a revenue declines or grows slowly, more reliance is placed on other revenues.
- Property tax revenue grew 12.1%, due mostly to taxable value increases from a strong housing and commercial market throughout the Tampa Bay area. The millage rate was decreased from 5.58 to 5.52 from FY22 to FY23. Annexations & new construction comprised about 1 percentage point of the increase.



Only Property Tax and Other Fees can be increased by the City, subject to legal restrictions and market conditions. Most other revenues are uncontrollable, because tax rates are set at the maximum amounts allowed by agreement or law.

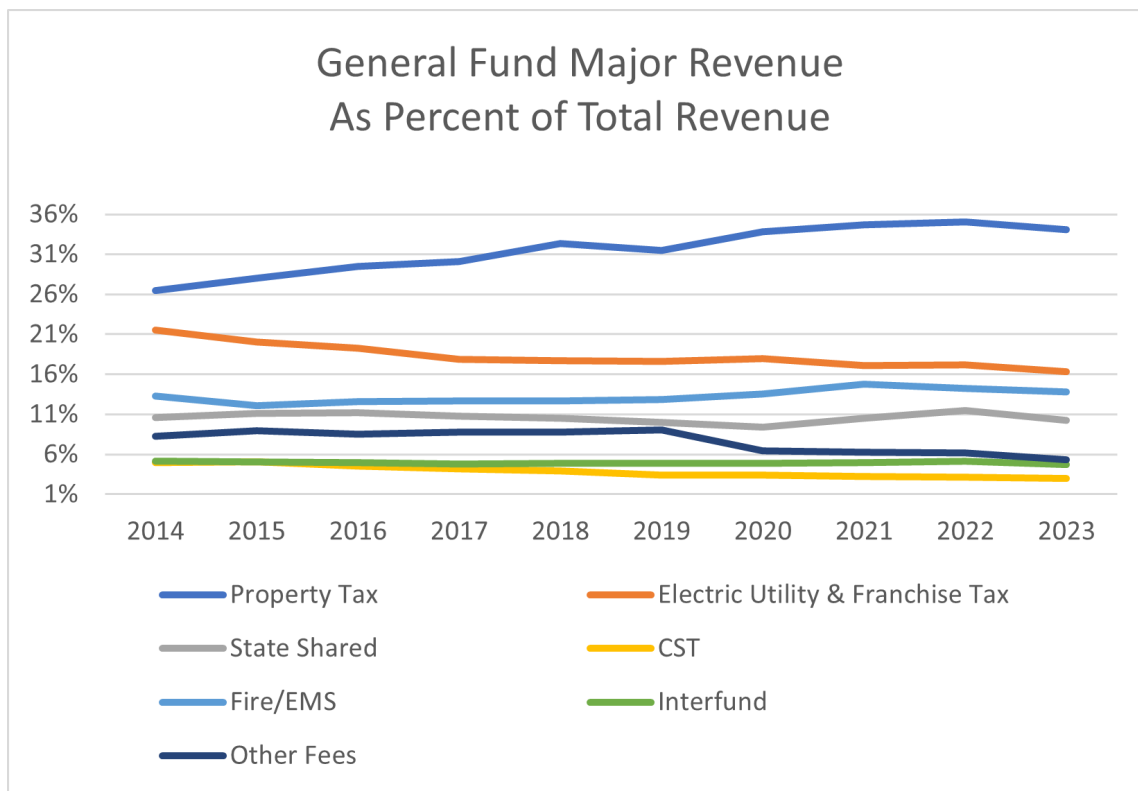
- Communications Services Tax (CST) has grown slightly, most likely because of population growth. CST growth has been low due to increased competition, bundling of services, and customers moving to other services ("cutting the cord"), which reduces the tax base. Five-year projections are flat; however, the state legislature has targeted the CST for reduction as part of so called "tax reform".
- The Electric Tax base has only increased slightly, due mostly to greater consumer conservation efforts, including solar installations and replacements of less efficient electronic equipment, especially HVAC systems. Other factors that can affect the tax base include weather variations (milder or harsher winters and summers). The City cannot increase the tax rate or expend this tax base.
- State Shared revenues increased (mostly sales tax), due to the rebound from the pandemic.

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Revenue Diversification. The following graph presents the General Fund's Major Revenues as a percentage of total General Fund revenue, which helps to identify trends. There is less diversification than ten years ago, but major revenues are still fairly diversified.



- Most major revenues cannot be controlled, so greater reliance has been placed on property taxes.
- Property tax reliance has increased from 26% in FY14 to 33% in FY23, mostly due to the affects of the Great Recession on major revenues despite significant expenditure cuts.
- The property tax millage rate increased from 5.2139 in FY14, peaked at 5.7413 in FY18 and FY19 and is now 5.52 in FY23. With a ten mill cap and new state restrictions, there is less flexibility to increase the millage rate.
- Placing greater reliance on any revenue means there is a greater impact if a revenue declines. For example, a 20% decline in a revenue that generates 10% of total revenue results in a 2% loss, but a 10% decline in a revenue generating 40% of revenue results in a 4% loss.
- The General Fund's reliance on CST revenue has declined roughly a 50% decrease over the past ten years and projections indicate no growth in CST over the next five years, so reliance should decline.
- Electric Utility and Franchise Tax reliance has declined about 5% while State Shared Revenue has remained at about 10%. These revenues are not controllable by the City and growth is dependent mainly on consumer behavior and the weather.
- Reliance on Fire/EMS revenue has remained relatively flat, due to growth in the City's total budget.

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- Interfund Fees are for administrative services provided by the General Fund (purchasing, HR, IT and Finance) and have only increased relative to the cost of providing those services, because services and the calculation method have been stable.
- Other Fees remained flat from the previous year.

General Fund Expenditures and Encumbrances.

The table below compares the General Fund's total expenditures plus encumbrances to the final budget.

| General Fund - FY 2023 | | | | | | | | |
|--|------------------|-----------------|--|-------------------------|---|--|-----------------------------|--|
| Expenditures & Encumbrances - Actual to Budget (in thousands) | | | | | | | | |
| Department | Exp. | Enc. | Total Expended & Encumbered | Final Budget | Variance Under (Over) \$ | Variance Under (Over) % | Rebudget in FY24 | |
| Police | \$ 32,096 | \$ 186 | \$ 32,282 | \$ 32,866 | \$ 584 | 1.8% | \$ 84 | |
| Fire Rescue | 23,650 | 365 | 24,015 | 25,114 | 1,099 | 4.4% | - | |
| Rec., Parks & Arts | 14,104 | 1,437 | 15,541 | 16,418 | 877 | 5.3% | - | |
| Public Works | 5,830 | 573 | 6,403 | 6,517 | 115 | 1.8% | - | |
| Information Tech. | 6,952 | 645 | 7,597 | 6,531 | (1,066) | (16.3)% | 45 | |
| Library | 4,460 | 33 | 4,494 | 5,164 | 671 | 13.0% | 477 | |
| Administration | 3,662 | 157 | 3,820 | 4,319 | 500 | 11.6% | 60 | |
| Community Devel. | 2,491 | 77 | 2,568 | 3,257 | 690 | 21.2% | 45 | |
| Finance | 1,060 | - | 1,060 | 1,236 | 176 | 14.2% | - | |
| Human Res. | 1,033 | 8 | 1,041 | 1,048 | 7 | 0.7% | - | |
| Engineering | 1,157 | 48 | 1,205 | 1,291 | 86 | 6.7% | - | |
| General Operating | 486 | 55 | 542 | 1,168 | 626 | 53.6% | - | |
| Legislative | 416 | 1 | 417 | 441 | 24 | 5.4% | - | |
| Total | \$ 97,398 | \$ 3,585 | \$ 100,983 | \$ 105,370 | \$ 4,387 | 4.2% | \$ 711 | |

Year-end encumbrances are a claim against the budget; therefore, encumbrances are combined with expenditures to determine the total budget variance. Most departments typically under-spend their budgets by about 5%, due to savings from personnel vacancies (turnover).

Budget variances greater than 10% and overages are discussed below.

- *General Operating:* The FY2023 budget included additional amounts for transfers to the debt service fund for the additional debt on the Horizon City Hall complex. The additional funds were not needed yet as the debt has not been issued.
- *Administration:* Reduced personnel expenses during FY2023 due to the City Manager position being unfilled for the last three months of the fiscal year.

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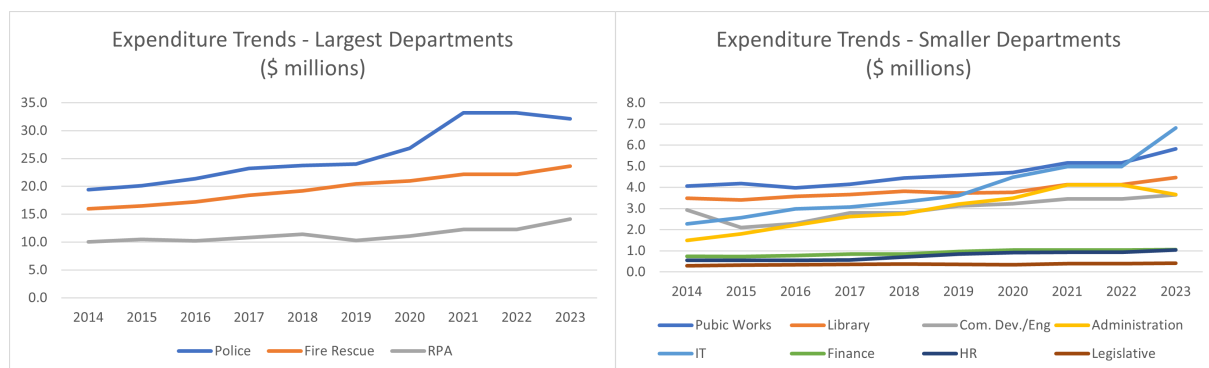
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- **Information Technology:** The implementation of GASB No. 96 for Subscription Based Information Technology Agreements (SBITAs) resulted in approximately \$1.5 million in expenditures being recorded at the modified basis.
- **Library:** The Library was under budget due to the Chiller replacement being rebudgeted in FY2024.
- **Community Development:** Salary savings from several extended position vacancies due to a tight job market represented the majority of the unexpended/unencumbered amount, including related travel and training costs. Program expenditures funded by code violation collections in this fund were also reduced as the violation revenue was reduced.
- **Finance:** The Finance department was under budget due to salary savings due to extended vacancies in the department.
- **Administration:** The Administration department was under budget due to the open City Manager position for the last quarter of the fiscal year.

The following two graphs presents the General Fund's expenditure trends over the past ten years.

Departments are divided into the largest group and smallest group to better display information, because of the scale. The Community Development and Engineering departments are combined for all years, because separate data is unavailable for years prior to their separation into two departments in FY18.

- Fire Rescue expenditures increased over the past five years mainly related to the costs of new positions added based on the five-year Public Safety Staffing Plan.
- Police spending was down slightly in FY2023 from the previous year due to extended vacancies in personnel as well as FY2022 reporting higher capital outlay for lease costs due to the implementation of GASB 87.
- Administration expenditures have increased due to new positions, debt issuance costs and increasing legal expenses.
- IT expenditures increased as more business processes were automated and cyber-security was augmented, including new related positions. In recent years the City implemented a new ERP system and moved to a Microsoft Office Environment, which increased annual licensing costs.



Local Option Sales Tax Fund (LOST). A one-cent Local Option Sales Tax ("Penny for Pinellas") was approved through voter referendum for a ten year period beginning February 1990 and has been extended for three additional ten-year periods. "Penny Four" began on January 1, 2020 for ten years.

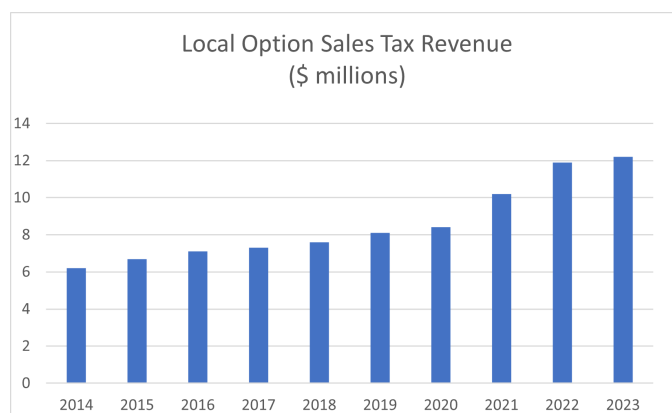
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This graph presents LOST revenue.

- FY23 revenue was the highest ever recorded of \$12.2 million.
- LOST revenue was \$450,000 below budget estimates (3.5%) and \$300,000 above the prior year (2.5%). The growth was not as high as anticipated due to collections slowing near the end of the fiscal year.
- A portion of the increase is due to a 10% increase in the allocation formula, which is based on population, effective Jan. 1, 2020.
- The remaining increase was due to an improved statewide economy, as the pandemic subsided.



LOST revenue must be used to finance, design or construct infrastructure (roads, bridges, etc.); acquire land; and purchase public safety vehicles with at least a five year life. An expenditure summary follows:

LOST Fund - FY23 Expenditure Summary

| | |
|--|---------------------|
| Public safety vehicles (fire and police) | \$ 2,846,000 |
| Transportation Improvements and construction | 1,343,000 |
| Fire Station 39 floor plan remodel | 362,000 |
| Police body and car camera lease costs | 157,000 |
| Stormwater Improvements | 394,000 |
| Other expenditures | 30,000 |
| Total expenditures and transfers | <u>\$ 5,132,000</u> |

Housing Assistance Funds. The City administers five Housing Assistance Funds, three of which are Major Funds (SHIP, HOME and CDBG).

The City prides itself on leveraging housing resources by partnering with Pinellas County, non-profits and developers. Housing assistance is primarily provided in a Target Area.

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The information below highlights the City's housing efforts. Additional housing information is available at:

- https://www.largo.com/services/residents/housing_assistance/index.php

Combined Housing Assistance Funds (\$ in thousands)

| | <u>SHIP</u> | <u>HOME</u> | <u>CDBG</u> | <u>NSP2</u> | <u>PCH</u> | <u>Total 2023</u> | <u>Total 2022</u> |
|---|-----------------|-----------------|-----------------|--------------|---------------|-------------------|-------------------|
| Revenue & transfers in | \$ 1,230 | \$ 265 | \$ 1,721 | \$ - | \$ 8 | \$ 3,224 | \$ 2,172 |
| Expenditures & transfers out | <u>1,945</u> | <u>265</u> | <u>1,721</u> | <u>-</u> | <u>1</u> | <u>3,931</u> | <u>2,429</u> |
| Net revenue (expenditures) | (714) | - | - | - | 7 | (707) | (257) |
| Beginning fund balance | \$ 1,889 | \$ - | \$ - | \$ - | \$ 56 | \$ 1,966 | \$ 2,223 |
| Ending fund balance | <u>\$ 1,175</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 85</u> | <u>\$ 1,259</u> | <u>\$ 1,966</u> |
| Loans outstanding at 9/30 | <u>\$ 6,158</u> | <u>\$ 3,269</u> | <u>\$ 1,758</u> | <u>\$ 48</u> | <u>\$ 648</u> | <u>\$ 11,881</u> | <u>\$ 10,281</u> |

Housing assistance provided, includes: Eviction Protection, Rental Deposits, Rehabilitation, Down Payment Assistance, Housing Counseling, Legal Assistance, Homeless Services, Chore Services for Seniors, Public Facilities Improvements, AHD for First-Time Homeowners and other assistance programs.

The SHIP Fund's main revenue was originally from a new state documentary stamp tax enacted specifically to provide additional low-income housing assistance; however, the State Legislature redirected all revenue to other state programs during the Great Recession and most of the recovery. The Legislature has restored some of the funding since then.

The CDBG Fund receives revenue from the Federal Government (HUD) and from loan repayments. The HOME Fund receives revenue from Pinellas County and loan repayments. NSP2 and PCH funds have no revenues projected, except principal and interest from loan repayments.

Fund balance is usually zero in HOME and CDBG because grant revenue is received on a reimbursement basis. Loan repayments can create fund balance if they are not expended by year end.

ENTERPRISE FUNDS (*Individual funds, "small-picture" focus*)

The City operates three Enterprise Funds, which use the same basis of accounting as Business-type Activities at the Government-wide level (full accrual).

These three funds comprise all Business-type Activities reported at the Government-wide level.

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The following table summarizes key Enterprise Fund activity.

| | Enterprise Funds (\$ millions) | | | | | |
|----------------------------------|---------------------------------------|-------------|--------------------|-------------|--------------------|-------------|
| | Wastewater | | Solid Waste | | Golf Course | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Operating revenue | \$ 30.9 | \$ 27.8 | \$ 15.5 | \$ 15.7 | \$ 1.6 | \$ 1.4 |
| Operating expenses | 25.6 | 24.5 | 16.1 | 15.4 | 1.3 | 1.2 |
| Operating income (loss) | 5.3 | 3.3 | (0.6) | 0.3 | 0.3 | 0.2 |
| Change in net position | 7.2 | 1.0 | 0.3 | 0.4 | 0.3 | 0.2 |
| Ending total net position | 129.9 | 122.7 | 15.0 | 14.7 | 2.5 | 2.2 |
| Ending unrestricted net position | \$ 31.9 | \$ 15.3 | \$ 8.5 | \$ 6.3 | \$ 1.3 | \$ 0.8 |



User charges in all three enterprise funds remain competitive throughout the state and service levels remain high.

Many residents who request to be annexed cite the City's exceptional solid waste services as a reason for annexing.

The Golf Course receives consistently high public reviews.

Wastewater Fund. An annual 10% rate increase was approved for FY21, FY22 and FY23, which are the first increases since FY07. Rates have remained low, due to delayed construction of several large projects and collection system improvements that reduced inflows and infiltration and related costs.

As discussed in Note F, the Wastewater Fund continues to borrow from the State low interest loan program for capital improvements. Net debt increased \$12.8 million in FY23 for construction of the middle plant project, which was completed in FY23. The City also borrowed \$9.4 million for additional wastewater lift station and flood plain mitigation capital projects at the end of FY2023. This is the only enterprise fund that reports long-term debt.

Solid Waste Fund. Rates have remained low, due to improved route management and no tipping fee (waste disposal fees) increases by the County until FY19.

- Operating revenue decreased by \$163,000 or 1% due to lower collections on sales of reclaimed materials in FY23.
- The County has indicated that annual tipping fee increases of at least a 6% will be required for the foreseeable future to fund renewal and replacement of the resource recovery facility.
- Tipping fees are 30% of total operating costs, so a 6% increase results in a 1.8% cost increase.
- Tipping fees and other contractual services increased \$557,000 in FY23 or 13% from FY22, mostly due to additional tipping fees.

Golf Course Fund. The positive net position change of \$325,000 in FY23 was an increase of 15% over total FY22 fund balance. The golf course continues to do well in recovering from the pandemic and investment earnings grew in FY23.

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- Total operating revenue increased \$112,000 or 9% over the prior year, partly because more individuals sought outside activities after the pandemic.
- Golf Course staff have remained keenly focused on attracting and retaining customers and controlling operating costs, which remained about the same as last year, despite normal increases in personnel related costs. Rates, promotions and other marketing efforts are continuously reviewed and adjusted to increase revenue, subject to market conditions.
- Rates, promotions and other marketing efforts are continuously reviewed and adjusted to increase revenue, subject to market conditions.
- The General Fund administrative charge to the Golf Course for HR, IT and Finance services is still being waived, due to lower projected revenue and upcoming capital improvements.

The City conducted an extensive community outreach initiative to gather community input, including on-line surveys, social media, virtual-meetings and emails. A significant amount of community input was received and analyzed by City staff and a golf consulting firm. While several options were discussed, the community supported maintaining the golf course for the foreseeable future.



The Golf Course consistently reports a positive cash flow, which is sufficient to pay all normal operating expenses and minor capital costs.

However, when major capital improvements are required, alternative funding will be required, as with the \$2 million Golf Course refurbishment in 2007 that was paid for with the Penny for Pinellas.

Capital Assets & Long Term Debt

Capital Assets. The City's capital assets are summarized in the table below.

- Governmental Activities include capital assets for governmental and internal service funds.
- Business-type Activities include capital assets related to the City's three enterprise funds.
- Capital assets are depreciated using the straight-line method over their estimated useful lives.
- At the end of FY23, total Governmental assets were 41% depreciated and Business-type assets were 32% depreciated, which means over half of the assets' useful lives remained.
- Provisions are made to replace capital assets in the City's five-year Capital Improvements Program, which spreads capital costs over multiple years and ensures continuity of services.

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The only significant changes are in BTA Construction in Progress and Improvements, which relate to wastewater, including the "middle plant" project. Capital asset information is included in Note IV.C.

| | Government-wide Activities (\$ millions) | | | | | |
|------------------------------------|---|-------------|----------------------|-------------|--------------|-------------|
| | Governmental | | Business-type | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| <u>Capital Assets</u> | | | | | | |
| Land | \$ 28 | \$ 28 | \$ 3 | \$ 3 | \$ 31 | \$ 31 |
| Construction in progress | 34 | 11 | 20 | 75 | 54 | 103 |
| Buildings and improvements | 82 | 82 | 16 | 16 | 98 | 98 |
| Improvements other than buildings | 94 | 93 | 203 | 206 | 298 | 290 |
| Machinery and equipment | 52 | 47 | 93 | 32 | 145 | 79 |
| Intangibles | 1 | 4 | - | 1 | 2 | 5 |
| Right-to-use-assets | 3 | 3 | - | - | - | - |
| Subscription based IT arrangements | 4 | - | 1 | - | 5 | - |
| Total capital assets | 300 | 269 | 336 | 332 | 633 | 606 |
| Less accumulated depreciation | (122) | (113) | (108) | (105) | (230) | (217) |
| Net capital assets | \$ 179 | \$ 156 | \$ 227 | \$ 228 | \$ 406 | \$ 384 |

Long-term Debt. The cornerstone of the City's strong financial condition is its conservative debt policy. Details on long-term debt are included in Note IV.G. The following table summarizes all long-term debt.

| | Activities (\$ millions) | | | | | |
|---|---------------------------------|-------------|----------------------|-------------|--------------|-------------|
| | Governmental | | Business-type | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| <u>Long-term Debt</u> | | | | | | |
| ERP System loan | \$ 1.0 | \$ 1.5 | \$ - | \$ - | \$ 1.0 | \$ 1.5 |
| City Hall Bond Issuance | 50.1 | 61.8 | - | - | 50.1 | 61.8 |
| Wastewater Infrastructure loan | - | - | 121.5 | 118.1 | 121.5 | 118.1 |
| Total loans and bonds | 51.1 | 63.3 | 121.5 | 118.1 | 172.6 | 181.4 |
| Police & fire pension unfunded liability | 60.7 | 24.6 | - | - | 60.7 | 24.6 |
| Compensated absences (vacation) | 3.2 | 3.2 | 0.6 | 0.6 | 3.8 | 3.8 |
| Other post-employment benefits (health) | 13.5 | 16.1 | 2.9 | 3.6 | 16.4 | 19.7 |
| Other long-term liabilities (risk claims) | 3.4 | 2.1 | - | - | 3.4 | 2.1 |
| Total long-term debt | \$ 131.9 | \$ 109.3 | \$ 125.0 | \$ 122.3 | \$ 256.9 | \$ 231.6 |

The City uses a pay-as-you-go strategy for most recurring capital purchases and purchases are staggered between years to smooth costs. For example, 25 police cars are purchased annually rather than financing 125 police cars for five years. Exceptions include a 26-passenger recreation van, golf carts, and police body and car cameras, which are leased to enhance customers' experiences and to eliminate repairs and maintenance.

Keys to the City's responsible long-term borrowing include:

- Long-term debt should not be used to pay for short-term costs.
- Financed assets should last at least as long as related debt.
- Some borrowing capacity should be reserved for future unexpected needs, and
- Debt payments should be affordable (serviceable), both currently and in the future.

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Debt pros:

- Debt allocates the cost of large, long-lived capital assets among present and future customers/taxpayers who will benefit from their use.
- Debt smooths payments that would otherwise require large one-time revenue/rate increases.
- Not borrowing may jeopardize public health and safety and result in higher future costs.

Debt cons:

- Debt creates fixed payments for future taxpayers and customers that reduces financial flexibility.
- Debt reduces future borrowing capacity for emergencies or to seize opportunities.
- Debt reduces the ability for future taxpayers and customers to spend resources as they see fit.
- In January 2022, the City issued \$62 million of 30-year revenue bonds with an average interest rate of 2.6% to fund a new City Hall (\$58 million) and Parks Administration Complex. Annual debt service of \$3 million will be paid mostly by the General Fund, partly by the CRA Fund (\$5 million) and by rental fees from the retail portion of City Hall, which will be called Horizon West Bay. This is the largest Governmental debt issuance the City has ever completed.
 - After issuing the debt during a time of inflation, final estimated costs to complete the complex came back higher than the amount borrowed. The City plans to issue additional debt for the amount still needed to complete the complex.
[New Downtown City Hall \(largo.com\)](https://www.largo.com)
- Business-type debt was issued for construction of wastewater projects. The Wastewater system is the only enterprise fund with long-term debt, excluding OPEB and compensated absences.
- Wastewater debt was taken through the Florida Department of Environmental Protection (DEP) for projects that expanded and improved the collection system, disinfection system, head-works and all three treatment trains. Loan draws are taken after payments are made, which reduces interest. The final \$140 million cost of these projects will more than double the system's capital assets.
 - The average interest rate on the State DEP wastewater loans is less than 1%, which will produce at least \$25 million of net interest savings over conventional borrowing.
- An additional \$9.4 million in a bank loan was issued during FY23 to fund wastewater capital projects to reduce inflow and infiltration into the wastewater system. This debt is payable over a 20 year period with an interest rate of 4.27%.

Another indicator of the City's sound debt policy is debt outstanding compared to the depreciated value (book value) of capital assets.

- The following table shows the percentages of capital assets that are financed.
- Less than 29% of current Governmental capital assets are financed, which increases debt capacity.
- Business-type capital assets financed (wastewater) is higher than Governmental type, but is still

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2023

reasonable (approximately 50% in both years) and is fully paid by wastewater user fees.

| | Capital Assets (\$ millions) | | | | | |
|--------------------------|-------------------------------------|-------------|----------------------|-------------|--------------|-------------|
| | Governmental | | Business-type | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net capital assets (NCA) | \$ 178.7 | \$ 156.7 | \$ 226.9 | \$ 228.3 | \$ 405.6 | \$ 385.0 |
| Less related debt | (50.4) | (24.1) | (130.9) | (120.2) | (181.3) | (144.3) |
| Net Investment in NCA | \$ 128.3 | \$ 132.6 | \$ 96.0 | \$ 108.1 | \$ 224.3 | \$ 240.7 |
| Portion of NCA financed | 28.2% | 15.4% | 58% | 53% | 45% | 37% |

Other Long-term Liabilities

Compensated Absences.

- Employees earn vacation leave; therefore, long-term liabilities are recorded for unused vacation leave in the government-wide statements and proprietary fund statements (full accrual).
- Assignments of fund balance are recorded in governmental funds for earned vacation leave, because long-term liabilities cannot be recorded in governmental funds (modified accrual).
- Unused sick leave is not owed at separation; therefore, no liabilities or assignments are recorded.

Other Post-employment Benefit Liabilities (OPEB). The "Other" refers to other than pension liabilities.

The City does not pay any portion of retiree healthcare insurance costs; however, under state law, retirees are allowed to remain on the City's health plan and pay the same premiums charged to current employees, which results in an "implicit" premium cost subsidy to the City under GASB standards.

The OPEB implicit subsidy is an actuarial estimate of the increased costs related to retirees that are above the normal costs for regular employees. The implicit subsidy is recorded as a long-term liability in the government-wide statements and in the proprietary fund statements (full accrual).

The OPEB liability is not funded, because payments are not made into the health plan on behalf of retirees. Most governments only fund "explicit" OPEB liabilities where payments are being made. The OPEB liability decreased in FY23, due the amortization of deferred inflows and outflows.

Risk Claims (Risk Fund).

Risk claim liabilities decreased \$1.3 million from the prior year, or almost 62% based on outstanding legal cases and workers compensation claims at year end. Claims liability activity is highly variable because it is based on specific and often unique incidents, which makes projecting liabilities difficult.

Pension Liabilities.

Most government pension plans have been underfunded since the Great Recession, including Largo's.

- Higher net pension liabilities have been created by lower investment earnings and lower projected earnings, which has been experienced by most pension plans throughout the country.
- A year before the Great Recession, the median pension plan funded ratio was 92% for state plans and 97% for local government plans, according to Wilshire Funding Studies.
- Average funded ratios fell to 68% for states and 72% for local governments by 2016.

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As shown in the table below, the funded ratio trend has been essentially flat over the past ten years, which means little progress has been made to reduce the under-funding since 2013.

| Actuarial Report Date October 1 | Actuarial Funding Method Funded Ratio | Surplus (Deficit) \$ millions | City's Annual Required Contribution | |
|------------------------------------|--|----------------------------------|--|----------|
| | | | \$ millions | % of pay |
| 1999 ¹ | 123% | \$ 10 | \$ 0 | 0% |
| 2011 ² | 59% | \$ (53) | \$ 5.1 | 37% |
| Last Ten Years | | | | |
| 2012 | 67% | \$ (44) | \$ 3.8 | 32% |
| 2013 | 74% | \$ (35) | \$ 3.8 | 29% |
| 2014 | 78% | \$ (32) | \$ 3.5 | 27% |
| 2015 | 74% | \$ (39) | \$ 4.1 | 30% |
| 2016 | 71% | \$ (48) | \$ 5.0 | 32% |
| 2017 | 75% | \$ (41) | \$ 4.8 | 29% |
| 2018 | 79% | \$ (37) | \$ 4.9 | 28% |
| 2019 | 77% | \$ (42) | \$ 5.3 | 30% |
| 2020 | 77% | \$ (45) | \$ 5.6 | 31% |
| 2021 | 78% | \$ (45) | \$ 6.0 | 30% |
| 2022 | 77% | \$ (49) | \$ 6.5 | 31% |

(1) Highest Funded Ratio and Lowest Required City Contribution since 1992

(2) Lowest Funded Ratio since 1992

Police officers and firefighters are the only City employees who participate in a defined benefit pension plan.

Most of the decline in the funded ratio is due to lower actual and projected investment earnings, especially from fixed income investments, which have experienced historically low returns for the past decade.

- Over time, the plan's actuarial investment return assumption was reduced from 8.33% to 7.5% to 6.5% to reflect the most likely average rate of return, which is occurring in all pension plans nationwide.
- A lower investment return assumption increases the City's annual contribution to the plan.

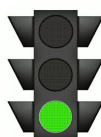
Other changes that have increased pension costs include:

- Negotiated benefit reductions in FY13 in response to the Great Recession were reinstated for firefighters in FY19 due to competitive pressures that were affecting recruitment and retention
- The State enacted additional mandatory firefighter "presumption" benefits
- Lengthening retirees' life expectancy in accordance with improved mortality experience has increased the projected number of years benefit payments are received in retirement

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

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Largo's Pension Board has proactively adopted recommended actuarial assumption changes; therefore, the pension Plan's net pension liability is more realistic compared to plans that have been slower to adopt recommended changes.

The funded ratio trend helps to determine if progress is being made toward fully funding the Plan.

- It's normal for an unfunded pension liability or a surplus to fluctuate year-to-year; however, the long-term goal of all pension plans is to reach a 100% funded ratio (assets = liabilities)
- A 100% funded ratio means the pension costs of employee services have been covered by the taxpayers who benefited from receiving the services, which is equitable
- Carrying an unfunded liability long-term means that future taxpayers must pay for past service costs which did not benefit them, unless investment returns are higher than expected

Since the annual Actuarial Valuation Report is normally issued after the ACFR is issued, the City has elected to report information from the immediately prior Valuation Report, as allowed by the GASB.

Additional pension information is in Note V.C and in Required Supplementary Information after the Notes. Note that while the Unfunded Pension Liability increases or decreases annually, the Pension Liability moves consistently upward. A summary of the City's pension assets and pension liability follows.

Police Officers & Firefighters Pension Plan Information Based on Plan Funding Method (Non-GASB #67) (\$ millions)

| Actuarial Valuation Date October 1 | Pension Assets | Pension Liability | Unfunded Pension Liability |
|---------------------------------------|----------------|-------------------|----------------------------|
| 2022 | \$ 165 | \$ 214 | \$ 49 |
| 2021 | \$ 159 | \$ 204 | \$ 45 |
| 2020 | \$ 148 | \$ 193 | \$ 45 |
| 2019 | \$ 141 | \$ 183 | \$ 42 |
| 2018 | \$ 138 | \$ 176 | \$ 38 |
| 2017 | \$ 127 | \$ 168 | \$ 41 |
| 2016 | \$ 114 | \$ 162 | \$ 48 |

Pension funding levels.

According to the American Academy of Actuaries (AAA):

- No single funding level should be used as a line between financially healthy and unhealthy plans.
- A funded ratio's long-term trend is as important as the actual ratio, e.g., being at an 80% funded level and trending upward is better than being at 80% and trending downward.
- Most actuarial funding methods have a 100% long-term funding target.

CITY OF LARGO, FLORIDA

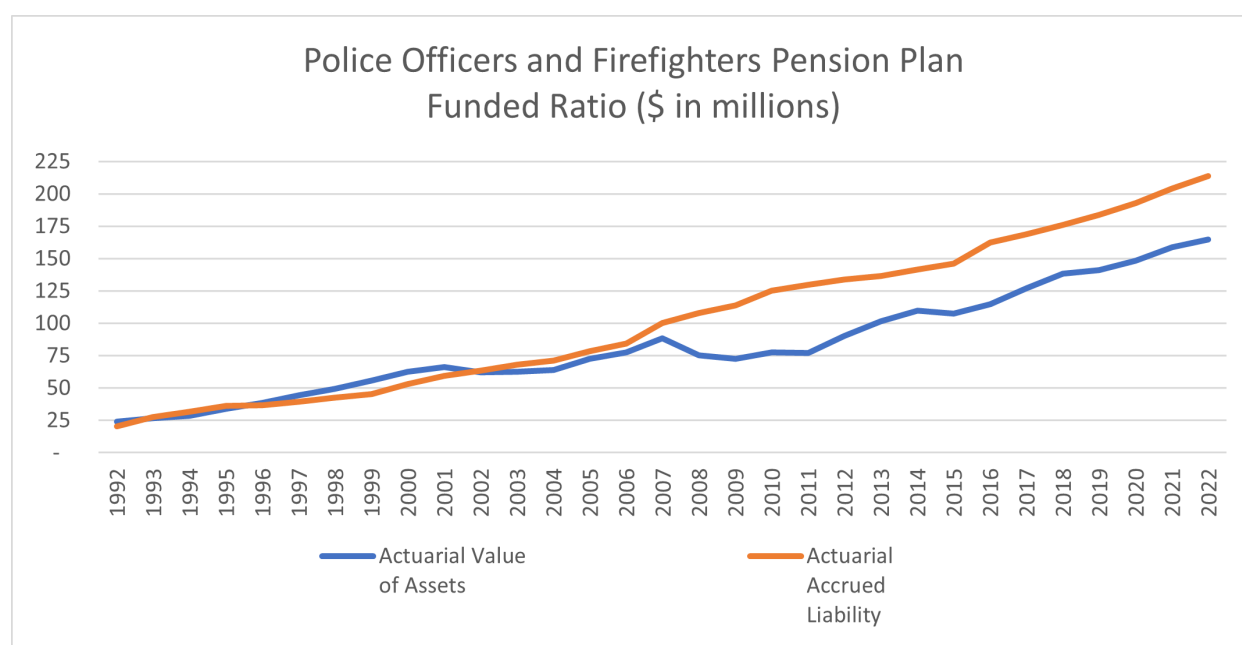
Management's Discussion and Analysis

September 30, 2023

- The financial health of pension plans depends on many factors, including how any pension under-funding compares to a plan sponsor's financial resources.
- An 80% funded ratio **should not** be used to determine a plan's financial health.

As depicted below, the Plan was well funded until 2002, including several years when the plan was over-funded (assets exceeded liabilities).

- The plan remained slightly underfunded from 2003 until 2007, (liabilities exceeded assets), largely because of lower investment earnings for pension plans nationwide.
- Since 2002, the Plan has never been fully funded for the reasons mentioned previously.



Unfunded Pension Liability Impact

- If the pension plan was 100% funded, the City's annual cost (called the normal cost) would be about \$3.5 million or 17.0% of pay instead of \$6.5 million or 30.6% of pay.
- An unfunded liability transfers pension costs for past services rendered by employees to future taxpayers who do not directly benefit from the services that were provided, which creates what is commonly called inter-generational inequity (dis-equity between taxpayers).

ECONOMIC CONDITIONS, NEXT YEAR'S BUDGET AND NEXT YEAR'S RATES (FEES)

Economic Conditions. The City is cautiously optimistic about future conditions, excluding any impact from the Covid-19 pandemic. The housing market remains strong and unemployment is relatively low.

Next Year's Budget and Rates. Factors above were considered in preparing the FY22 budget.

- The FY24 property tax rate (millage rate) was kept constant at 5.52 mills from FY23, which was above the "rolled-back" rate; therefore, the rate generated a "tax increase" according to state law.

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Management's Discussion and Analysis

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- The FY24 millage rate, plus growth in taxable values including new construction and annexations, are projected to generate an additional \$4.1 million above FY23.
- The FY24 millage rate remains beneath the statutory cap of 10 mills, as well as being competitive.

Long-term Projections. Most tax rates are at their maximum levies, except property taxes, so growth in most tax revenue is dependent on tax base growth. The Legislature and Governor continue to push for lower taxes and revenue restrictions, even though Florida's tax burden is among the lowest of all states.

Service levels and delivery methods are continually reviewed to determine if services can be provided more efficiently or should be eliminated. The City will be challenged to control salary increases in an tight labor market for the foreseeable future. Most fund balances are projected to remain adequate and the City has maintained or replaced its facilities and infrastructure.

The City's largest assets are its employees and the City's ongoing High Performance Organization (HPO) initiative seeks to engage employees at every level to develop a culture of excellence that will improve financial and non-financial results by focusing on what matters most to the City organization and the Largo community. HPO is resulting in more streamlined business processes, better decision making, clearer communication, more collaboration and an overall improvement in employee morale.

The City's workforce is well trained and productive and the City was recognized as a US *Top Workplace*, including scoring in the top 5% for supportive managers. With a highly-engaged and motivated workforce, the City will continue to work diligently toward achieving its vision of becoming *The Community of Choice in Tampa Bay, Naturally.*

ADDITIONAL INFORMATION

Additional financial information is available on the City's website, at: www.largo.com, including the Annual Budget, Long- term Financial Plan & Capital Improvements Program. Telephone inquiries may be directed to the Finance Director at (727) 587-6747. Written requests for information may be addressed to the Finance Director, PO Box 296, Largo, FL 33779-0296 or may be emailed to: financedirector@largo.com.

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BASIC FINANCIAL STATEMENTS

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CITY OF LARGO, FLORIDA
Statement of Net Position
September 30, 2023

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Cash and investments | \$ 147,037,615 | \$ 40,169,849 | \$ 187,207,464 |
| Receivables: | | | |
| Taxes | 2,360,096 | 1,113 | 2,361,209 |
| Interest | 369,676 | 247,564 | 617,240 |
| Accounts, net | 2,063,524 | 7,791,923 | 9,855,447 |
| Intergovernmental | 2,769,727 | 1,378 | 2,771,105 |
| Prepaid items and inventories | 1,629,725 | 796,605 | 2,426,330 |
| Restricted cash and investments | - | 9,150,311 | 9,150,311 |
| Other assets | 1,048,645 | - | 1,048,645 |
| Notes and loans receivable | 11,880,892 | - | 11,880,892 |
| Capital assets, net: | | | |
| Land | 28,247,186 | 2,824,038 | 31,071,224 |
| Building and improvements | 45,131,427 | 12,551,100 | 57,682,527 |
| Improvements other than building | 46,426,833 | 117,378,566 | 163,805,399 |
| Machinery and equipment | 18,222,512 | 74,203,598 | 92,426,110 |
| Intangible assets | 205,112 | 175,666 | 380,778 |
| Right-to-use leased assets | 2,432,335 | 110,065 | 2,542,400 |
| Right-to-use subscription assets | 3,559,421 | 630,489 | 4,189,910 |
| Construction in progress | 34,478,773 | 19,702,873 | 54,181,646 |
| Total assets | 347,863,499 | 285,735,138 | 633,598,637 |
| Deferred outflows of resources | | | |
| Pension contributions paid subsequent to the measurement date | 7,464,424 | - | 7,464,424 |
| Deferred outflows - pension plan | 21,992,127 | - | 21,992,127 |
| Deferred outflows - OPEB | 4,498,136 | 981,125 | 5,479,261 |
| Deferred outflows - arbitrage | 532,095 | - | 532,095 |
| Total deferred outflows of resources | 34,486,782 | 981,125 | 35,467,907 |
| Liabilities | | | |
| Accounts and accrued interest payable | 6,430,703 | 2,421,097 | 8,851,800 |
| Accrued payroll and vacation | 2,771,834 | 249,246 | 3,021,080 |
| Due to other governments | 57,714 | - | 57,714 |
| Unearned revenue and deposits | 16,004,763 | 62,145 | 16,066,908 |
| Noncurrent liabilities: | | | |
| Due within one year | 6,516,836 | 8,559,815 | 15,076,651 |
| Due in more than one year | 66,587,427 | 123,284,235 | 189,871,662 |
| Net pension liability | 60,674,208 | - | 60,674,208 |
| OPEB liability | 13,010,085 | 2,837,735 | 15,847,820 |
| Total liabilities | 172,053,570 | 137,414,273 | 309,467,843 |
| Deferred inflows of resources | | | |
| Business tax collected in advance | 431,223 | - | 431,223 |
| Deferred inflows - OPEB | 7,715,366 | 1,682,860 | 9,398,226 |
| Deferred inflows - Lease | 68,525 | - | 68,525 |
| Total deferred inflows of resources | 8,215,114 | 1,682,860 | 9,897,974 |
| Net position | | | |
| Net investment in capital assets | 128,297,577 | 95,966,578 | 224,264,155 |
| Restricted for: | | | |
| Wastewater purposes | - | 9,793,414 | 9,793,414 |
| Capital funded by local sales tax | 29,887,984 | - | 29,887,984 |
| Economic development | 18,479,718 | - | 18,479,718 |
| Public works | 12,542,022 | - | 12,542,022 |
| Recreation, parks, arts, public safety | 5,370,708 | - | 5,370,708 |
| Unrestricted | 7,503,588 | 41,859,138 | 49,362,726 |
| Total net position | \$ 202,081,597 | \$ 147,619,130 | \$ 349,700,727 |

The notes to the financial statements are an integral part of this statement.

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CITY OF LARGO, FLORIDA
Statement of Activities
Fiscal Year Ended September 30, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue Changes in Net Position | | |
|-------------------------------------|----------------|-------------------------|--|--|--|-----------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 12,260,091 | \$ 5,079,870 | \$ 3,175,530 | \$ - | \$ (4,004,691) | \$ - | \$ (4,004,691) |
| Public safety | 61,108,228 | 16,503,178 | 2,255,256 | - | (42,349,794) | - | (42,349,794) |
| Public works | 14,562,269 | 7,932,821 | 23,804 | - | (6,605,644) | - | (6,605,644) |
| Economic development | 9,232,546 | 4,505,480 | 2,814,706 | 766,800 | (1,145,560) | - | (1,145,560) |
| Culture and recreation | 20,425,171 | 5,331,886 | 286,535 | 31,254 | (14,775,496) | - | (14,775,496) |
| Interest and fees | 3,550,676 | - | - | - | (3,550,676) | - | (3,550,676) |
| Total governmental activities | 121,138,981 | 39,353,235 | 8,555,831 | 798,054 | (72,431,861) | - | (72,431,861) |
| Business-Type Activities | | | | | | | |
| Wastewater | 26,132,196 | 30,808,177 | 76,406 | 460,468 | - | 5,212,855 | 5,212,855 |
| Solid Waste | 16,122,038 | 15,516,754 | 95,758 | - | - | (509,526) | (509,526) |
| Golf Course | 1,324,118 | 1,643,798 | 890 | - | - | 320,570 | 320,570 |
| Total Business-Type Activities | 43,578,352 | 47,968,729 | 173,054 | 460,468 | - | 5,023,899 | 5,023,899 |
| Total primary government | \$ 164,717,333 | \$ 87,321,964 | \$ 8,728,885 | \$ 1,258,522 | (72,431,861) | 5,023,899 | (67,407,962) |
| General revenues: | | | | | | | |
| Property tax | | | | | 36,061,314 | - | 36,061,314 |
| Utility tax | | | | | 11,251,357 | - | 11,251,357 |
| Sales tax | | | | | 13,296,880 | - | 13,296,880 |
| Communication services tax | | | | | 3,061,647 | - | 3,061,647 |
| Franchise taxes | | | | | 7,663,027 | - | 7,663,027 |
| State shared revenue | | | | | 11,781,225 | - | 11,781,225 |
| Investment earnings | | | | | 5,316,084 | 1,785,957 | 7,102,041 |
| Miscellaneous | | | | | 771,809 | 442,025 | 1,213,834 |
| Gain (loss) on disposal of property | | | | | (135,793) | 791,877 | 656,084 |
| Total general revenues | | | | | 89,067,550 | 3,019,859 | 92,087,409 |
| Change in net position | | | | | 16,635,689 | 8,043,758 | 24,679,447 |
| Net position - beginning | | | | | 185,445,908 | 139,575,372 | 325,021,280 |
| Net position - ending | | | | | \$ 202,081,597 | \$ 147,619,130 | \$ 349,700,727 |

CITY OF LARGO, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2023

| | <u>General</u> | <u>Local Option Sales Tax</u> | <u>SHIP</u> |
|--|----------------------|-----------------------------------|---------------------|
| Assets | | | |
| Cash and investments | \$ 31,793,778 | \$ 28,769,911 | \$ 1,192,387 |
| Accrued interest | 103,264 | 90,258 | 3,886 |
| Receivables: | | | |
| Taxes | 2,360,096 | - | - |
| Accounts, billed | 351,990 | - | - |
| Accounts, unbilled | - | - | - |
| Special assessments | - | - | - |
| Due from other governments | 630,234 | 1,379,571 | - |
| Grants | 230,000 | - | - |
| Other | 63,271 | - | - |
| Due from other funds | 400,563 | 343,000 | - |
| Property held for resale | - | - | - |
| Other assets | 84,760 | - | - |
| Notes and loans receivable | - | - | 6,158,491 |
| Inventories, at cost | 1,634 | - | - |
| Total assets | <u>\$ 36,019,590</u> | <u>\$ 30,582,740</u> | <u>\$ 7,354,764</u> |
| Liabilities, Deferred Inflows and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,352,404 | \$ 694,756 | \$ 10,549 |
| Accrued payroll | 2,655,637 | - | - |
| Due to other governments | 10,299 | - | 511 |
| Due to other funds | - | - | - |
| Deposits | 149,215 | - | 10,500 |
| Unearned revenue | 196,941 | - | - |
| Total liabilities | <u>4,364,496</u> | <u>694,756</u> | <u>21,560</u> |
| Deferred inflows | | | |
| Business tax collected in advance | 431,223 | - | - |
| Unavailable revenue | - | - | 6,158,491 |
| Leases | 68,525 | - | - |
| Total deferred inflows | <u>499,748</u> | <u>-</u> | <u>6,158,491</u> |
| Fund balances: | | | |
| Nonspendable | 501,654 | - | - |
| Restricted | - | 29,887,984 | 1,174,713 |
| Assigned | 11,330,637 | - | - |
| Unassigned | 19,323,055 | - | - |
| Total fund balances | <u>31,155,346</u> | <u>29,887,984</u> | <u>1,174,713</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 36,019,590</u> | <u>\$ 30,582,740</u> | <u>\$ 7,354,764</u> |

The notes to the financial statements are an integral part of this statement.

| HOME | CDBG | ARPA COVID Relief Fund | City Hall Capital Project | Other Governmental Funds | Total Governmental Funds |
|---------------------|---------------------|------------------------|---------------------------|--------------------------|--------------------------|
| \$ - | \$ - | \$ 10,657,463 | \$ 39,978,368 | \$ 27,787,355 | \$ 140,179,262 |
| - | - | 35,864 | - | 117,311 | 350,583 |
| - | - | - | - | - | 2,360,096 |
| 197,074 | - | - | - | 824,991 | 1,374,055 |
| - | - | - | - | 658,411 | 658,411 |
| - | - | - | - | 5,744 | 5,744 |
| - | 112,020 | - | - | 93,347 | 2,215,172 |
| - | 313,055 | - | - | 11,500 | 554,555 |
| - | - | - | - | - | 63,271 |
| - | - | - | - | 189,000 | 932,563 |
| - | - | - | - | 979,669 | 979,669 |
| - | - | - | - | - | 84,760 |
| 3,269,135 | 1,757,976 | - | - | 695,290 | 11,880,892 |
| - | - | - | - | - | 1,634 |
| <u>\$ 3,466,209</u> | <u>\$ 2,183,051</u> | <u>\$ 10,693,327</u> | <u>\$ 39,978,368</u> | <u>\$ 31,362,618</u> | <u>\$ 161,640,667</u> |
| \$ 26,503 | \$ 138,744 | \$ 158,468 | \$ 2,692,759 | \$ 684,236 | \$ 5,758,419 |
| - | 9,435 | 4,073 | - | 74,285 | 2,743,430 |
| 40,094 | 6,810 | - | - | - | 57,714 |
| 130,477 | 270,086 | - | - | 532,000 | 932,563 |
| - | - | - | - | - | 159,715 |
| 3,269,135 | 1,757,976 | 10,530,786 | - | 274,213 | 16,029,051 |
| <u>3,466,209</u> | <u>2,183,051</u> | <u>10,693,327</u> | <u>2,692,759</u> | <u>1,564,734</u> | <u>25,680,892</u> |
| - | - | - | - | - | 431,223 |
| - | - | - | - | 455,866 | 6,614,357 |
| - | - | - | - | - | 68,525 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>455,866</u> | <u>7,114,105</u> |
| - | - | - | - | 979,669 | 1,481,323 |
| - | - | - | 37,285,609 | 28,271,532 | 96,619,838 |
| - | - | - | - | 90,817 | 11,421,454 |
| - | - | - | - | - | 19,323,055 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>37,285,609</u> | <u>29,342,018</u> | <u>128,845,670</u> |
| <u>\$ 3,466,209</u> | <u>\$ 2,183,051</u> | <u>\$ 10,693,327</u> | <u>\$ 39,978,368</u> | <u>\$ 31,362,618</u> | <u>\$ 161,640,667</u> |

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CITY OF LARGO, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2023

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

| | |
|--|------------------------------|
| Ending fund balance - governmental funds | \$ 128,845,670 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 178,479,761 |
| Internal service funds are used by management to charge the costs of fleet activity and risk costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 4,451,247 |
| Deferred outflows of resources from pension contributions subsequent to measurement date of net pension liability. | 7,464,424 |
| Net deferred outflows (inflows) of resources resulting from net pension liability | 21,992,127 |
| Net deferred outflows (inflows) of resources resulting from net OPEB liability | (3,137,190) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (65,722,550) |
| Long-term liabilities, including compensated absences, other post employment benefits (OPEB) and net pension liability, are not due and payable in the current period and therefore are not reported in the funds. | (76,941,075) |
| Special assessment liens and associated interest receivable are not financial resources in the current period and therefore are reported as deferred revenues in the funds. | 34,826 |
| Unavailable revenue is not a financial resource in the current period and therefore is not reported as such in the funds. | 6,614,357 |
| Net position of governmental activities | <u><u>\$ 202,081,597</u></u> |

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended September 30, 2023

| | <u>General</u> | <u>Local Option Sales Tax</u> | <u>SHIP</u> |
|--|----------------------|-----------------------------------|---------------------|
| Revenues | | | |
| Taxes | \$ 50,215,172 | \$ 12,222,266 | \$ - |
| Licenses, permits and fees | 7,664,567 | - | - |
| Intergovernmental | 14,761,894 | 664,888 | 1,095,411 |
| Charges for services | 21,362,510 | - | - |
| Fines | 513,001 | - | - |
| Interfund charges | 4,889,830 | - | - |
| Contributions and donations | 196,136 | - | - |
| Investment earnings (losses) | 1,410,158 | 650,349 | 37,230 |
| Other | 309,173 | 153,368 | 97,790 |
| Total revenues | <u>101,322,441</u> | <u>13,690,871</u> | <u>1,230,431</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 10,089,079 | - | - |
| Public safety | 55,235,806 | - | - |
| Public works | 5,302,820 | - | - |
| Economic development | 4,597,851 | - | 1,944,533 |
| Culture and recreation | 17,056,385 | - | - |
| Capital outlay | 4,255,615 | 4,974,809 | - |
| Debt service: | | | |
| Principal | 766,062 | 131,539 | - |
| Interest | 94,329 | 25,520 | - |
| Total expenditures | <u>97,397,947</u> | <u>5,131,868</u> | <u>1,944,533</u> |
| Excess (deficiency) of revenues over (under) expenditures | 3,924,494 | 8,559,003 | (714,102) |
| Other Financing Sources/(Uses) | | | |
| Transfers in | 423,937 | - | - |
| Transfers out | (2,683,500) | - | - |
| Lease financing | 1,651,758 | - | - |
| Sale of capital assets | 53,173 | 86,705 | - |
| Net other financing sources (uses) | <u>(554,632)</u> | <u>86,705</u> | <u>-</u> |
| Net change in fund balances | 3,369,862 | 8,645,708 | (714,102) |
| Fund balance - beginning | <u>27,785,484</u> | <u>21,242,276</u> | <u>1,888,815</u> |
| Fund balance - ending | <u>\$ 31,155,346</u> | <u>\$ 29,887,984</u> | <u>\$ 1,174,713</u> |

The notes to the financial statements are an integral part of this statement.

| <u>HOME</u> | <u>CDBG</u> | <u>ARPA COVID Relief Fund</u> | <u>City Hall Capital Project</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----------------|------------------|-------------------------------|----------------------------------|---------------------------------|---------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 875,822 | \$ 63,313,260 |
| - | - | - | - | 3,206,049 | 10,870,616 |
| 265,132 | 1,508,394 | 2,299,720 | - | 1,886,012 | 22,481,451 |
| - | - | - | - | 8,003,125 | 29,365,635 |
| - | - | - | - | 158,163 | 671,164 |
| - | - | - | - | - | 4,889,830 |
| - | - | - | - | 111,847 | 307,983 |
| - | 9,930 | - | 2,305,022 | 743,523 | 5,156,212 |
| - | 202,468 | - | - | 94,917 | 857,716 |
| <u>265,132</u> | <u>1,720,792</u> | <u>2,299,720</u> | <u>2,305,022</u> | <u>15,079,458</u> | <u>137,913,867</u> |
| - | - | 1,769,867 | - | 165 | 11,859,111 |
| - | - | 48,742 | - | 20,430 | 55,304,978 |
| - | - | - | - | 5,326,328 | 10,629,148 |
| 265,132 | 1,259,131 | 18,041 | - | 2,787,016 | 10,871,704 |
| - | - | - | - | 137,342 | 17,193,727 |
| - | 461,661 | 463,070 | 19,425,014 | 4,419,455 | 33,999,624 |
| - | - | - | - | 1,593,935 | 2,491,536 |
| - | - | - | - | 2,061,301 | 2,181,150 |
| <u>265,132</u> | <u>1,720,792</u> | <u>2,299,720</u> | <u>19,425,014</u> | <u>16,345,972</u> | <u>144,530,978</u> |
| - | - | - | (17,119,992) | (1,266,514) | (6,617,111) |
| - | - | - | - | 3,713,570 | 4,137,507 |
| - | - | - | - | (1,454,007) | (4,137,507) |
| - | - | - | - | 482,572 | 2,134,330 |
| - | - | - | - | 99,275 | 239,153 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,841,410</u> | <u>2,373,483</u> |
| - | - | - | (17,119,992) | 1,574,896 | (4,243,628) |
| - | - | - | 54,405,601 | 27,767,122 | 133,089,298 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 37,285,609</u> | <u>\$ 29,342,018</u> | <u>\$ 128,845,670</u> |

CITY OF LARGO, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Fiscal Year Ended September 30, 2023

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

| | |
|--|----------------------|
| Net change in fund balances - total governmental funds | \$ (4,243,628) |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeds depreciation expense. | 22,398,375 |
| In the statement of Activities, only the loss/gain on the sale/disposal of capital assets is reported. The change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed or adjusted in value. | (400,511) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The net effect of revenue accruals may increase or decrease net position. | (859,000) |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction is reported on the government-wide financial statements. | 2,526,169 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, such as changes in accrued interest, changes in accrued vacation, other post-employment benefits and changes in net pension liability and any related deferred inflows/outflows. | (3,497,342) |
| Internal service funds are used by management to charge the costs of fleet management and risk activities to individual funds. The net revenues or loss of certain activities of the internal service funds are reported with governmental activities. | <u>711,626</u> |
| Change in net position of governmental activities (statement of activities) | <u>\$ 16,635,689</u> |

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
Fiscal Year Ended September 30, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|-------------------------|----------------------|---|
| REVENUES | | | | |
| Taxes | \$ 48,921,900 | \$ 48,921,900 | \$ 50,215,172 | \$ 1,293,272 |
| Licenses, permits and fees | 6,913,300 | 6,913,300 | 7,664,567 | 751,267 |
| Intergovernmental | 14,450,900 | 14,450,900 | 14,761,894 | 310,994 |
| Charges for services | 19,677,400 | 20,157,400 | 21,362,510 | 1,205,110 |
| Fines | 756,500 | 756,500 | 513,001 | (243,499) |
| Interfund charges | 4,887,600 | 4,887,600 | 4,889,830 | 2,230 |
| Contributions and donations | 157,700 | 157,700 | 196,136 | 38,436 |
| Investment earnings (losses) | 54,000 | 54,000 | 1,410,158 | 1,356,158 |
| Other | 272,600 | 272,600 | 309,173 | 36,573 |
| Total revenues | <u>96,091,900</u> | <u>96,571,900</u> | <u>101,322,441</u> | <u>4,750,541</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 11,175,400 | 11,753,672 | 10,089,079 | 1,664,593 |
| Public safety | 56,525,100 | 57,921,042 | 55,235,806 | 2,685,236 |
| Public works | 5,562,600 | 5,879,261 | 5,302,820 | 576,441 |
| Economic development | 5,625,300 | 5,774,165 | 4,597,851 | 1,176,314 |
| Culture and recreation | 18,036,200 | 18,643,373 | 17,056,385 | 1,586,988 |
| Capital outlay | 2,430,500 | 4,818,976 | 4,255,615 | 563,361 |
| Debt service | | | | |
| Principal | 580,000 | 580,000 | 766,062 | (186,062) |
| Interest | - | - | 94,329 | (94,329) |
| Total expenditures | <u>99,935,100</u> | <u>105,370,489</u> | <u>97,397,947</u> | <u>7,972,542</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,843,200)</u> | <u>(8,798,589)</u> | <u>3,924,494</u> | <u>12,723,083</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 11,400 | 424,000 | 423,937 | (63) |
| Transfers out | (3,536,300) | (3,625,900) | (2,683,500) | 942,400 |
| Lease financing | - | - | 1,651,758 | 1,651,758 |
| Sale of capital assets | - | - | 53,173 | 53,173 |
| Total other financing uses | <u>(3,524,900)</u> | <u>(3,201,900)</u> | <u>(554,632)</u> | <u>2,647,268</u> |
| Net change in fund balance | <u>\$ (7,368,100)</u> | <u>\$ (12,000,489)</u> | <u>3,369,862</u> | <u>\$ 15,370,351</u> |
| Fund Balance - beginning | | | <u>27,785,484</u> | |
| Fund Balance - ending | | | <u>\$ 31,155,346</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Local Option Sales Tax Fund
Fiscal Year Ended September 30, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|-------------------------|----------------------|---|
| REVENUES | | | | |
| Taxes | \$ 12,669,000 | \$ 12,669,000 | \$ 12,222,266 | \$ (446,734) |
| Intergovernmental | 1,065,100 | 1,065,100 | 664,888 | (400,212) |
| Investment earnings (losses) | 18,000 | 18,000 | 650,349 | 632,349 |
| Other | 100,000 | 100,000 | 153,368 | 53,368 |
| Total revenues | <u>13,852,100</u> | <u>13,852,100</u> | <u>13,690,871</u> | <u>(161,229)</u> |
| EXPENDITURES | | | | |
| Public works | - | 77,417 | - | 77,417 |
| Capital outlay | 26,679,600 | 36,941,150 | 4,974,809 | 31,966,341 |
| Debt service: | | | | |
| Principal | - | - | 131,539 | (131,539) |
| Interest | - | - | 25,520 | (25,520) |
| Total expenditures | <u>26,679,600</u> | <u>37,018,567</u> | <u>5,131,868</u> | <u>31,886,699</u> |
| Excess (deficiency) of revenues over (under) expenditures | (12,827,500) | (23,166,467) | 8,559,003 | 31,725,470 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | - | 86,705 | 86,705 |
| Net other financing sources (uses) | - | - | 86,705 | 86,705 |
| Net change in fund balance | <u>\$ (12,827,500)</u> | <u>\$ (23,166,467)</u> | 8,645,708 | <u>\$ 31,812,175</u> |
| Fund Balance - beginning | | | <u>21,242,276</u> | |
| Fund Balance - ending | | | <u>\$ 29,887,984</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
SHIP Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Intergovernmental | \$ 1,295,500 | \$ 1,420,500 | \$ 1,095,411 | \$ (325,089) |
| Investment earnings (losses) | - | - | 37,230 | 37,230 |
| Other | 548,000 | 548,000 | 97,790 | (450,210) |
| Total revenues | <u>1,843,500</u> | <u>1,968,500</u> | <u>1,230,431</u> | <u>(738,069)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic development | 1,843,500 | 2,424,872 | 1,944,533 | 480,339 |
| Total expenditures | <u>1,843,500</u> | <u>2,424,872</u> | <u>1,944,533</u> | <u>480,339</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (456,372)</u> | <u>(714,102)</u> | <u>\$ (257,730)</u> |
| Fund Balance - beginning | | | <u>1,888,815</u> | |
| Fund Balance - ending | | | <u>\$ 1,174,713</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
HOME Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|----------------------------|-------------------------|----------------|---|
| REVENUES | | | | |
| Intergovernmental | \$ 854,200 | \$ 854,200 | \$ 265,132 | \$ (589,068) |
| Total revenues | <u>854,200</u> | <u>854,200</u> | <u>265,132</u> | <u>(589,068)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic development | 854,200 | 859,275 | 265,132 | 594,143 |
| Total expenditures | <u>854,200</u> | <u>859,275</u> | <u>265,132</u> | <u>594,143</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (5,075)</u> | - | <u>\$ 5,075</u> |
| Fund Balance - beginning | | | - | |
| Fund Balance - ending | | | <u>\$ -</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
CDBG Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Intergovernmental | \$ 1,119,100 | \$ 1,199,100 | \$ 1,508,394 | \$ 309,294 |
| Investment earnings (losses) | - | - | 9,930 | 9,930 |
| Other | 280,000 | 280,000 | 202,468 | (77,532) |
| Total revenues | <u>1,399,100</u> | <u>1,479,100</u> | <u>1,720,792</u> | <u>241,692</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic development | 999,100 | 1,699,597 | 1,259,131 | 440,466 |
| Capital outlay | 400,000 | 480,000 | 461,661 | 18,339 |
| Total expenditures | <u>1,399,100</u> | <u>2,179,597</u> | <u>1,720,792</u> | <u>458,805</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (700,497)</u> | - | <u>\$ 700,497</u> |
| Fund Balance - beginning | | | - | |
| Fund Balance - ending | | | <u>\$ -</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
ARPA COVID Relief Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Intergovernmental | \$ 6,480,000 | \$ 6,480,000 | \$ 2,299,720 | \$ (4,180,280) |
| Total revenues | <u>6,480,000</u> | <u>6,480,000</u> | <u>2,299,720</u> | <u>(4,180,280)</u> |
| EXPENDITURES | | | | |
| General government | 3,012,700 | 2,870,060 | 1,769,867 | 1,100,193 |
| Public safety | - | 104,100 | 48,742 | 55,358 |
| Economic development | - | 85,600 | 18,041 | 67,559 |
| Capital outlay | <u>6,742,900</u> | <u>7,563,858</u> | <u>463,070</u> | <u>7,100,788</u> |
| Total expenditures | <u>9,755,600</u> | <u>10,623,618</u> | <u>2,299,720</u> | <u>8,323,898</u> |
| Net change in fund balance | <u>\$ (3,275,600)</u> | <u>\$ (4,143,618)</u> | - | <u>\$ 4,143,618</u> |
| Fund Balance - beginning | | | - | |
| Fund Balance - ending | | | <u>\$ -</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement Net Position
Proprietary Funds
September 30, 2023

| | Business-type Activities-Enterprise Funds | | | | |
|--|--|--------------------------------|---------------------------------|-----------------------|-----------------------------------|
| | Wastewater Utility | Solid Waste Utility | Nonmajor Golf Course | Total | Internal Service Funds |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and investments | \$ 30,404,223 | \$ 7,940,744 | \$ 1,616,566 | \$ 39,961,533 | \$ 7,066,668 |
| Restricted-Cash and investments | 9,150,311 | - | - | 9,150,311 | - |
| Accrued interest receivable | 187,963 | 25,527 | 5,253 | 218,743 | 19,094 |
| Restricted-Accrued interest receivable | 28,821 | - | - | 28,821 | - |
| Accounts receivable, billed, net | 2,571,744 | 1,519,996 | 1,259 | 4,092,999 | 2,895 |
| Accounts receivable, unbilled, net | 2,783,122 | 916,915 | - | 3,700,037 | - |
| Other receivables | 1,378 | - | - | 1,378 | 28,089 |
| Inventories, at cost | 794,605 | - | - | 794,605 | 308,505 |
| Other assets | - | - | 2,000 | 2,000 | 1,234,826 |
| Total current assets | 45,922,167 | 10,403,182 | 1,625,078 | 57,950,427 | 8,660,077 |
| Noncurrent assets | | | | | |
| Capital assets | | | | | |
| Land and improvements | 1,573,206 | 375,000 | 875,832 | 2,824,038 | - |
| Buildings and improvements | 14,229,079 | 402,726 | 1,125,871 | 15,757,676 | - |
| Improvements other than buildings | 201,259,247 | 60,057 | 2,019,839 | 203,339,143 | 78,292 |
| Machinery and equipment | 76,807,097 | 15,594,340 | 565,514 | 92,966,951 | 465,802 |
| Intangible assets | 224,528 | 98,557 | - | 323,085 | 13,784 |
| Right-to-use assets | - | - | 123,823 | 123,823 | - |
| Subscription based IT arrangements | 396,301 | 385,369 | - | 781,670 | - |
| Less accumulated depreciation | (94,688,687) | (10,161,539) | (3,392,638) | (108,242,864) | (428,650) |
| Construction in progress | 19,702,873 | - | - | 19,702,873 | 94,610 |
| Capital assets, net | 219,503,644 | 6,754,510 | 1,318,241 | 227,576,395 | 223,838 |
| Total noncurrent assets | 219,503,644 | 6,754,510 | 1,318,241 | 227,576,395 | 223,838 |
| Total assets | 265,425,811 | 17,157,692 | 2,943,319 | 285,526,822 | 8,883,915 |
| Deferred outflows of resources | | | | | |
| Deferred outflow-OPEB | 582,285 | 342,296 | 56,544 | 981,125 | 111,909 |
| Total deferred outflows of resources | 582,285 | 342,296 | 56,544 | 981,125 | 111,909 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 1,731,950 | 465,381 | 17,207 | 2,214,538 | 343,263 |
| Accrued payroll and vacation | 149,926 | 86,918 | 12,402 | 249,246 | 28,404 |
| Accrued interest payable | 204,697 | 89 | 1,773 | 206,559 | - |
| Long-term debt, current portion | 7,895,930 | 57,729 | 41,593 | 7,995,252 | 12,285 |
| Other | 30,794 | - | - | 30,794 | - |
| Total current liabilities | 10,013,297 | 610,117 | 72,975 | 10,696,389 | 383,952 |
| Noncurrent liabilities | | | | | |
| Unearned revenue | - | - | 31,351 | 31,351 | - |
| Estimated claims and contracts payable | - | - | - | - | 3,350,000 |
| Compensated absences | 325,031 | 213,706 | 25,826 | 564,563 | 64,774 |
| OPEB Liability | 1,684,159 | 990,032 | 163,544 | 2,837,735 | 323,676 |
| Long-term debt | 123,130,512 | 70,898 | 82,825 | 123,284,235 | 21,910 |
| Total noncurrent liabilities | 125,139,702 | 1,274,636 | 303,546 | 126,717,884 | 3,760,360 |
| Total liabilities | 135,152,999 | 1,884,753 | 376,521 | 137,414,273 | 4,144,312 |
| Deferred inflows of resources | | | | | |
| Deferred Inflow - OPEB | 998,756 | 587,118 | 96,986 | 1,682,860 | 191,949 |
| Total deferred inflows of resources | 998,756 | 587,118 | 96,986 | 1,682,860 | 191,949 |
| Net Position | | | | | |
| Net investment in capital assets | 88,204,877 | 6,554,962 | 1,206,739 | 95,966,578 | 223,838 |
| Restricted for wastewater connection purposes | 9,793,414 | - | - | 9,793,414 | - |
| Unrestricted | 31,858,050 | 8,473,155 | 1,319,617 | 41,650,822 | 4,435,725 |
| Total net position | \$ 129,856,341 | \$ 15,028,117 | \$ 2,526,356 | 147,410,814 | \$ 4,659,563 |
| Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds. | | | | 208,316 | |
| NET POSITION BUSINESS-TYPE ACTIVITIES | | | | <u>\$ 147,619,130</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended September 30, 2023

| | Business-type Activities - Enterprise Funds | | | | Internal Service Funds |
|--|--|----------------------------|-----------------------------|-----------------------|-------------------------------|
| | Wastewater Utility | Solid Waste Utility | Nonmajor Golf Course | Total | |
| Operating revenues | | | | | |
| Charges for services | \$ 29,100,328 | \$ 15,516,754 | \$ 1,643,798 | \$ 46,260,880 | \$ 22,317,223 |
| Charges for effluent water | 1,706,471 | - | - | 1,706,471 | - |
| Sales of reclaimed materials | 55,442 | 25,793 | - | 81,235 | - |
| Total operating revenues | 30,862,241 | 15,542,547 | 1,643,798 | 48,048,586 | 22,317,223 |
| Operating expenses | | | | | |
| Personnel services | 7,937,232 | 4,956,653 | 528,059 | 13,421,944 | 1,840,678 |
| Cost of goods sold | - | - | 109,786 | 109,786 | 1,130,197 |
| Contractual services | 724,894 | 4,798,309 | 102,740 | 5,625,943 | 290,662 |
| Supplies | 2,447,572 | 569,556 | 169,197 | 3,186,325 | 97,598 |
| Repairs and maintenance | 1,671,668 | 77,594 | 71,038 | 1,820,300 | 378,801 |
| Utilities | 2,871,740 | 54,934 | 72,429 | 2,999,103 | 14,441 |
| Professional services | 242,318 | 11,157 | 1,459 | 254,934 | 708,193 |
| Fuel | 120,512 | 718,537 | 9,450 | 848,499 | 10,654 |
| Charges by the Fleet Services Fund | 101,063 | 1,228,428 | 2,600 | 1,332,091 | 1,175 |
| Charges by the General Fund | 2,781,272 | 1,402,058 | - | 4,183,330 | 158,400 |
| Charges by the Risk Management Fund | 712,600 | 350,800 | 28,800 | 1,092,200 | 60,800 |
| Depreciation and amortization | 5,625,434 | 1,896,210 | 161,395 | 7,683,039 | 33,905 |
| Claims | - | - | - | - | 2,223,246 |
| Insurance | - | - | - | - | 14,746,480 |
| Other | 327,435 | 71,800 | 68,614 | 467,849 | 54,539 |
| Total operating expenses | 25,563,740 | 16,136,036 | 1,325,567 | 43,025,343 | 21,749,769 |
| Operating income or (loss) | 5,298,501 | (593,489) | 318,231 | 5,023,243 | 567,454 |
| Nonoperating revenues (expenses) | | | | | |
| Investment earnings (losses) | 1,559,920 | 188,178 | 39,237 | 1,787,335 | 159,382 |
| Interest expense | (627,963) | (1,139) | (7,345) | (636,447) | - |
| Gain or loss on disposal of capital assets | 213,458 | 605,075 | (26,656) | 791,877 | - |
| Grants | 76,406 | 95,758 | 890 | 173,054 | 8,594 |
| Lawsuit settlement proceeds | 307,000 | - | - | 307,000 | 26,250 |
| Debt service costs | (155,260) | - | - | (155,260) | - |
| Other | 33,503 | 19,668 | 619 | 53,790 | 188,644 |
| Net non-operating revenues (expenses) | 1,407,064 | 907,540 | 6,745 | 2,321,349 | 382,870 |
| Income or (loss) before transfers and contributions | 6,705,565 | 314,051 | 324,976 | 7,344,592 | 950,324 |
| Transfers and contributions | | | | | |
| Capital contributions - impact fees | 460,468 | - | - | 460,468 | - |
| Total transfers and contributions | 460,468 | - | - | 460,468 | - |
| Change in net position | 7,166,033 | 314,051 | 324,976 | 7,805,060 | 950,324 |
| Total net position - beginning | 122,690,308 | 14,714,066 | 2,201,380 | 139,605,754 | 3,709,239 |
| Total net position - ending | <u>\$ 129,856,341</u> | <u>\$ 15,028,117</u> | <u>\$ 2,526,356</u> | <u>\$ 147,410,814</u> | <u>\$ 4,659,563</u> |
| Change in Net Position of Proprietary Funds | | | | \$ 7,805,060 | |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | | | | 238,698 | |
| CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES | | | | <u>\$ 8,043,758</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended September 30, 2023

| | Business-type Activities-Enterprise Funds | | | | Internal Service Funds |
|--|---|---------------------|----------------------|----------------------|------------------------|
| | Wastewater Utility | Solid Waste Utility | Nonmajor Golf Course | Total | |
| Operating activities | | | | | |
| Cash received from customers | \$ 33,384,793 | \$ 15,358,495 | \$ 1,736,589 | \$ 50,479,877 | \$ 20,126,793 |
| Cash received from internal departments | - | - | - | - | 3,142,000 |
| Cash paid to employees | (7,967,431) | (4,992,114) | (512,514) | (13,472,059) | (1,853,761) |
| Cash paid to vendors | (13,361,495) | (7,499,252) | (707,185) | (21,567,932) | (19,905,802) |
| Cash paid for internal services | (3,493,872) | (1,752,858) | (28,800) | (5,275,530) | (219,200) |
| Net cash provided by (used in) operating activities | <u>8,561,995</u> | <u>1,114,271</u> | <u>488,090</u> | <u>10,164,356</u> | <u>1,290,030</u> |
| Non-capital and related financing activities | | | | | |
| Cash received from legal proceeds | 307,000 | - | - | 307,000 | 26,250 |
| Cash received from granting agencies | 76,406 | 95,758 | 890 | 173,054 | 8,594 |
| Net cash provided by (used in) non-capital and related financing activities | <u>383,406</u> | <u>95,758</u> | <u>890</u> | <u>480,054</u> | <u>34,844</u> |
| Capital and related financing activities | | | | | |
| Contributed capital and grants | 460,468 | - | - | 460,468 | - |
| Proceeds from issuance of debt | 17,162,987 | - | - | 17,162,987 | - |
| Sale of capital assets | 229,502 | 605,074 | - | 834,576 | - |
| Acquisition of capital assets | (6,504,401) | (108,469) | - | (6,612,870) | (75,118) |
| Debt issuance costs | (155,260) | - | - | (155,260) | - |
| Principal repayment on long-term debt | (4,604,579) | (20,535) | (12,321) | (4,637,435) | - |
| Interest payments on long-term debt | (524,164) | (1,052) | (5,572) | (530,788) | - |
| Net cash provided by (used in) capital and related financing activities | <u>6,064,553</u> | <u>475,018</u> | <u>(17,893)</u> | <u>6,521,678</u> | <u>(75,118)</u> |
| Investing activities | | | | | |
| Investment earnings | 1,478,320 | 178,114 | 36,965 | 1,693,399 | 154,576 |
| Net cash provided by investing activities | <u>1,478,320</u> | <u>178,114</u> | <u>36,965</u> | <u>1,693,399</u> | <u>154,576</u> |
| Net increase (decrease) in cash and investments | <u>16,488,274</u> | <u>1,863,161</u> | <u>508,052</u> | <u>18,859,487</u> | <u>1,404,332</u> |
| Cash and investments | | | | | |
| Beginning of year | <u>23,066,260</u> | <u>6,077,583</u> | <u>1,108,514</u> | <u>30,252,357</u> | <u>5,662,336</u> |
| End of year | <u>\$ 39,554,534</u> | <u>\$ 7,940,744</u> | <u>\$ 1,616,566</u> | <u>\$ 49,111,844</u> | <u>\$ 7,066,668</u> |
| Reconciliation of operating income (loss) to net cash provided by/(used in) operating activities | | | | | |
| Operating income (loss) | \$ 5,298,501 | \$ (593,489) | \$ 318,231 | \$ 5,023,243 | \$ 567,454 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Other non operating revenue/(expenses) | 33,503 | 19,668 | 619 | 53,790 | 188,644 |
| Depreciation and amortization | 5,625,434 | 1,896,210 | 161,395 | 7,683,039 | 33,905 |
| (Increase) decrease in assets and increase (decrease) in liabilities: | | | | | |
| Accounts receivable | (752,791) | (130,596) | (1,259) | (884,646) | (7,579) |
| Due from other funds | - | - | - | - | - |
| Inventories | 40,018 | - | 5,337 | 45,355 | (243,525) |
| Accrued interest | - | - | - | - | - |
| Prepaid expenses and other assets | - | - | - | - | (391,881) |
| Accounts payable and accrued expenses | (1,653,356) | (48,466) | 8,612 | (1,693,210) | 68,148 |
| Accrued payroll and vacation | (30,199) | (29,056) | 15,545 | (43,710) | (17,480) |
| Deposits | 885 | - | - | 885 | - |
| Restricted accounts payable and accrued expenses | - | - | - | - | - |
| Unearned revenue | - | - | (20,390) | (20,390) | (187,656) |
| Estimated claims payable | - | - | - | - | 1,280,000 |
| Total adjustments | <u>3,263,494</u> | <u>1,707,760</u> | <u>169,859</u> | <u>5,141,113</u> | <u>722,576</u> |
| Net cash provided by (used in) operating activities | <u>\$ 8,561,995</u> | <u>\$ 1,114,271</u> | <u>\$ 488,090</u> | <u>\$ 10,164,356</u> | <u>\$ 1,290,030</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2023

| | Pension Trust Funds |
|--|--------------------------------|
| Assets | |
| Cash and investments | \$ 16,974,767 |
| Accrued interest receivable | 4,331 |
| Due from other funds | 60,826 |
| Investments, at fair value: | |
| Loans receivable | 1,017,219 |
| U.S. Treasury & U.S. Agency securities | 6,049,914 |
| Corporate bonds | 7,518,665 |
| Mutual funds | 124,449,383 |
| Common stock | 76,129,399 |
| Total assets | <u>232,204,504</u> |
| Liabilities | |
| Accounts payable | 19,326 |
| Due to employee investment accounts | 60,826 |
| Due to other funds | 60,826 |
| Unearned revenue | 27,250 |
| Total liabilities | <u>168,228</u> |
| Net position | |
| Restricted for: | |
| Pension benefits | 232,036,276 |
| Total net position | <u><u>\$ 232,036,276</u></u> |

The notes to the financial statements are an integral part of this statement.

CITY OF LARGO, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended September 30, 2023

| | Pension Trust Funds |
|---|--------------------------------|
| Additions: | |
| Contributions: | |
| Employer | \$ 7,772,659 |
| Plan members | 3,299,609 |
| State | 1,711,594 |
| Forfeitures added | 99,133 |
| Service purchase contributions | 92,146 |
| Interest on loans repaid | 49,462 |
| Total contributions | <u>13,024,603</u> |
| Investment earnings: | |
| Net increase (decrease) in investment value | 21,120,629 |
| Interest and dividends | 4,278,449 |
| | <u>25,399,078</u> |
| Less investment costs | <u>(630,274)</u> |
| Net investment earnings | <u>24,768,804</u> |
| Net additions | <u>37,793,407</u> |
| Deductions: | |
| Benefits | 16,086,873 |
| Refund of contributions | 122,676 |
| Loans transferred out | 62,330 |
| Administrative | 226,506 |
| Forfeitures | 121,653 |
| Insurance | 79,118 |
| Total deductions | <u>16,699,156</u> |
| Change in net position | 21,094,251 |
| Total net position - beginning (as restated) | <u>210,942,025</u> |
| Total net position - ending | <u><u>\$ 232,036,276</u></u> |

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

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City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Largo (the "City") is a political subdivision of the State of Florida, located in Pinellas County on Florida's Suncoast, within the Tampa Bay metropolitan area. The City was first incorporated in 1905 and reestablished in 1925 as a municipal corporation by Chapter 10761, Special Laws of Florida, 1925, as amended. The City, approximately 18.6 square miles in area, is a full-service municipality that offers a variety of high-quality services to City residents and certain unincorporated county residents. Services offered include: general government, public safety, recreation, parks, library, cultural arts and public works. The City also operates a wastewater utility, solid waste utility and golf course and maintains various trust funds in a fiduciary capacity.

The reporting entity is considered the primary government and any component units for which the primary government is financially accountable. In defining the City's reporting entity, management considered all potential component units and determined that one component unit should be included in the reporting entity for FY 2023.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit may be another organization for which the nature, and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles (GAAP) applicable to governmental entities. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In conformity with applicable Governmental Accounting Standards Board (GASB) requirements, the financial statements of the Largo Community Redevelopment Agency (CRA) are included as a blended component unit. This component unit has the same governing body as the City. In addition, the management of the primary government has operational responsibility for this entity. A blended component unit, although a legally separate entity is, in substance, part of the primary government's operations; therefore, financial information from this component unit is combined with information of the primary government. The component unit is included in the reporting entity, because of the significance of operational and financial relationships with the City.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

The CRA was established by Ordinance 1997-34, pursuant to Chapter 163, Part III, Florida Statutes. The purpose of this agency is to organize and direct redevelopment activities of the West Bay Drive downtown area and Clearwater/Largo area of the City of Largo. The seven member City of Largo City Commission acts as the CRA governing board, and as such, establishes the CRA operating plan, operating budget, operating policies and conducts all official business of the CRA. The financial activities of the CRA are reported in a special revenue fund, titled the Community Redevelopment Agency Fund, which is included in this report. The CRA also issues a standalone financial report. This report can be obtained on the City's website at: www.largo.com.

B. Generally Accepted Accounting Principles

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

The City uses fund accounting to report its financial position and results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate compliance with financially related legal requirements and to aid in financial management by segregating transactions related to certain activities.

Proprietary funds (enterprise and internal service) distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The wastewater fund also recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not classified as operating are reported as non-operating.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. Unrestricted amounts include committed, assigned and unassigned amounts which are available and can be used for the intended purpose.

C. Government-wide and individual fund financial statements

1. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the City. Most interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely principally on user fees for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given City function, 2) operating grants and contributions that pay for operating activities and 3) capital grants and contributions that pay for the acquisition, construction or refurbishment of capital assets. Internally dedicated revenues, taxes and other revenues which are not classified as program revenues are reported as general revenues.

2. Fund financial statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds; however, fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements, while all nonmajor funds are combined into one aggregate column.

3. Reconciliation of Government-wide and governmental fund statements

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

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

1. Government-wide, proprietary fund and fiduciary fund financial statements

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the separate 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 are met.

The effects of interfund activity have generally been eliminated from the government-wide financial statements except for interfund charges. Elimination of interfund charges would distort the direct costs and program revenues reported for the various functions.

2. Governmental fund financial statements

Separate 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 (within 60 days of the end of the fiscal period). Grant revenues and donations are recognized in the fiscal year in which all eligibility criteria have been satisfied. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures are recorded when payment is due.

Franchise taxes (fees), licenses, most intergovernmental revenues and interest income are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received, including property taxes (see note I. E. 15).

3. Major funds and fund types

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund and accounts for all general government resources, except those required to be accounted for in another fund.

The *Local Option Sales Tax fund* is a special revenue fund used to account for a county-wide tax, also known as "The Penny for Pinellas" which is legally restricted for major capital improvements and public safety vehicles.

The *State Housing Initiative Partnership (SHIP) fund* is a special revenue fund used to account for tax revenue received from real estate sales, which is expended on low income housing.

The *Home Investment Partnership (HOME) fund* is a special revenue fund used to account for revenue allocated to the City under the Home Investment Partnership Act program, which is expended on low income housing.

The *Community Development Block Grant Program (CDBG) fund* is a special revenue fund used to account for revenue allocated to the City under the Community Development Block Grant program which is expended on low income housing and redevelopment capital improvements.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

The *ARPA Fiscal Recovery Fund* was established to receive funds from the U.S. Department of Treasury to be used for the response efforts relating to local fiscal recovery from the COVID-19 pandemic pursuant to the American Rescue Act of 2021.

The *City Hall Capital Project Fund* accounts for expenditures associated with the new City Hall and parking garage. The complex will be titled Horizon and construction is expected to be completed during fiscal year 2025.

The City reports the following major enterprise funds:

The *Wastewater Utility fund* accounts for the operations of the wastewater treatment plant, wastewater collection system and the reclaimed water distribution system.

The *Solid Waste Collection Utility fund* accounts for the solid waste collections operation, including residential, commercial, roll-off and recycling collections. The City does not operate a solid waste disposal facility.

The City also reports the following fund types:

Two *internal service funds* account for risk management and fleet repair services provided to other City departments on a cost reimbursement basis.

Four *pension trust funds* account for retirement income and disability income systems for public safety employees, general employees, and executive management employees. These funds accumulate resources to pay for pension benefit payments and disability benefit payments to qualified employees.

E. Assets, liabilities, net position (fund equity), deferred inflow and deferred outflow

1. Deposits and investments

The City utilizes a consolidated bank account (pooled cash and investments), wherein cash and investments of most funds are commingled, excluding certain investments held in a fiduciary capacity or those investments belonging to a specific fund, due to legal or other restrictions. Formal accounting records detail the daily equity of all funds. Interest earned on pooled investments is allocated to funds based on the average equity in pooled balances. All investments are reported at fair value. Each fund's individual equity in the City's investment pool is considered to be a cash equivalent, since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. This methodology is also used in the statement of cash flows for the proprietary funds.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Florida Statute 218.261 authorizes the City to invest in negotiable direct obligations of, or guaranteed by, the US Government; interest-bearing time or savings deposits in federal or state chartered banks or savings and loan associations provided that any such deposits are secured by collateral as may be prescribed by law; obligations of certain federal agencies and instrumentalities; and repurchase agreements.

The City maintains a buy and hold investment strategy, the objectives of which are safety of principal, liquidity and investment earnings, in that order of priority. The City utilizes a laddered maturity policy, whereby investment purchases are made throughout the year to avoid any form of market timing, and to provide a relatively consistent maturity of investments throughout the year. This policy is intended to enhance liquidity and mitigate volatility in valuation fluctuations. The policy limits interest rate risk by limiting the final maturity for any individual investment to no more than 60 months and by limiting the weighted average maturity for the portfolio to 24 months or less.

The general employees' pension trust fund and the executive employees' pension trust fund investments are divided among mutual funds, money market funds, and fixed income investments. All investments are directed solely by plan members.

The police officers' and firefighters' pension trust fund Board of Trustees has broad investment authority, but is prohibited from investing in private placements, fixed income or interest rate futures, and arbitrage or any other specialized investments. Investment managers have been retained to invest fund assets according to the fund's investment guidelines. A trustee has been retained to purchase, hold and sell all investments, at the direction of the investment managers. A performance manager has been retained to review, analyze and report on each investment manager's performance.

2. Accounts receivable

All receivables are shown net of an allowance for uncollectibles, which is generally insignificant. Un-billed charges for services are accrued in the Wastewater, Solid Waste, and Stormwater Funds by prorating subsequent bills.

3. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

4. Due to/due from other funds

During the course of operations, transactions occur between individual funds for services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the statement of net position or balance sheet.

5. Inventories and prepaid items

Inventories are stated at cost, which approximates market, using the first-in/first-out (FIFO) method. As inventory items are consumed, expenditures are reported in governmental funds and expenses are reported in proprietary funds.

Certain advance payments to vendors (e.g., insurance premiums) reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and individual fund financial statements.

6. Restricted assets

The Wastewater Utility Fund is required by certain ordinances and resolutions to maintain restricted reserves for debt service, maintenance and repairs, and capital outlays of the system. These reserves can only be used for the purposes specified in the ordinances City of Largo, Chapter 22, Section 22 and resolutions. Amounts equal to the restricted assets, less the liabilities payable from such assets, are reflected in the equity section of the fund’s statement of net position as restricted for these purposes.

7. Capital assets

Capital assets, which include land, property, plant, equipment, intangible software, and infrastructure assets (e.g., roads, sidewalks, and similar immovable items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$10,000, except for land. All capital assets must have an estimated useful life greater than one year.

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art or similar items and capital assets received in a service concession arrangement are reported at acquisition value at the date of donation. Costs that add to the value of an asset or materially extend an asset’s originally estimated useful life are capitalized as improvement (betterments). Normal maintenance and repair costs that do not add to the value of an asset or materially extend an asset’s originally estimated useful life are expended or expensed in the current period.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Major outlays for constructed capital assets and improvements are capitalized as incurred. Interest incurred during the construction phase of capital assets related to business-type activities is no longer included as part of the capitalized value of the assets constructed as the City has early implemented GASB Statement 89. Total construction period interest of \$2,686,966 was recorded during the current fiscal year.

Capital assets (except land) are depreciated or amortized using the straight-line method over the following estimated useful lives:

| Capital Asset Class | Estimated Useful Lives (years) |
|-------------------------------------|---------------------------------------|
| Infrastructure | 15 - 75 |
| Buildings and building improvements | 10 - 40 |
| Improvements other than buildings | 10 - 30 |
| Machinery and heavy equipment | 8 - 30 |
| Vehicles | 3 - 12 |
| Intangible assets | 5 - 15 |
| Office and computer equipment | 3 - 6 |

Right-to-use lease and subscription assets are amortized using the straight-line method over the related lease or subscription term.

8. Unearned revenue

Unearned revenue is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as business taxes collected in advance, are recorded as unearned revenue in the government-wide and the fund statements.

9. Compensated absences liability

City employees may accumulate earned, but unpaid, vacation and sick leave benefits. No liability is reported for accumulated sick leave, because the City does not pay any amounts when employees separate from service, except in cases of an employees' death. All accumulated vacation leave is accrued when earned in government-wide, proprietary, and fiduciary fund financial statements. An assignment of fund balance is recorded in governmental fund financial statements for the long-term portion of compensated absences.

10. Long-term obligations

In the government-wide financial statements and proprietary fund type 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 reported as deferred charges and amortized over the life of the related debt using the effective interest method. Bonds payable are reported net of bond premiums or discounts

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

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

11. Fund equity

Fund equity at the governmental fund reporting level is referred to as “fund balance” and is referred to as “net position” for all other reporting levels. Generally, fund balance represents the difference between current assets and current liabilities, while net position represents the difference between all assets and all liabilities.

In governmental funds, the City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of fund balance when expenditures are made. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Restrictions of net position in proprietary funds mostly reflect legal segregations for debt service, debt reserves, or to satisfy debt covenants. Other proprietary fund restrictions segregate revenues that were collected for specific purposes, such as impact fees.

The government-wide statement of net position reports \$76,073,846 of restricted net position, of which \$9,793,414 is restricted by enabling legislation.

12. Nature and purpose of classifications of fund balance

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as Restricted fund balances.

Committed fund balances can only be used for specific purposes as a result of constraints imposed by formal action of the City's highest level of decision-making authority (City Commission), which is by Resolution or by an Ordinance. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of formal action. Amounts that are constrained by the City's intent to be used for specific purposes but are neither Restricted nor Committed are classified as Assigned fund balances. Assignments are made by the City Manager based on City Commission direction.

Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form such as inventory or (b) legally or contractually required to be maintained intact, such as an endowment. Unassigned fund balance represents the spendable fund balance that has not been Restricted, Committed, or Assigned to specific purposes within the General Fund only.

13. Fund balance reserve policy

The City will maintain in each fund an adequate balance to accommodate unanticipated expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, and cash flow needs.

The City has a formal Legislative Policy adopted for fund balance in the General Fund. The guidelines within this policy address the General Fund's balance in order to mitigate material risks, which could negatively affect the City's ability to provide public services. The guidelines are intended to comply with state statutes regarding adopting a balanced budget, the requirements of the Governmental Accounting Standards Board (GASB), and will strive to achieve the Governmental Finance Officer's Association (GFOA) best practices.

The annual budget will be prepared including the General Fund's minimum ending fund balance as follows (1) Minimum unrestricted fund balance of no less than 10% of budgeted expenditures; (2) Target unrestricted fund balance of 20% of budgeted expenditures.

The Policy requires the Proposed Budget to be drafted within the established fund balance levels. The Policy also establishes guidelines for the use and restoration of fund balance (1% per year until balances are restored).

14. Interfund transactions

Exchange transactions between funds are accounted for as revenue, expenditures or expenses. Transactions that constitute reimbursements to a fund for payments initially made, but which are applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

City of Largo, Florida
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The General Fund assesses charges to certain governmental funds and proprietary funds for the proportionate share of the costs of general government operations. The amounts charged to these funds are based on a percentage of operating revenues

15. Property taxes

Property taxes are levied on November 1 on property values assessed as of January 1 of the same year. Property taxes are payable in arrears beginning in November through the following March 31, a 1% discount for each month paid prior to March (4% maximum discount), after which time the taxes become delinquent. A lien is placed against properties by the County Tax Collector's office if taxes are not paid prior to June 1 and tax certificates are eventually sold if the lien is not paid.

16. Property held for resale

In the governmental funds, property held for resale was reported reflecting land intended to be sold for redevelopment purposes in the future. The land is held by the Community Redevelopment Agency.

17. Deferred outflows of resources

A deferred outflow of resources represents a consumption of net assets that applies to future periods; therefore, the amount will not be recognized as an outflow of resources (expense) until that future time.

18. Deferred inflows of resources

A deferred inflow of resources represents an acquisition of net assets that applies to future periods; therefore, the amount will not be recognized as an inflow of resources (revenue) until a future time.

II. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheets and the government-wide statement of net position (governmental activities column)

The governmental funds balance sheet requires a reconciliation between 1) *fund balance – total governmental funds* and 2) *net position – governmental activities* as reported in the government-wide statement of net position.

One element of this reconciliation recognizes that; long-term liabilities, (including bonds payable), are not due and payable in the current period and therefore are not reported in the fund financial statements. The details of this difference between these two financial statements are, as follows:

City of Largo, Florida
Notes to the Financial Statements
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| | |
|--|----------------------|
| Notes and loans payable | \$ 61,811,293 |
| Leases payable | 2,025,148 |
| Subscription based IT arrangements payable | 1,706,298 |
| Accrued interest payable | 179,811 |
| Net adjustment to decrease Fund Balance - total governmental funds to arrive at Net Position - governmental activities | <u>\$ 65,722,550</u> |

Another element of this reconciliation recognizes that certain liabilities are not due and payable in the current period and therefore are not reported in the funds. The details of this difference between these to financial statements are as follows:

| | |
|--|----------------------|
| Net pension liability | \$ 60,674,208 |
| Compensated absences excluding internal service funds | 3,098,968 |
| OPEB liability excluding internal service funds | 13,167,899 |
| Net adjustment to decrease Fund Balance - total governmental funds to arrive at Net Position - governmental activities | <u>\$ 76,941,075</u> |

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (governmental activities column)

The governmental funds statement of revenues, expenditures, and changes in fund balances requires a reconciliation between 1) *net changes in fund balances – total governmental funds* and 2) *changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of this reconciliation recognizes that governmental funds report capital outlays as expenditures; however, in the government-wide statement of activities, the cost of those assets is allocated over the assets' estimated useful lives and is reported as depreciation expense. The details of this difference between the two financial statements excluding internal service funds are, as follows:

| | |
|--|----------------------|
| CIP and Land increases | \$ 31,383,463 |
| Increases in depreciable fixed assets | 10,526,263 |
| Decreases in CIP | (8,387,918) |
| Increases in accumulated depreciation | (11,123,433) |
| Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities | <u>\$ 22,398,375</u> |

City of Largo, Florida
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Another element of this reconciliation recognizes that the net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position. In the statement of activities, only the gain or loss on the sale of capital assets is reported; however, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. The details of this difference excluding internal service funds are, as follows:

| | |
|--|-------------------|
| Remaining undepreciated cost of capital assets sold/retired | \$ 400,511 |
| Net adjustment to decrease Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities | <u>\$ 400,511</u> |

Another element of this reconciliation recognizes that certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. The details of these differences are, as follows:

| | |
|--|---------------------|
| Adjustment for deferred revenues | \$ 1,306,346 |
| Change in utility taxes receivable: | (31,016) |
| Subscription-based IT arrangement financing received | <u>(2,134,330)</u> |
| Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities | <u>\$ (859,000)</u> |

Another element of this reconciliation is the issuance of long-term debt (e.g., bonds, leases, etc.), provides current financial resources to governmental funds and the repayment of principal consumes current financial resources of governmental funds; however, neither transaction affects net position at the government-wide reporting level. Also, governmental funds report issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are, as follows:

| | |
|--|---------------------|
| Debt principal repayment | \$ 1,494,947 |
| Lease principal payment | 603,191 |
| Subscription-based IT arrangement payment | 428,031 |
| Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities | <u>\$ 2,526,169</u> |

Another element of this reconciliation states that certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of these differences are, as follows:

City of Largo, Florida
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| | |
|--|-----------------------|
| Adjustment for net pension liability and related deferrals | \$ (2,673,405) |
| Adjustment to long-term compensated absences | (12,396) |
| Change in lease assumptions | 27,832 |
| Change in accrued interest | 248,022 |
| Adjustment for OPEB liability | <u>(1,087,395)</u> |
| Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities | <u>\$ (3,497,342)</u> |

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets. An annual budget is prepared for all governmental funds, with the exception of the Neighborhood Stabilization Program 2 fund in FY 2023. Budgets are prepared on a basis consistent with GAAP. The City Manager is authorized to transfer budgeted amounts between line items within departments, but not between departments or funds. Any transfer that alters the total expenditures/expenses of any department or fund must be approved by the City Commission through a budget amendment. All budget amounts presented in the accompanying financial statements have been adjusted for amendments approved by the City Commission or transfers approved by the City Manager.

Supplemental appropriations were enacted during the year, as follows:

| | |
|---|---------------------|
| General Fund | \$ 1,342,400 |
| Parkland Impact Fee | 650,000 |
| Tree Impact Fee | 80,000 |
| CDBG - Community Development Block Grant | 82,800 |
| SHIP - State Housing Initiative Partnership | 125,000 |
| CRA - Community Redevelopment Agency | 65,300 |
| Construction Services | 25,800 |
| Stormwater | 51,800 |
| LOST - Local Option Sales Tax | 3,975,100 |
| ARP COVID Recovery Fund | 25,900 |
| Technology Capital Projects | 471,600 |
| Wastewater Operations | 151,300 |
| Solid Waste | 91,700 |
| Golf Course | 155,400 |
| Fleet Services | 114,600 |
| Total | <u>\$ 7,408,700</u> |

Every appropriation, except a capital expenditure appropriation, lapses at the close of the fiscal year to the extent that the appropriation has not been expended or encumbered. The City Charter stipulates that appropriations for capital expenditure continue in force until the purpose has been accomplished or abandoned, or if three years pass without any disbursement or encumbrance of the appropriation, whichever occurs first; however, it is Management's policy to request the City Commission to re-appropriate unexpended or unencumbered appropriations in the succeeding year's budget.

City of Largo, Florida
Notes to the Financial Statements
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Deficit Balances. Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. At September 30, 2023 the City did not have any funds with deficit balances.

New Accounting Pronouncements. For fiscal year 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements.", No. 96, "Subscription-Based Information Technology Arrangements", No. 99, "Omnibus 2022" and Implementation Guide No. 2021-1, Implementation Guidance updated 2021".

GASB Statement No. 94 Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements improves financial reporting by establishing definitions and enhancing decision usefulness by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information. The changes were incorporated into the City's 2023 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 96 Subscription-Based Information Technology Arrangements (SBITAs) defines a SBITA as a contract that conveys control of the right to use another party's software over a period of time in an exchange or exchange-like transaction. It establishes a right-to-use subscription asset (intangible asset) and a corresponding subscription liability. The changes were incorporated into the City's 2023 financial statements; however, there was no effect on beginning net position. See note for details on the results of implementation.

GASB Statement No. 99 Omnibus 2022 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing issues related to derivative instruments, leases, public-private and public-public partnerships and availability payment arrangements, and subscription-based IT arrangements. It also extends the period during which the London Interbank Offered Rate (LIBOR) can be considered as a benchmark interest rate. The changes were incorporated into the City's 2023 financial statements; however, there was no effect on beginning net position.

Implementation Guide No. 2021-1 provides guidance that clarifies, explains, or elaborates on GASB statements. The changes were incorporated into the City's 2023 financial statements; however, there was no effect on beginning net position.

Future Accounting Pronouncements. The Governmental Accounting Board has issued statements that will become effective in FY 2024 and FY2025. The statements include:

- GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62
- GASB Statement No. 101, Compensated Absences
- GASB Statement No. 102, Certain Risk Disclosures
- Implementation Guide No. 2023-1, "Implementation Guidance Update 2023"

The City of Largo is currently evaluating the effects that these statements will have in its future financial statements.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

City of Largo

As of September 30, 2023 the City of Largo held the following investments:

| Investment Type | Fair Value (\$000) & Maturities | | | | % Total | Fair Value Level |
|---------------------------------------|---------------------------------|------------------|------------------|-------------------|---------------|------------------|
| | Less Than 1 year | 1-2 Years | 2 -5 Years | Total | | |
| US Treasuries | \$ 34,272 | \$ 20,140 | \$ - | \$ 54,412 | 37.1% | 1 |
| US GSE (1) | | | | | | |
| FHLB | 973 | 6,587 | 12,056 | 19,616 | 13.4% | 2 |
| FHLMC | - | 4,926 | 8,319 | 13,245 | 9.1% | 2 |
| FFCB | 4,889 | 10,270 | 3,831 | 18,990 | 13.0% | 2 |
| FAMC | 1,941 | 1,901 | 1,808 | 5,650 | 3.9% | 2 |
| Demand Deposits (2) | 8,871 | - | - | 8,871 | 6.1% | N/A |
| Money Market Deposit | 18,427 | - | - | 18,427 | 12.6% | N/A |
| FL Class (LGIP) | 7,090 | - | - | 7,090 | 4.8% | 2 |
| Total pooled investments | <u>\$ 76,463</u> | <u>\$ 43,824</u> | <u>\$ 26,014</u> | <u>\$ 146,301</u> | <u>100.0%</u> | |
| | | | | | | |
| % of Total | <u>52.3%</u> | <u>30.0%</u> | <u>17.7%</u> | <u>100.0%</u> | | |
| | | | | | | |
| Investments restricted by fund | | | | | | |
| FL Class (LGIP) City Hall fund(4) | 43,098 | - | - | 43,098 | 82.3% | 2 |
| FL Class (LGIP) Wastewater fund(4) | 9,251 | - | - | 9,251 | 17.7% | 2 |
| Total investments restricted by fund | <u>52,349</u> | <u>-</u> | <u>-</u> | <u>52,349</u> | <u>100.0%</u> | |
| | | | | | | |
| Total investments | <u>\$ 128,812</u> | <u>\$ 43,824</u> | <u>\$ 26,014</u> | <u>\$ 198,650</u> | | |

(1) Governmental Sponsored Enterprises are privately held corporations created by the U.S. Congress

(2) Total balance reflects actual bank balances at September 30, 2023 including \$1,865,910 in bank to book reconciling items.

(3) The City also maintains petty cash and change balances in the amount of \$19,025 not included in the table above.

(4) Not governed by investment policy for operating funds

Fair Value Measurement. GASB Statement No. 72, Fair Value Measurement and Application, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using consistent definition and accepted valuation techniques. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

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Level 1 inputs utilize quoted prices (unadjusted) for identical assets in active markets that the City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability which are typically based on the City's own assumptions. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The categorization of the investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Certificates of deposit and money market funds are valued using the quoted market prices. U.S. Treasury securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30 (or the most recent market close date if the market are closed on September 30) in active markets from the custodian bank's primary external pricing vendors. U.S. agencies and instrumentalities classified as Level 2 are evaluated prices from the custodian bank's external pricing vendors. The pricing methodology often involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. The risk that changes in interest rates will adversely affect fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest-rate risk. The City investment policy addresses interest rate risk by limiting the final maturity for any individual investment to no more than 60 months. Generally, the City manages exposure to declines in fair value caused by rising interest rates by maintaining an investment portfolio with an average weighted maturity of two years or less and by maintaining a minimum of two months of anticipated recurring disbursements in liquid investments. Investment maturities are also ladder (staggered) throughout the year so that a portion of investments mature monthly, which further reduces exposure to declines in fair value. In addition, it is the City's practice to hold all investments until maturity; therefore, declines in fair value, if any, caused by rising interest rates are recognized for accounting purposes, but are never realized.

Credit Risk. The risk that a debt issuer will not fulfill its obligations. The City's investment objectives are weighted in the following order: safety of principal, liquidity and return on investments; therefore, and in accordance with Florida Statue 218.415 and the City's investment policy, the City only invests in the highest quality securities, such as US Government Treasury Securities and US Government Instrumentality Securities. Time Deposits, including Certificates of Deposit, are collateralized under the State of Florida Qualified Public Depository Program, whereby member institutions are collectively responsible for any individual member's default. The City invests in US Government agencies that are only implicitly guaranteed by the US Government. The Federal Home Loan Banks (FHLB), the Federal Farm Credit Bank (FFCB) and the Federal Agricultural Mortgage Corporation (FAMC) were rated at Aaa/AA+ by Moody's and Standard & Poor's, respectively.

City of Largo, Florida
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Custodial Credit Risk – Deposits and Investments. The risk that cash and investments held by another party may not be recovered in the event of financial failure. All investments are held in the name of the City of Largo and all time deposits are maintained with Qualified Public Depositories as required in the investment policy. The investment policy states:

1. All securities purchased by the City under this section except public depository investments shall be properly designated as an asset of the City and held in safekeeping by a third party custodial institution, chartered by the United States Government or the State of Florida.
2. Certificates of deposit purchased under the authority of this policy shall be purchased only from Qualified Public Depositories of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the State Statutes.

As of September 30, 2023, the carrying amount of the City's deposits with financial institutions was \$84,872,578 and the total of the bank balances was \$86,738,488. A portion of the bank balance is covered by the FDIC. These funds were deposited with banks that are members of the Qualified Public Depository Program under which collateral is pledged with the State Chief Financial Officer pursuant to Chapter 280, Florida Statutes. Under this chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the government entity for the loss.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. Appropriate diversification is maintained between security types and issuers to reduce concentration of credit risk. The City updated the investment policy in FY 2009, which addresses the allocation of investments. The allocation of investments follow the guidelines of the updated investment policy. Broad categories of allowable and actual security concentrations are, as follows:

| Security Type | Maximum Concentration Allowed | Actual Concentration at September 30, 2023 |
|---|--|---|
| U.S. Treasury Obligations | 50% | 37.1% |
| U.S. Agencies and Instrumentalities | 40% | 39.4% |
| Time Deposits and Savings Accounts (Public Depositories) | 40% | 0.0% |
| Checking Accounts (Public Depositories) | 20% | 6.1% |
| Government Investment Pools | 20% | 4.8% |
| Money Market Funds | 20% | 12.6% |
| % of Total | | 100% |

City of Largo, Florida
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General 401(a) and Executive Management 401(a) Plans

At September 30, 2023, the General and Executive Management 401(a) Plans invested in the following cash and investments:

| | Balance at 09/30/23 | Credit Rating | General | Executive | Concentration Total | Fair Value Level |
|--|------------------------|---------------|---------|-----------|------------------------|---------------------|
| Investments Measured at Net Asset Value (NAV) | | | | | | |
| Mutual Funds | | | | | | |
| Domestic Common Stock Funds | \$ 17,260,373 | Not Reported | 33.3% | 22.3% | 32.5% | N/A |
| International Common Stock Funds | 3,021,825 | Not Reported | 6.1% | 0.3% | 5.7% | N/A |
| Fixed Income Fund (Bonds) | 3,157,078 | Not Reported | 6.2% | 3.0% | 5.9% | N/A |
| Asset Allocation (Stocks & Fixed Inc.) | 21,280,834 | Not Reported | 37.6% | 71.1% | 40.1% | N/A |
| Other | 409,999 | Not Reported | 0.8% | 0.2% | 0.8% | N/A |
| Total Investments Measured at NAV | <u>\$ 45,130,109</u> | | | | | |
| Investments at Amortized Cost | | | | | | |
| Cash and Cash Equivalents | <u>\$ 7,958,002</u> | Not Reported | 16.0% | 3.1% | 15.0% | N/A |
| Total Investments Measured at Amortized Cost | <u>7,958,002</u> | | | | | |
| Total Cash & Investments | <u>\$ 53,088,111</u> | | 100% | 100% | 100% | |
| Per Fiduciary Statement of Net Position: | | | | | | |
| Executive Employees' Retirement | \$ 3,906,010 | | | | | |
| General Employees' Retirement | 49,182,101 | | | | | |
| Total Cash & Investments | <u>\$ 53,088,111</u> | | | | | |

The City sponsors separate defined contribution retirement plans for general employees and executive-management employees, which requires mandatory participation by all eligible employees. The City and the City's Retirement Board (the Board), which is responsible for administering the Plans, intend for the Plans to comply with ERISA Section 404(c) and the regulations thereunder.

The Plans' participants are expected to have different investment objectives, time horizons and risk tolerances; therefore, to meet these varying investment needs, participants are able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. The Board selects the Plans' investment options based on relevant criteria, including: maximization of return within reasonable and prudent levels of risk, provision of returns comparable to returns for similar investment options, provision of exposure to a wide range of investment opportunities in various asset classes and vehicles, control of administrative and management costs, provision of appropriate diversification and each investment manager's adherence to stated investment objectives.

Service providers and investment options are monitored by the Board on a quarterly basis to ensure that total costs and services are competitive and reasonable. A service provider may be removed if the Board determines that their service quality and/or value has become uncompetitive. An investment option may be removed if the Board has lost confidence in the related manager's ability to: achieve competitive performance results, remain true to the fund's stated investment style, maintain an appropriate asset

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allocation, meet risk/return objectives and/or maintain acceptable qualitative standards (e.g., stable organization, compliance guidelines, relative returns, etc.). A "score card" is prepared on each investment option every quarter and options that do not meet acceptable criteria are placed on a watch list for monitoring. One or two investment options are usually replaced every year by the Board based on sub-par performance of other factors.

Interest Rate Risk. The risk that changes in interest rates will adversely affect fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest-rate risk. The Plans have provided investment options with varying investment maturities to match participants' anticipated risk tolerances and cash-flow requirements.

Credit Risk. The risk that a debt issuer will not fulfill its obligations. The Plans provide adequate portfolio diversification so participants can limit investments to the highest rated securities as rated by nationally recognized rating agencies. The Plans do provide a high yield fixed income securities investment option.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. The Plans provide a wide variety of mutual fund options, each of which holds securities and/or investments from many different issuers, which helps to manage this risk.

Custodial Credit Risk. The risk that the plan may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited, because investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk. The risk that changes in exchange rates will adversely affect the fair value of an investment. The Plans provide a wide variety of mutual fund options, each of which holds securities and/or investments from many different countries, which helps to manage this risk.

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Notes to the Financial Statements
September 30, 2023

Police Officers' and Firefighters' Retirement

At September 30, 2023, the Police Officers' and Firefighter's Retirement System invested in the following cash and investments including associated accrued interest:

| | Balance at 09/30/23 | Credit Rating (Moody's) | Weighted Average Maturity (Years) | Concentration | Fair Value Level |
|---|------------------------|-------------------------------|--|----------------|------------------------|
| Investments at Fair Value Level | | | | | |
| U.S. Treasury Securities | | | 20.94 | | |
| U.S. Treasury Bonds | \$ 822,042 | Aaa | | 0.46% | 1 |
| U.S. Treasury Notes | 204,942 | Aaa | | 0.12% | 1 |
| U.S. Government Sponsored Agencies | | | 26.08 | | |
| Federal Home Loan Mortgage Corp. | 772,905 | Aaa | | 0.44% | 2 |
| Federal National Mortgage Assoc. | 3,406,271 | Aaa | | 1.92% | 2 |
| Government National Mortgage Assoc. | 370,689 | Aaa | | 0.21% | 2 |
| Municipal Obligations | 45,971 | Aaa | | 0.03% | 2 |
| Collateralized Mortgage Obligations | 413,796 | Aaa | | 0.23% | 2 |
| Collateralized Mortgage Obligations | 13,297 | A3 | | 0.01% | 2 |
| Corporate Obligations | | | 7.25 | | |
| Bonds | 232,452 | Aa2 | | 0.13% | 2 |
| Bonds | 59,729 | Aa3 | | 0.03% | 2 |
| Bonds | 1,048,158 | A1 | | 0.59% | 2 |
| Bonds | 1,405,863 | A2 | | 0.79% | 2 |
| Bonds | 1,812,735 | A3 | | 1.02% | 2 |
| Bonds | - | AA1 | | 0.00% | 2 |
| Bonds | 1,503,190 | Baa1 | | 0.85% | 2 |
| Bonds | 1,008,308 | Baa2 | | 0.57% | 2 |
| Bonds | 43,419 | Baa3 | | 0.02% | 2 |
| Foreign Bonds | 404,811 | | | 0.23% | 2 |
| Domestic Common Stock Funds | 70,437,776 | | | 39.66% | 1 |
| Foreign Common Stock Funds | 5,691,623 | | | 3.20% | 1 |
| Total Investments at Fair Value Level | 89,697,977 | | | | |
| Investments at Net Asset Value (NAV) | | | | | |
| Real Estate Investment Trusts | 15,112,119 | | | 8.51% | N/A |
| Mutual Funds | | | | | |
| Domestic Common Stock Funds | 21,873,308 | | | 12.32% | N/A |
| Foreign Common Stock Funds | 16,080,685 | | | 9.06% | N/A |
| Fixed Income Funds | 85,892 | | | 0.05% | N/A |
| Balanced Funds (Stocks & Fixed) | 26,167,270 | | | 14.73% | N/A |
| Total Investments at NAV | 79,319,274 | | | | |
| Investments at Amortized Cost | | | | | |
| Stable Value Fund | 1,040,131 | | | 0.59% | N/A |
| Government Money Market | 7,531,393 | | | 4.23% | N/A |
| Total Investments at Amortized Cost | 8,571,524 | | | | |
| Total Cash & Investments | <u>\$ 177,588,775</u> | | | <u>100.00%</u> | |

City of Largo, Florida
Notes to the Financial Statements
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Interest Rate Risk. The risk that changes in interest rates will adversely affect the fair value of a debt security. Generally, the longer the time to maturity, the greater the exposure there is to interest-rate risk.

The Plan manages investment maturities to anticipated cash-flow requirements so that all obligations are paid when due. The duration of the fixed income portfolio must also be less than 135% of the duration of the related market index, which is defined as the Barclay's Aggregate Bond Index. At September 30, 2023, the weighted average maturity in years for each investment type is included in the preceding table.

Credit Risk. The risk that a debt issuer will not fulfill its obligations. To reduce credit risk, all fixed income securities must be issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.

The policy further limits credit risk by limiting investments to the highest rated securities as rated by nationally recognized rating agencies, in accordance with the Plan's fixed income investment objectives. Fixed income securities must maintain a weighted average credit quality rating of "A" or higher. Investments in all corporate fixed income securities are further limited to those securities considered investment grade or higher by Moody's, Standard & Poor's and Fitch rating services. At September 30, 2023, for those where ratings are available, the portfolio met the credit rating limitations of the policy.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. The Plan utilizes limitations on securities of a single issuer to manage this risk.

The policy uses portfolio diversification to reduce concentration of credit risk and states that no more than 10% of corporate securities (at fair value) of an investment manager's total fixed income portfolio may be invested in the securities of any single corporate issuer. Fixed income securities are also limited to no more than 30% of the portfolio. At September 30, 2023, the portfolio met the corporate single issuer limitation and overall asset allocation requirements of the policy.

Custodial Credit Risk. The risk that the plan may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited, since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk. The risk that changes in exchange rates will adversely affect the fair value of an investment. To reduce this risk, investments in stocks of foreign companies are limited to 25% of the value of the total investment portfolio.

City of Largo, Florida
Notes to the Financial Statements
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General Employees' Disability Fund

The General Employees' Disability Fund cash and investments were a part of the City's pooled cash as defined in Note I.E.1. At September 30, 2023, the cash balance in the fund was \$445,242 .

B. Receivables

Uncollected accounts receivable at year-end are recorded, with an appropriate allowance for estimated uncollectible accounts in the Stormwater Fund, Wastewater Fund, and Solid Waste Fund.

Taxes receivable. By fiscal year end, virtually all property taxes were collected either directly or through tax certificate sales. The Pinellas County Tax Collector advertises sales of tax certificates at public auctions for unpaid taxes on all real property. All sales proceeds are remitted to taxing authorities. Certificates not purchased are issued to Pinellas County.

Notes receivable. Notes are collateralized by first or second mortgages on rehabilitated low income properties. As payments are received, revenue is recognized and the deferred revenue account is reduced, which reflects available resources for future rehabilitation projects. There are three types of Notes Receivable, as follows:

1. State Housing Initiative Partnership (SHIP) notes receivable represent loans to first-time homeowners to assist with down payments and closing costs. Notes bear interest at up to 4% and are collateralized by second mortgages on the property. Outstanding loan balances are considered unavailable revenue in the fund.
2. Home Investment Partnership (HOME) notes receivable represent loans to first-time homeowners to assist with down payments and closing costs and also the rehabilitation of properties. Notes bear interest at up to 3% and are collateralized by second mortgages on the property. Notes receivable are offset by a unearned revenue account in the individual fund financial statements, due to the length of time until collection.
3. Community Development Block Grant (CDBG) notes receivables represent loans to property owners for rehabilitation of properties and bear interest from 5% to prime less 5%. Loans are made for up to 95% (49% prior to 1993) of the property value after rehabilitation for periods up to 20 years. Notes receivable are offset by a unearned revenue account in the individual fund financial statements, due to the length of time until collection. Federal requirements stipulate that loan proceeds must be returned to the federal government unless they are used for rehabilitation purposes; therefore, the loan amounts represent a perpetual loan pool that can fund future rehabilitation.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

C. Capital Assets

1. Capital asset activity

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

| | Beginning Balance | Increases | Decreases | Asset Reclass | Ending Balance |
|---|----------------------|---------------|--------------|------------------|-------------------|
| Governmental activities: | | | | | |
| Non-depreciable capital assets: | | | | | |
| Land | \$ 28,247,186 | \$ - | \$ - | | \$ 28,247,186 |
| Construction in progress | 11,408,110 | 31,477,978 | 8,407,315 | - | 34,478,773 |
| Total non-depreciable capital assets | 39,655,296 | 31,477,978 | 8,407,315 | - | 62,725,959 |
| Depreciable/Amortizable capital assets: | | | | | |
| Building | 81,902,617 | 37,119 | - | - | 81,939,736 |
| Improvements other than buildings | 93,466,564 | 1,601,327 | 585,574 | - | 94,482,317 |
| Machinery and equipment | 47,321,799 | 6,753,575 | 1,749,602 | - | 52,325,772 |
| Intangible | 3,746,599 | - | - | (2,299,231) | 1,447,368 |
| Right-to-use machinery and equipment | 3,297,668 | - | 125,058 | - | 3,172,610 |
| Right-to-use subscription asset | - | 2,134,242 | - | 2,299,231 | 4,433,473 |
| Total depreciable/amortizable capital assets | 229,735,247 | 10,526,263 | 2,460,234 | - | 237,801,276 |
| Less accumulated depreciation/amortization for: | | | | | |
| Building | 34,497,419 | 2,310,890 | - | - | 36,808,309 |
| Improvements other than buildings | 44,442,674 | 3,848,714 | 235,904 | - | 48,055,484 |
| Machinery and equipment | 32,213,774 | 3,620,762 | 1,731,276 | - | 34,103,260 |
| Intangible | 1,202,717 | 39,539 | - | - | 1,242,256 |
| Right-to-use machinery and equipment | 369,438 | 463,380 | 92,543 | - | 740,275 |
| Right-to-use subscription asset | - | 874,052 | - | - | 874,052 |
| Total accumulated depreciation/amortization | 112,726,022 | 11,157,337 | 2,059,723 | - | 121,823,636 |
| Net depreciable/amortizable capital assets | 117,009,225 | (631,074) | 400,511 | - | 115,977,640 |
| Net governmental activities capital assets | \$ 156,664,521 | \$ 30,846,904 | \$ 8,807,826 | \$ - | \$ 178,703,599 |

Note: The asset reclass column reflects the disposal of an intangible software asset that was added at current value to the right-to-use subscription assets in FY2023

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

| | Beginning Balance | Increases | Decreases | Asset Reclass | Ending Balance |
|---|----------------------|------------|------------|------------------|-------------------|
| Business-type Activities | | | | | |
| Non-depreciable capital assets: | | | | | |
| Land | \$ 2,824,038 | \$ - | \$ - | \$ - | \$ 2,824,038 |
| Construction in progress | 75,662,874 | 5,579,659 | 61,539,660 | - | 19,702,873 |
| Total non depreciable capital assets | 78,486,912 | 5,579,659 | 61,539,660 | - | 22,526,911 |
| Depreciable/amortizable capital assets | | | | | |
| Building and improvements | 15,830,338 | - | 72,662 | - | 15,757,676 |
| Improvements other than buildings | 206,005,436 | - | 2,666,293 | - | 203,339,143 |
| Machinery and equipment | 31,762,524 | 62,572,870 | 1,368,443 | - | 92,966,951 |
| Intangible | 932,520 | - | 60,853 | (548,582) | 323,085 |
| Right-to-use machinery and equipment | 14,048 | 123,823 | 14,048 | - | 123,823 |
| Right-to-use subscription asset | - | 233,088 | - | 548,582 | 781,670 |
| Total depreciable/amortizable capital assets | 254,544,866 | 62,929,781 | 4,182,299 | - | 313,292,348 |
| Less accumulated depreciation/amortization for: | | | | | |
| Building and improvements | 2,873,297 | 379,284 | 46,005 | - | 3,206,576 |
| Improvements other than building | 84,614,230 | 4,004,166 | 2,657,819 | - | 85,960,577 |
| Machinery and equipment | 17,041,806 | 3,082,306 | 1,360,759 | - | 18,763,353 |
| Intangible | 163,052 | 45,321 | 60,954 | - | 147,419 |
| Right-to-use machinery and equipment | 7,025 | 20,781 | 14,048 | - | 13,758 |
| Right-to-use subscription asset | - | 151,181 | - | - | 151,181 |
| Total accumulated depreciation/amortization | 104,699,410 | 7,683,039 | 4,139,585 | - | 108,242,864 |
| Net depreciable/amortizable capital assets | 149,845,456 | 55,246,742 | 42,714 | - | 205,049,484 |
| Net business type activities capital assets | 228,332,368 | 60,826,401 | 61,582,374 | - | 227,576,395 |

Note: The asset reclass column reflects the disposal of an intangible software asset that was added at current value to the right-to-use subscription assets in FY2023

2. Depreciation and amortization expense

Depreciation and amortization expense was charged to functions and programs, as follows:

| Governmental activities | | Business-type activities | |
|--|---------------|---------------------------------|--------------|
| General government | \$ 2,006,623 | Wastewater | \$ 5,625,434 |
| Economic development | 138,885 | Solid waste | 1,896,210 |
| Public safety | 2,763,799 | Golf course | 161,395 |
| Public works | 3,484,777 | | - |
| Culture and recreation | 2,729,348 | | - |
| Internal service funds charged to various functions | 33,905 | | - |
| Total depreciation/amortization expense | \$ 11,157,337 | | \$ 7,683,039 |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

3. Construction commitments

The City has active construction projects as of September 30, 2023. The projects include a new City Hall complex, various building, street, wastewater and drainage projects. In addition, the City has outstanding purchase commitments for engineering and design services. At year end, the City's significant commitments with contractors are as follows:

| | Incurred | Remaining Commitment |
|---|-----------------------------|---------------------------------|
| Church Creek Drainage Improvements Phase III | \$ 67,384 | \$ 1,167,691 |
| Community Streets - Rosery Rd NE | 667,582 | 796,601 |
| Community Streets - Gladys Street from Wilcox Rd to Dryer Ave | 45,997 | 1,710,000 |
| ES Operations Building & Biosolids Hardening Project | 9,082,311 | 1,354,349 |
| FY19 Sanitary Sewer Flood Plain Mitigation Project | 778,517 | 3,402,033 |
| Horizon West Bay (New City Hall and Public Parking Garage) | 26,512,330 | 60,461,455 |
| Lift Station #2 Sanitary Sewer Sub Basis #1 thru #4 | 6,601,132 | 1,519,867 |
| Lift Station #19 Sanitary Sewer Basin Inflow and Infiltration Rehab | 1,371,827 | 593,078 |
| WWRF Non-Surface Water Effluent Disposal Project | 317,805 | 2,225,151 |
| Total | <u><u>\$ 45,444,885</u></u> | <u><u>\$ 73,230,225</u></u> |

The commitments shown above are financed from existing and future City resources and future proceeds of the State Revolving Fund Loan through the Florida Department of Environmental Protection, Series 2022 Bonds issued in January 2022 as well as a wastewater loan issued in August 2023.

D. Interfund receivables, payables and transfers

1. Interfund transactions

| Receivable Fund | Payable Fund | Total Amount | Purpose |
|---------------------------------------|---------------------|--------------------------|---|
| General (major) | HOME (major) | \$ 130,477 | Awaiting receipt of housing related receivable |
| General (major) | CDBG (major) | 270,086 | Awaiting receipt of housing related receivable |
| LOST (major) | CRA (non-major) | 343,000 | Financing for redevelopment property to be sold |
| Non-Major (Parkland Dedication) | CRA (non-major) | 189,000 | Financing for redevelopment property to be sold |
| | | <u><u>\$ 932,563</u></u> | |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

2. Interfund transfers

| Transfer from | Transfer to | Total Amount | Purpose |
|-----------------------------|-----------------------|---------------------|--|
| General | Debt Service | \$ 451,100 | For ERP debt service payments |
| Stormwater | Debt Service | 32,400 | For ERP debt service payments |
| Construction Services | Debt Service | 32,400 | For ERP debt service payments |
| General | Debt Service | 2,232,400 | For Series A & B bonds debt service payments |
| CRA | Debt Service | 906,300 | For Series A & B bonds debt service payments |
| Program Special Revenue | General | 11,400 | For cost of school resource officers |
| Technology Capital Projects | General | 412,537 | Close Technology Capital Projects fund |
| Technology Capital Projects | Stormwater | 29,485 | Close Technology Capital Projects fund |
| Technology Capital Projects | Construction Services | 29,485 | Close Technology Capital Projects fund |
| | Total | <u>\$ 4,137,507</u> | |

E. Leases

The City has entered into several leases which were previously classified as capital or operating leases. These lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*. These leases contain cancellation provisions and are subject to annual appropriation clauses. Implementation of GASB 87 requires recognition of certain leased assets and liabilities, previously classified as operating leases, to recognize inflows of resources or outflows of resources based on the payment provisions of the contract. The City establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset.

On October 12, 2018, the City entered into a lease agreement to acquire copiers/printers for 48 months with an additional 12 month renewal. Total monthly payments, not including variable costs, are \$4,343. Total variable costs for additional printers and printing usage not included in the measurement of lease liability are \$100,643 for the reporting period ended September 30, 2023. Lease assets and liabilities for this lease were split between governmental and business-type activities, 86% and 14% respectively. Lease liability is measured at a discount rate of 4%, which is the City's incremental borrowing rate. Lease assets were disposed and all liabilities were paid as of September 30, 2023.

On June 1, 2019, the City entered into a lease agreement to acquire a minibus for 3 years, which includes all maintenance with annual payments of \$10,331. Lease liability is measured at a discount rate of 4%, which is the City's incremental borrowing rate. Lease assets were disposed and all liabilities were paid as of September 30, 2023.

On August 1, 2022, the City entered into a lease agreement to acquire body camera bundles for the police department. A modification to the lease's start date of May 1, 2022 and a decrease in payments in years 4 and 5 caused the City's assets and liabilities to decrease \$27,832. The total lease term is 60 months and includes three annual payments of \$626,489 followed by two payments of \$782,427. Lease liability is measured at a discount rate of 4%, which is the City's incremental borrowing rate.

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On June 6, 2023, the City entered into a lease agreement to acquire golf carts for 36 months. The total monthly payments are \$4,473. Lease liability is measured at a discount rate of 19%, which is the lessors interest rate implicit in the lease.

A summary of future minimum lease payments are as follows:

| Year Ending September 30 | Governmental Activities | | Business Type Activities | | Totals | |
|-----------------------------|-------------------------|-------------------|--------------------------|------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 546,069 | \$ 80,419 | \$ 35,386 | \$ 18,292 | \$ 581,455 | \$ 98,711 |
| 2025 | 724,775 | 57,652 | 42,763 | 10,915.00 | 767,538 | 68,567 |
| 2026 | 754,304 | 28,123 | 33,354 | 2,431.00 | 787,658 | 30,554 |
| Total lease payments | <u>\$ 2,025,148</u> | <u>\$ 166,194</u> | <u>\$ 111,503</u> | <u>\$ 31,638</u> | <u>\$ 2,136,651</u> | <u>\$ 197,832</u> |

Lease Revenue

The City of Largo owns two radio/technology equipment tower sites classified as real property.

On January 27, 2019, the City of Largo entered into an agreement with a cell tower vendor to lease a portion of real property at 1000 2nd Street SE, Largo, FL for 60 months. Under the lease, the vendor pays the City \$33,383 annually which includes a 4% interest rate. Total lease revenue of \$27,775 and interest revenue of \$332 was reported for the year ended September 30, 2023.

On June 24, 2021, the City of Largo entered into an agreement with a second cell tower vendor to lease a portion of real property at 5100 150 Ave N, Clearwater, FL for 60 months. Under the lease, the vendor pays the City \$2,804 monthly, which escalates 3% each year. Payments from the tenant include 4% interest. Total lease revenue of \$33,867 and interest revenue of \$3,140 was reported for the year ended September 30, 2023.

Minimum future rentals on other than short-term leases are as follows:

| Year Ending September 30 | Principal | Interest | Total |
|-----------------------------|------------------|-----------------|------------------|
| 2024 | \$ 35,269 | \$ 1,775 | \$ 37,044 |
| 2025 | 27,963 | 375 | 28,338 |
| Total lease receivables | <u>\$ 63,232</u> | <u>\$ 2,150</u> | <u>\$ 65,382</u> |

F. Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into several Subscription-Based Information Technology Arrangements (SBITAs) which were previously classified as intangible assets or as an operating expenditure. As stated in *GASB 96, Subscription-Based Information Technology Arrangements*, a SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets. These SBITAs have a noncancellable period greater than 12 months. At the commencement of the subscription term, the City recognizes a subscription liability and an intangible right-to-use asset within the economic resources measurement focus (government-wide). At the current financial resources measurement focus (fund statements), the City recognizes an expenditure and other financing source in the period the subscription asset is recognized and payments are accounted for consistent with principles for debt service payments on long-term debt. These SBITAs contain cancellation provisions and are subject to annual appropriation clauses.

On April 20, 2022, the City entered into a SBITA agreement to use ESRI software for 3 years. The first annual payment was \$50,000 and increase \$5,000 for each additional year. Subscription assets and liabilities for this agreement were split between governmental and business-type activities, 90% and 10% respectively. Subscription liability is measured at a discount rate of 5%, which is the City's incremental borrowing rate.

On November 18, 2020, the City entered into a SBITA agreement to use JustFOIA software for 3 years with the ability to renew year to year after the first 3 years. Total annual payments, not including variable costs, for the first 2 years were \$13,890 and a 3% increase the third year. Subscription liability is measured at a discount rate of 5%, which is the City's incremental borrowing rate.

On March 31, 2023, the City entered into a SBITA agreement to use EMS planning/scheduling software for 3 years. Total annual payments for the first 2 years were \$7,688 and a 5% increase the third year. Subscription liability is measured at a discount rate of 5%, which is the City's incremental borrowing rate.

On December 19, 2019, the City entered into a SBITA agreement to use Workday software for 5 years. Prior to implementation, the City contracted with a third party to help configure this software. The original cost of implementation was capitalized as an intangible asset. With implementation of GASB 96, the net value of the asset, \$2,847,725, was moved from intangibles to right-to-use. Additionally, total annual payments of \$421,343 were included in the subscription asset. The agreement also included a 3 year renewal at 3% plus CPI starting with the base fee the first year and the previous year's fee the 2nd and 3rd year. Subscription assets and liabilities for this agreement were split between governmental and business-type activities, 90% and 10% respectively. Subscription liability is measured at a discount rate of 1.18%, which was the City's interest rate on the ERP system loan.

City of Largo, Florida
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A summary of future minimum subscription payments are as follows:

| Year Ending September 30 | Governmental Activities | | Business Type Activities | | Totals | |
|--------------------------------|-------------------------|------------------|--------------------------|-----------------|---------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 422,294 | \$ 18,602 | \$ 46,134 | \$ 2,000 | \$ 468,428 | \$ 20,602 |
| 2025 | 400,510 | 12,178 | 43,630 | 1,327 | 444,140 | 13,505 |
| 2026 | 424,651 | 7,074 | 47,183 | 786 | 471,834 | 7,860 |
| 2027 | 458,843 | 1,807 | 50,983 | 201 | 509,826 | 2,008 |
| Total subscription payments | <u>\$ 1,706,298</u> | <u>\$ 39,661</u> | <u>\$ 187,930</u> | <u>\$ 4,314</u> | <u>\$ 1,894,228</u> | <u>\$ 43,975</u> |

G. Non-current liabilities

Interest cost is expensed in the proprietary funds on construction projects financed with long-term debt. Interest cost is not capitalized on projects financed by government grants or third-party donations.

Pledged Revenues Disclosures. The City has pledged the net revenues of the wastewater utility system to repay the State Revolving Loan Fund #3 (SRL#3), State Revolving Loan Fund #4 (SRL#4), and Wastewater System Revenue Note, Series 2023. Loans were issued in May 2016, December 2019 and August 2023, respectively. The loans are paid solely from the net revenues of the wastewater utility system and are payable through June 2036, May 2043, and September 2043, respectively. Net operating revenues for the current year were \$12,745,504.

The total amount borrowed for the SRL#3 loan agreement was \$83,088,456 including capitalized interest and 2% loan service fees. Funds were used to provide financing for the wet weather system expansion and upgrades. Repayments on the loan began in December 2018. The current balance is \$62,671,894 as of September 30, 2023.

The SRL#4 loan agreement is for drawdowns totaling \$57,441,261 and is for biological treatment plant upgrades. The total amount borrowed as of September 30, 2023 is \$58,793,748 including capitalized interest and a 2% loan service fees. Repayments on the loan are to begin in November 2023.

The Wastewater System Revenue Note, Series 2023 is for the principal amount of \$9,400,000. Funds were used to provide financing for inflow and infiltration abatement improvements and flood plain mitigation. Repayments on the loan are to begin in March 2024.

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The City has pledged a portion of half-cent sales tax revenues to repay the \$2,500,000 Regions loan issued in July 2020. Proceeds for the Regions loan were used to pay for the ERP (Enterprise Resource Planning) Software implementation. This loan is payable through May 2025. For the current year, principal and interest paid were \$515,649 and total half-cent sales tax revenues were \$7,014,807.

In January 2022 the City issued Series A and Series B Capital Improvement Revenue Bonds to fund the construction of a new City Hall complex, titled Horizon, payable through 2051 and 2026, respectively. The Series A Bonds are non taxable with a PAR value of \$47,655,000 and a premium of \$10,703,553. The Series B Bonds are taxable and the PAR value issued was \$4,035,000. The bonds carry variable interest rates ranging from 0.86% to 5%. The City has pledged non ad valorem revenues to repay the bonds. Non ad valorem means all governmental funds revenues except those generated from ad valourm taxation on real or personal property, which are legally available to make the payments required under the resolution. The City has calculated the rebate amount of \$532,095 due on bond proceeds as of September 30, 2023.

For governmental activities, compensated absences are paid by the fund where related salaries are incurred, including primarily General, Building, Stormwater and SHIP funds. The Risk Fund (an internal service fund) pays estimated claims payable.

City of Largo, Florida
Notes to the Financial Statements
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The following summarizes changes in non-current liabilities during the fiscal year (\$ in thousands):

| | Balance Oct. 1 | Additions/ Adjustment | Reductions/ Adjustment | Balance Sept. 30 | Amounts due within one year |
|---|-------------------|--------------------------|---------------------------|---------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Regions Bank (Debt Service and Technology Capital Projects Fund) | | | | | |
| Interest rate 1.18%. Balance Due July 30, 2025 | \$ 1,518 | \$ - | \$ 500 | \$ 1,018 | \$ 506 |
| Capital Improvement Revenue Bonds - Series A | 47,655 | - | - | 47,655 | - |
| Variable interest rate. Balance Due September 1, 2051 | | | | | |
| Unamortized bond premiums | 10,703 | - | - | 10,703 | - |
| Arbitrage | - | 532 | - | 532 | - |
| Capital Improvement Revenue Bonds - Series B | 3,430 | - | 995 | 2,435 | 1,005 |
| Variable interest rate. Balance Due September 1, 2026 | | | | | |
| Lease liability | 2,656 | - | 631 | 2,025 | 546 |
| Subscription based IT arrangement liability | - | 2,134 | 428 | 1,706 | 422 |
| Net pension liability | 24,629 | 36,046 | - | 60,675 | - |
| Compensated absences | 3,163 | 2,897 | 2,874 | 3,186 | 2,874 |
| Total OPEB liability | 16,062 | - | 2,558 | 13,504 | 494 |
| Property/Liability and Workers Compensation | 2,070 | 2,105 | 825 | 3,350 | 670 |
| Total Governmental activities debt | <u>\$ 111,886</u> | <u>\$ 43,714</u> | <u>\$ 8,811</u> | <u>\$ 146,789</u> | <u>\$ 6,517</u> |
| Business-type Activities: | | | | | |
| State revolving loan #3; Interest rates 1.07%, 0.46% and 0.43% Collateralized by sewer net revenue (Includes 2% loan service fee) | | | | | |
| Balance due June 15, 2036 | 67,252 | - | 4,580 | 62,672 | 4,613 |
| State revolving loan #4; Interest rates 1.24%, 0% and 0.69% Collateralized by sewer net revenue (Includes 2% loan service fee) | | | | | |
| Balance due May 15, 2043 | 50,836 | 7,957 | - | 58,793 | 2,894 |
| Wastewater System Revenue Note, Series 2023 | | | | | |
| Interest rate 4.27% Collateralized by sewer net revenue | | | | | |
| Balance due September 1, 2043 | - | 9,400 | - | 9,400 | 299 |
| Lease liability | 7 | 124 | 19 | 112 | 35 |
| Subscription based IT arrangement liability | - | 233 | 45 | 188 | 46 |
| Compensated absences | 634 | 502 | 565 | 571 | 565 |
| Total OPEB liability | 3,596 | - | 651 | 2,945 | 108 |
| Net business-type activities debt | <u>\$ 122,325</u> | <u>\$ 18,216</u> | <u>\$ 5,860</u> | <u>\$ 134,681</u> | <u>\$ 8,560</u> |

Other long-term liabilities, such as net pension liability and other post employment benefits payable, are typically liquidated by the individual fund to which the liability is directly associated based on the employees fund and department of employment, primarily the General Fund.

City of Largo, Florida
Notes to the Financial Statements
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The following tables indicate future debt service requirements for both Governmental and Business-Type activities.

Governmental Activities Debt Service Requirements

| Year Ending September 30 | Series A Bonds | | Series B Bonds | | Regions ERP Loan | | Totals | | |
|-----------------------------|----------------|---------------|----------------|-----------|------------------|-----------|---------------|---------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Debt Service |
| 2024 | \$ - | \$ 1,998,950 | \$ 1,005,000 | \$ 31,028 | \$ 505,872 | \$ 9,776 | \$ 1,510,872 | \$ 2,039,754 | \$ 3,550,626 |
| 2025 | - | 1,998,950 | 1,015,000 | 19,872 | 511,868 | 3,781 | \$ 1,526,868 | \$ 2,022,603 | 3,549,471 |
| 2026 | 610,000 | 1,998,950 | 415,000 | 6,474 | - | - | \$ 1,025,000 | \$ 2,005,424 | 3,030,424 |
| 2027 | 1,065,000 | 1,968,450 | - | - | - | - | \$ 1,065,000 | \$ 1,968,450 | 3,033,450 |
| 2028 | 1,115,000 | 1,915,200 | - | - | - | - | \$ 1,115,000 | \$ 1,915,200 | 3,030,200 |
| 2029-2033 | 6,485,000 | 8,680,250 | - | - | - | - | \$ 6,485,000 | \$ 8,680,250 | 15,165,250 |
| 2034-2038 | 8,105,000 | 7,053,200 | - | - | - | - | \$ 8,105,000 | \$ 7,053,200 | 15,158,200 |
| 2039-2043 | 9,865,000 | 5,296,800 | - | - | - | - | \$ 9,865,000 | \$ 5,296,800 | 15,161,800 |
| 2044-2048 | 11,995,000 | 3,159,800 | - | - | - | - | \$ 11,995,000 | \$ 3,159,800 | 15,154,800 |
| 2049-2051 | 8,415,000 | 682,000 | - | - | - | - | \$ 8,415,000 | \$ 682,000 | 9,097,000 |
| Total | \$ 47,655,000 | \$ 34,752,550 | \$ 2,435,000 | \$ 57,374 | \$ 1,017,740 | \$ 13,557 | \$ 51,107,740 | \$ 34,823,481 | \$ 85,931,221 |

Note: The Series A bonds in the table above does not include \$10,703,553 of bond premium revenues.

Business-type Activities Debt Service Requirements

| Year Ending September 30 | SRL #3-CW520210 | | SRL #4-WW520270 | | Regions WW2023 | | Totals | | |
|-----------------------------|-----------------|--------------|-----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Debt Service |
| 2024 | \$ 4,612,780 | \$ 450,753 | \$ 1,745,291 | \$ 96,100 | \$ 299,133 | \$ 404,981 | \$ 6,657,204 | \$ 951,834 | \$ 7,609,038 |
| 2025 | 4,646,395 | 417,138 | 2,898,712 | 92,453 | 318,874 | 385,239 | 7,863,981 | 894,830 | 8,758,811 |
| 2026 | 4,680,296 | 383,237 | 2,903,340 | 87,824 | 332,636 | 371,478 | 7,916,272 | 842,539 | 8,758,811 |
| 2027 | 4,714,486 | 349,047 | 2,908,001 | 83,163 | 346,991 | 357,123 | 7,969,478 | 789,333 | 8,758,811 |
| 2028 | 4,748,967 | 314,566 | 2,912,695 | 78,469 | 361,965 | 342,148 | 8,023,627 | 735,183 | 8,758,810 |
| 2029-2033 | 24,272,453 | 1,045,211 | 14,635,060 | 320,764 | 2,058,068 | 1,462,499 | 40,965,581 | 2,828,474 | 43,794,055 |
| 2034-2038 | 14,996,515 | 194,084 | 14,757,496 | 198,327 | 2,542,176 | 978,391 | 32,296,187 | 1,370,802 | 33,666,989 |
| 2039-2043 | - | - | 14,884,327 | 71,496 | 3,140,157 | 380,409 | 18,024,484 | 451,905 | 18,476,389 |
| Total | \$ 62,671,892 | \$ 3,154,036 | \$ 57,644,922 | \$ 1,028,596 | \$ 9,400,000 | \$ 4,682,268 | \$ 129,716,814 | \$ 8,864,900 | \$ 138,581,714 |

Note: SRL #4 in the table above does not include the 2% loan service fee which amounts to \$1,148,825 as of September 30, 2023.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

H. Fund equity

Governmental fund balances reported on the fund financial statements at September 30, 2023 include the following:

| | General | LOST | SHIP | City Hall Capital Project | Nonmajor Funds | Total |
|--|----------------------|----------------------|---------------------|------------------------------|----------------------|-----------------------|
| Nonspendable: | | | | | | |
| Deposits, prepaids and inventories | \$ 86,394 | \$ - | \$ - | \$ - | \$ - | 86,394 |
| Receivables | 415,260 | - | - | - | - | 415,260 |
| Property held for resale | - | - | - | - | 979,670 | 979,670 |
| Restricted: | | | | | | |
| Capital improvements and public works | - | 29,887,984 | - | 37,285,609 | 18,968,221 | 86,141,814 |
| Economic development | - | - | 1,174,713 | - | 3,835,693 | 5,010,406 |
| Public safety programs | - | - | - | - | 726,279 | 726,279 |
| Youth and adult library/ recreation programs | - | - | - | - | 482,874 | 482,874 |
| Parkland dedication | - | - | - | - | 4,100,585 | 4,100,585 |
| Debt Service | - | - | - | - | 157,879 | 157,879 |
| Assigned: | | | | | | |
| Subsequent year's operations including encumbrances | 8,456,897 | - | - | - | - | 8,456,897 |
| Accrued employee benefits | 2,873,740 | - | - | - | - | 2,873,740 |
| Other purposes | - | - | - | - | 90,817 | 90,817 |
| Unassigned | 19,323,055 | - | - | - | - | 19,323,055 |
| | <u>\$ 31,155,346</u> | <u>\$ 29,887,984</u> | <u>\$ 1,174,713</u> | <u>\$ 37,285,609</u> | <u>\$ 29,342,018</u> | <u>\$ 128,845,670</u> |

I. Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets in the funds. Significant encumbrances in governmental funds as of September 30, 2023 are as follows:

| | |
|------------------------------|-----------------------------|
| Major governmental funds: | |
| General | \$ 3,585,198 |
| Local Option Sales Tax | 7,343,210 |
| SHIP | 168,010 |
| ARP Covid Recovery | 2,271,441 |
| City Hall Capital Project | 62,947,504 |
| Total Major Funds | <u>76,315,363</u> |
| Non-major governmental funds | 6,055,336 |
| Total Encumbrances | <u><u>\$ 82,370,699</u></u> |

V. OTHER DISCLOSURES

A. Risk management

The City's Risk Management Fund (Internal Service Fund) is involved with two main elements of risk management: risk control and risk financing. Risk control techniques are used to prevent/avoid potential losses, minimize the consequences of incurred losses, and segregate certain types of exposures. Risk financing techniques are used to obtain funds to restore the economic damages of losses including risk retention, risk transfer to insurers, and risk transfer to non-insurers (e.g., through indemnity clauses in contracts that transfer financial responsibility to the other contractual party).

Main activities of the Fund consist of: (1) initiating and monitoring risk control policies and procedures; (2) disbursing premium payments for insurance coverage; (3) processing and paying claims under the Workers' Compensation Act; and (4) processing and paying claims arising from property, vehicle and general liability cases.

Fund revenue primarily includes contributions from other City funds and is planned to match expenses of insurance premiums, anticipated "self-insured" losses and operating expenses. Premiums are paid into the risk management fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the various risk programs. As of September 30, 2023, such interfund premiums did not exceed reimbursable expenditures.

The City recognizes insurance claim expenses based upon claims paid, claims reported, and estimates of claims incurred but not reported (IBNR). Claims liabilities are recorded based upon the City's best estimates of potential losses after considering all available facts. The claims estimation process involves substantial uncertainties, including the ultimate outcome of certain legal actions that may affect the adequacy of amounts provided; however, management believes all claims liabilities recorded are appropriate.

Estimates of claims liabilities of the risk fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The actual result of this claims liability estimation process depends on many complex factors, such as investigations and discovery of facts, extent of the recovery of injured parties, inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of new information, claim settlement trends (including frequency and amount of pay-outs), and other factors. Due to the uncertain nature of the claims estimate, the City decided that recording 20% of the total balance is a practical portion to recognize as "due with in one year" on the statement of net position.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

The estimated claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Excess coverage insurance policies cover individual claims in excess of certain amounts.

The City is partially "self-insured" (partial risk retention) for Workers Compensation claims on a per occurrence basis up to \$500,000. The City carries insurance coverage for claims in excess of the Self-Insured Retention (SIR). The City has several ongoing claims that have exceeded SIR levels, which were lower in previous years (mostly \$400,000 SIR).

The City carries insurance policies for full coverage of employee health claims, EMS liability claims and general employee disability claims. Public safety employee disability claims (sworn police and fire employees) are covered through the pension plan.

The City carries property insurance with a \$25,000 deductible per occurrence, and per occurrence coverage of approximately \$25M for \$250 million of insurable values. There have been no settlements which exceeded insurance coverage.

The City is fully "self-insured" (total risk retention) for motor vehicle and general liability claims. The City is relying on state statutes of sovereign immunity, which limit damage awards against local governments to \$200,000 per claim and \$300,000 per occurrence. There have been instances where the State Legislature has overridden the statutes and removed these limitations; however, these instances are infrequent and the City of Largo has never been a party to a state legislative override. Sovereign immunity limits are not applicable in certain types of actions, such as breach of contract and federal civil rights actions.

The following is a roll-forward of claims reserves for the last two fiscal years:

| | Workers Compensation | Property and Liability | Total |
|---|---------------------------------|-----------------------------------|--------------|
| Claims reserve, September 30, 2021 | 1,930,000 | 480,000 | 2,410,000 |
| Plus: Incurred claims and reserve adjustments | 400,000 | 170,000 | 570,000 |
| Less: Paid claims and reserve adjustments | (735,000) | (175,000) | (910,000) |
| Claims reserve, September 30, 2022 | \$ 1,595,000 | \$ 475,000 | \$ 2,070,000 |
| Plus: Incurred claims and reserve adjustments | 1,205,000 | 900,000 | 2,105,000 |
| Less: Paid claims and reserve adjustments | (500,000) | (325,000) | (825,000) |
| Claims reserve, September 30, 2023 | \$ 2,300,000 | \$ 1,050,000 | \$ 3,350,000 |

B. Employee retirement systems and pension plans

Substantially all of the City's full-time employees participate in three separate retirement plans: a single-employer defined benefit pension plan (including disability pension) for police officers and firefighters, a single-employer defined contribution retirement plan for most general employees, and a single-employer defined contribution retirement plan for Executive Management employees. The City also has a single-employer defined benefit disability income plan for general employees.

Summary of significant accounting policies – basis of accounting and valuation of investments (all pension funds). The City accounts for all four plans as pension trust funds; therefore they are accounted for in substantially the same manner as proprietary funds with an "economic resources" measurement focus and employment of the accrual basis of accounting. Financial statements are prepared using the accrual basis of accounting.

Plan assets are valued at fair value for financial statement purposes. Securities are traded on a national exchange and are valued at the last reported sales price on September 30. Plan member contributions, employer contributions, and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan member contributions are recognized in the period contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Since separate financial reports are not issued for any individual plan, GAAP requires inclusion of each plan's financial information in the notes, even though this information is already presented in combining and individual fund statements. The following information is presented in compliance with GAAP requirements.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2023

| | Executive Employees' Retirement | General Employees' Retirement | Police Officers' and Firefighters' Retirement | General Employees' Disability | Total |
|-------------------------------------|--|--|--|--|-----------------------|
| Assets | | | | | |
| Cash and Investments | \$ 124,014 | \$ 7,833,988 | \$ 8,571,523 | \$ 445,242 | \$ 16,974,767 |
| Accrued interest receivable | - | 2,890 | - | 1,441 | 4,331 |
| Due from other funds | - | - | - | 60,826 | 60,826 |
| Loans receivable | - | 1,017,219 | - | - | 1,017,219 |
| U.S. Treasury securities & agencies | - | - | 6,049,914 | - | 6,049,914 |
| Corporate bonds | - | - | 7,518,665 | - | 7,518,665 |
| Mutual funds | 3,781,996 | 41,348,113 | 79,319,274 | - | 124,449,383 |
| Common stock | - | - | 76,129,399 | - | 76,129,399 |
| Total Assets | <u>3,906,010</u> | <u>50,202,210</u> | <u>177,588,775</u> | <u>507,509</u> | <u>232,204,504</u> |
| Liabilities | | | | | |
| Due to employee investment accounts | - | 60,826 | - | - | 60,826 |
| Due to other funds | - | 60,826 | - | - | 60,826 |
| Accounts payable | - | - | 19,326 | - | 19,326 |
| Unearned revenue | - | - | 27,250 | - | 27,250 |
| Total liabilities | <u>-</u> | <u>121,652</u> | <u>46,576</u> | <u>-</u> | <u>168,228</u> |
| Net position | | | | | |
| Restricted for: | | | | | |
| Participant benefits | 3,906,010 | 50,080,558 | 177,542,199 | 507,509 | 232,036,276 |
| Total net position | <u>\$ 3,906,010</u> | <u>\$ 50,080,558</u> | <u>\$ 177,542,199</u> | <u>\$ 507,509</u> | <u>\$ 232,036,276</u> |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended September 30, 2023

| | Executive Employees' Retirement | General Employees' Retirement | Police Officers' and Firefighters' Retirement | General Employees' Disability | Total |
|--|--|--|--|--|-----------------------|
| Additions | | | | | |
| Contributions: | | | | | |
| Employer | \$ 225,146 | \$ 1,794,683 | \$ 5,752,830 | \$ - | \$ 7,772,659 |
| Plan members | 140,717 | 1,422,798 | 1,736,094 | - | 3,299,609 |
| State contributions | - | - | 1,711,594 | - | 1,711,594 |
| Forfeitures | - | 37,319 | - | 61,814 | 99,133 |
| Service purchase contributions | - | - | 92,146 | - | 92,146 |
| Rollover contributions | - | - | - | - | - |
| Interest on loans repaid | - | 49,462 | - | - | 49,462 |
| Total contributions | <u>365,863</u> | <u>3,304,262</u> | <u>9,292,664</u> | <u>61,814</u> | <u>13,024,603</u> |
| Investment earnings: | | | | | |
| Net increase/(decrease) in investment value | 499,900 | 4,490,598 | 16,125,546 | 4,585 | 21,120,629 |
| Interest and dividends | - | 1,177,849 | 3,092,637 | 7,963 | 4,278,449 |
| | <u>499,900</u> | <u>5,668,447</u> | <u>19,218,183</u> | <u>12,548</u> | <u>25,399,078</u> |
| Less investment expense | (6,126) | (117,713) | (506,435) | - | (630,274) |
| Net investment earnings | <u>493,774</u> | <u>5,550,734</u> | <u>18,711,748</u> | <u>12,548</u> | <u>24,768,804</u> |
| Net additions | <u>859,637</u> | <u>8,854,996</u> | <u>28,004,412</u> | <u>74,362</u> | <u>37,793,407</u> |
| Deductions | | | | | |
| Benefits | 582,203 | 2,977,435 | 12,527,235 | - | 16,086,873 |
| Refund of contributions | - | - | 122,676 | - | 122,676 |
| Loans transferred out | - | 62,330 | - | - | 62,330 |
| Administrative | - | - | 226,506 | - | 226,506 |
| Forfeitures deduction | - | 121,653 | - | - | 121,653 |
| Insurance | - | - | - | 79,118 | 79,118 |
| Total deductions | <u>582,203</u> | <u>3,161,418</u> | <u>12,876,417</u> | <u>79,118</u> | <u>16,699,156</u> |
| Change in net position | 277,434 | 5,693,578 | 15,127,995 | (4,756) | 21,094,251 |
| Total net position – beginning (as restated) | <u>3,628,576</u> | <u>44,386,980</u> | <u>162,414,204</u> | <u>512,265</u> | <u>210,942,025</u> |
| Total net position - ending | <u>\$ 3,906,010</u> | <u>\$ 50,080,558</u> | <u>\$ 177,542,199</u> | <u>\$ 507,509</u> | <u>\$ 232,036,276</u> |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

1. Police Officers and Firefighters Defined Benefit Pension Plan

Plan Description. The Police Officers and Firefighters Pension Plan is a single-employer defined benefit pension plan that provides retirement benefits for all sworn police and fire personnel. The plan also provides disability and survivors' benefits as well as a DROP (Deferred Retirement Option Plan) provision. All plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance No. 2019-73. The plan Ordinance may be amended by the City Commission after public notice has been made, two public readings are conducted, and one public hearing is held. The plan does not issue a stand-alone financial report and is not included in any other retirement system's or entity's financial report.

Note: Information is reported from the actuarial report prepared at the beginning of each fiscal year (October 1st), which is permitted by GASB Standards.

Membership:

| | October 1 | |
|---|-----------|------|
| | 2021 | 2022 |
| Active employees | 274 | 266 |
| Retirees and beneficiaries currently receiving normal & disability benefits | 237 | 241 |
| Terminated employee's entitled to benefits, but not yet receiving benefits | 22 | 23 |
| DROP participants receiving benefits into their DROP accounts | 20 | 20 |
| Total plan membership | 553 | 550 |

Benefits. Benefits are determined by applicable retirement category, average salary, benefit factor and length of service.

For Police members normal retirement is defined as:

- For members hired before October 1, 2013:
 - Age 55 with ten years of credited service, or
 - 23 years of credited service regardless of age, or
 - Age 62 regardless of credited service
- For members who were hired on or after October 1, 2013:
 - Age 55 with ten years of credited service, or
 - 25 years of credited service regardless of age, or
 - Age 62 regardless of credited service

Police Benefits are defined as follows:

- For members hired before October 1, 2013:
 - 3.25% of average final compensation (AFC) times the number of years of service (subject to a maximum of 95% of AFC)
 - AFC is the three highest earning years out of the last ten years of employment

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

- For members who were hired on or after October 1, 2013:
 - 2.75% of (AFC) times the number of years of service (subject to a maximum of 95% of AFC)
 - AFC is the five highest earning years out of the last ten years of employment

For Fire members normal retirement is defined as:

- For all members:
 - Age 55 with ten years of credited service, or
 - 23 years of credited service regardless of age, or
 - Age 62 regardless of credited service

Fire Benefits are defined as follows:

- For all Fire members:
 - 3.25% of average final compensation (AFC) times the number of years of service (subject to a maximum of 95% of AFC)
 - AFC is the three highest earning years out of the last ten years of employment

A service incurred disability benefit and a non-service incurred disability benefit is available at 60% of AFC and 50% of AFC, respectively, for continuous and permanent incapacity as defined by state statutes. Vesting is 100% after ten years of creditable service; 0% prior to ten years, except for disability benefits. The Plan does not provide for any post-retirement benefit increases.

Contributions. Employees contribute a fixed percentage of eligible compensation (currently 8%) on a pre-tax basis which may be amended by ordinance after collective bargaining.

Plan member contributions are recognized in the period in which the contributions are due. City contributions to the plan, as calculated by the plan actuary, are recognized as revenue when due and the City has made a formal commitment to provide contributions. The City and employees' contributions for the fiscal year ended September 30, 2023 were \$5,752,830 and \$1,736,094, respectively. The City's contribution was made in accordance with actuarially determined contribution requirements ascertained through an actuarial valuation performed at October 1, 2021 (one year in arrears).

The State of Florida has levied a tax on property, casualty, and auto insurance premiums, the proceeds of which are distributed to local governmental entities that maintain qualified Police Officers and Firefighters pension plans. State contributions are an integral part of the plan's funding sources. The state has previously altered the amount or the usage of this tax and may do so again unilaterally at any time. The amount of state contributions for fiscal year 2023 was \$1,711,594. This amount was recorded as an intergovernmental revenue and an expenditure in the General Fund.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Net Pension Liability. The net pension liability was measured as of October 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2021.

The schedules of net pension liability, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the plan net positions are increasing or decreasing over time relative to the total pension liabilities for benefits.

The City is required by state statutes to make annual contributions that fluctuate according to the most recent actuarial valuation report, after deducting estimated contributions by members, contributions received from premium taxes, investment earnings, and all plan expenses. Significant actuarial assumptions used to compute actuarially determined contribution requirements are not the same as those used to compute the total pension liability.

The following information and assumptions were used in the actuarial valuation for the net pension liability.

| | |
|---------------------------------|--|
| Valuation Date | October 1, 2021 |
| Actuarial Cost Method (Funding) | Entry Age Normal Standard actuarial update procedures were used to "roll forward" the Total Pension Liability to the September 30, 2022 Measurement Date. |
| Roll Forward Methodology | Experience- based table of rates that are specific to the type of eligibility condition. |
| Retirement Age | The same versions of PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk Class Members in the July 1, 2020 actuarial valuation (with mortality improvements projected for non-disabled lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports. |
| Mortality Rates | |
| Actuarial assumptions: | |
| Investment rate of return | 6.50% |
| Projected salary increases | 3.75% to 5.75% depending on Member Age |
| Inflation | 2.5% |
| Cost-of-living adjustments | Not Applicable |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Deferred Retirement Option Plan (DROP). When a plan member reaches retirement eligibility, the member may elect to participate in a deferred retirement option plan (DROP). Members who elect to enter the DROP continue working, but all pension contributions stop and the pension benefit earned is deposited for that member in a separate account within the pension plan. DROP assets may be segregated from other plan assets and invested separately or left in the plan. At termination of employment (which cannot exceed seven years from the date of election into the DROP), DROP members have an option of receiving a lump sum payment or rolling over the account balance into a tax deferred account with all future pension benefit payments going directly to the member. DROP plan balances at September 30, 2023 total \$6,307,530.

Share Plan. The Plan provides an individual share account for all active firefighters and for firefighters who are DROP members, retirees, and terminated vested members on October 1, 2009. The Plan also provides an individual share account for all active police officers and for police officers employed on September 1, 2011. The Share Plan allocation is derived from any non-dedicated Chapter 175 (fire) or 185 (police) revenue that exceeds the base amount. Effective October 1, 2013, for Police Officers, a portion of excess annual revenue is allocated to individual accounts if the plan's funding level determined in the most recent valuation report is 80% and all excess revenue is allocated to individual accounts once the plan's funding level reaches 100%. For Firefighters, the excess amount will be shared if the plan reaches a 100% funding level. Share plan balances at September 30, 2023 total \$3,010,939.

Investment policy. The plan's policy in regard to the allocation of invested assets is established by the pension board and may be amended by the pension board by a majority vote of its members. It is the policy of the board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Board's adopted Investment Policy is 50.0% equity, 30.0% bonds, 12.5% international equity and 7.5% real estate. The following is the board's target and actual asset allocation as of September 30, 2022:

| Asset Class | Target Allocation | Actual Allocation |
|------------------------|-------------------|-------------------|
| Domestic equities | | |
| Large Cap Growth | 20.0% | 20.9% |
| Large Cap Value | 20.0% | 21.8% |
| Small Cap Blend | 10.0% | 8.9% |
| International equities | | |
| Developed markets | 5.0% | 3.4% |
| Emerging markets | 7.5% | 5.6% |
| Fixed income | 30.0% | 27.8% |
| Real estate | 7.5% | 11.6% |
| | 100.0% | 100.0% |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return | Weighted Average |
|------------------------|---|-----------------------------|
| Domestic equities | | |
| Large Cap Growth | 7.25% | (0.72)% |
| Large Cap Value | 7.25% | (0.41)% |
| Small Cap Blend | 7.50% | (1.13)% |
| International equities | | |
| Developed markets | 6.25% | (2.46)% |
| Emerging markets | 7.25% | (1.76)% |
| Fixed income | 3.70% | (4.38)% |
| Real estate | 6.50% | 1.38% |
| Total | | <u>(9.48)%</u> |

Rate of return. For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (11.6)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Method used to value investments. Investments are reported at fair value. Securities and funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Discount rate. A single discount rate of 6.50% was used to measure the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Changes in the Total Pension Liability and the Net Pension Liability are as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|---|--|--|--|
| Balance at of September 30, 2021 | <u>\$ 209,059,556</u> | <u>\$ 184,430,955</u> | <u>\$ 24,628,601</u> |
| Changes for the year: | | | |
| Service cost | 4,742,925 | - | 4,742,925 |
| Interest | 13,566,804 | - | 13,566,804 |
| Benefit changes | - | - | - |
| Difference between actual & expected experience | 5,701,186 | - | 5,701,186 |
| Assumption changes | - | - | - |
| Contributions - employer | - | 5,472,620 | (5,472,620) |
| Contributions - employer (through state) | - | 1,501,684 | (1,501,684) |
| Contributions - member | - | 1,663,798 | (1,663,798) |
| Net investment income | - | (20,399,366) | 20,399,366 |
| Benefit payments | (10,087,633) | (10,087,633) | - |
| Refunds | (77,206) | (77,206) | - |
| Administrative expense | - | (273,428) | 273,428 |
| Other | - | - | - |
| Net changes | <u>13,846,076</u> | <u>(22,199,531)</u> | <u>36,045,607</u> |
| Balance at of September 30, 2022 | <u><u>\$ 222,905,632</u></u> | <u><u>\$ 162,231,424</u></u> | <u><u>\$ 60,674,208</u></u> |

Amounts reported in the table above include liabilities reported in the Statement of Fiduciary Net Position. The plans fiduciary net position as a percentage of total pension liability is 72.78%.

Sensitivity of the Net Pension Liability to changes in discount rate. The following table presents the plan's net pension liability calculated using a single discount rate of 6.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (sensitivity range):

| 1% Decrease 5.50% | Current Single Discount Rate Assumption 6.50% | 1% Increase 7.50% |
|------------------------------|--|------------------------------|
| <u>\$ 86,163,768</u> | <u>\$ 60,674,208</u> | <u>\$ 39,456,153</u> |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Pension expense, Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended September 30, 2023, the City recognized pension expense of \$10,137,829. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows or Resources | Net Deferred Outflows (Inflows) |
|--|-----------------------------------|----------------------------------|------------------------------------|
| Difference between expected and actual experience | \$ 6,385,407 | \$ - | \$ 6,385,407 |
| Changes in assumptions | 145,630 | - | 145,630 |
| Net difference between projected and actual earnings on pension plan investments | 15,461,090 | | 15,461,090 |
| Employer contributions made subsequent to the measurement date | 7,464,424 | - | 7,464,424 |
| Total | <u>\$ 29,456,551</u> | <u>\$ -</u> | <u>\$ 29,456,551</u> |

Deferred outflows of resources related to the Plan, including \$7,464,424 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ended September 30:

| | |
|------|----------------------|
| 2024 | \$ 5,826,216 |
| 2025 | 4,662,220 |
| 2026 | 4,294,284 |
| 2027 | 7,209,407 |
| | <u>\$ 21,992,127</u> |

2. General employees defined benefit disability income plan

Plan Description. The general employee disability income plan is a single-employer defined benefit disability income plan (Disability Income Plan) for all general employees. The Plan is non-contributory for employees and the City. Only employees eligible to participate in the City's General Employees Defined Contribution Retirement Plan are eligible for disability income under this Plan.

All Retirement Plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 96-29. The Plan Ordinance may be amended by the City Commission after public notice has been made, two public readings are conducted, and one public hearing is held. The Plan does not issue a stand-alone financial report and is not included in any other retirement system's or entity's financial report. Full-coverage disability insurance was

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

purchased for all claims incurred after October 1, 2002; however, the Plan was continued in order to provide future funding for all insurance expense and to pay previous claims outstanding.

Membership. General employees disability plan membership is, as follows:

| | FY2022 | FY2023 |
|--|---------------|---------------|
| Active employees (vested and non-vested) | 548 | 482 |
| Disabled participants currently receiving benefits | 25 | 26 |
| Total | 573 | 508 |

Benefits. Disability income benefits are based on the following schedule:

| | Class I | Class II | Class III |
|-----------------|--|--|----------------------------|
| Eligibility | More than 1 and less than 3 years employment | More than 3 and less than 5 years employment | 5 or more years employment |
| Monthly Benefit | 40% of monthly earnings | 50% of monthly earnings | 60% of monthly earnings |
| Maximum Benefit | \$4,000 per month* | \$5,000 per month* | \$5,000 per month* |

*Subject to reduction by deductible sources of income or other disability earnings.

Other sources of income may affect the disability benefits payable under the plan. A Work Incentive Benefit will be provided if the employee is disabled and gainfully employed after the end of the elimination period, or after a period during which the employee received long-term disability (LTD) monthly benefits.

Compensation includes regular pay for normal hours worked (including normal leave time) and excludes extraordinary compensation, such as overtime, bonuses, severance pay, etc. The Plan only provides benefits during disability. Benefits also cease upon the death of the participant, or when a participant who is 61 years of age or younger reaches the normal retirement age (age 65). Participants who are 62 years of age or older at the time of disability receive benefit periods of 42 months to 12 months, depending on age.

Funding Policy. The Plan is primarily funded through a surplus of net Plan assets available upon conversion of the City's General Employees Defined Benefit Pension Plan to the General Employees Defined Contribution Pension Plan in 1996. The Plan also receives one-half of all account forfeitures from the General Employees Defined Contribution Retirement Plan and investment earnings on plan assets.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

3. General employees defined contribution retirement plan

Plan Description. The General Employees Defined Contribution Retirement Plan was established to provide supplemental income to employees upon retirement. All employees are eligible to participate in the Plan, except Police Officers, Firefighters, and Executive Management employees., elected officials and employees whose customary employment is for less than 30 hours in any one week, or less than five months in any calendar year.

All Plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 96-09. The Plan Ordinance may be amended by the City Commission after public notice has been made, two public readings are conducted, and one public hearing is held. The Plan does not issue a stand-alone financial report and is not included in any other retirement system's or entity's financial report.

All investments are directed by Plan members, including the non-vested portion of the City's contributions, if any. Plan members may elect to allocate investments among stock mutual funds, money market funds, and fixed income mutual funds.

Membership. General employees defined contribution plan membership is, as follows:

| | FY2022 | FY2023 |
|---|---------------|---------------|
| Active employees (vested and non-vested) | 535 | 563 |
| Retired and terminated members maintaining balances | 332 | 348 |
| Total | <u>867</u> | <u>911</u> |

Benefits. Member contributions are 100% vested at all times. Employer contributions become vested on a graduated basis at the rate of 25% per year after the second year of employment, with 100% vesting after five years of employment. Actual benefits received are completely dependent on the amount of contributions made plus investment earnings.

Funding Policy. For fiscal year 2023, members are required to contribute between 5% of covered salary (regular pay only) to the Plan, and the City is required to contribute between 6% and 7.5%, depending on position classification, of covered salary. During FY 2023, actual contributions were \$1,422,798 from employees and \$1,794,683 from the City, excluding roll-over dollars from other plans, if any.

Loans. Employee loans are permitted up to 50% if the vested portion of account balance of at least \$4,000 with a minimum of \$2,000 and a maximum of \$50,000. Loans must be repaid within 5 years with interest determined at the time of the loan.

4. Executive management defined contribution retirement plan

Plan Description and membership. The Executive Management 401(a) Plan operates similarly to the General Employees' 401(a) Plan. There is no minimum number of participants required, which is well suited to the City's relatively small group of Executive Management personnel. The plan has 25 active members.

Funding Policy. For fiscal year 2023 the City contribution is 8.0% of covered pay and member contributions are 5% of covered pay. Actual contributions were \$140,717 from employees and \$225,146 from the City.

Benefits. The vesting schedule is 100% at the date of hire. All investments are reported at fair value. All investments are directed by Plan members. Plan members may elect to allocate investments among stock mutual funds, money market funds, and fixed income mutual funds. Actual benefits received are completely dependent on the amount of contributions made plus investment earnings.

All Retirement Plan provisions, including benefits, eligibility, vesting, etc., are established by City Resolution, the most recent of which is Resolution No. 1740. The Plan does not issue a stand-alone financial report and is not included in any other retirement system's or entity's financial report.

5. Deferred compensation retirement savings plan

In addition to the four pension plans described above, the City offers all employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code (IRS) Section 457(b). The plan is voluntary and permits employees to defer taxes on a portion of their salary until future years. Deferred compensation can be withdrawn upon termination, retirement, death, or unforeseeable emergency. All amounts of deferred compensation, all property, all rights, and all income are held in trust for employees and are subject only to the claims of the employee or other beneficiary. The City contributes to the account of the City Manager, as stipulated in the City Manager employment contract. Although these contributions are employer contributions, the contributions are for the direct benefit of the employee.

It is the opinion of the City that the City has no liability for losses under the IRS Section 457(b) plan, the City does have the duty of due care that would be required of any prudent administrator. Since the City has no liability for losses and exercises no significant administrative control over assets, the Deferred Compensation Fund has been removed from the City's financial statements in accordance with GAAP.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Loans. Employee loans are permitted up to 50% if the vested portion of account balance of at least \$4,000 with a minimum of \$2,000 and a maximum of \$50,000. Loans must be repaid within 5 years with interest determined at the time of the loan.

Changes in total plan assets during the year were as follows:

| | Fair Value |
|-------------------------------------|----------------------|
| Net plan assets, October 1, 2022 | \$ 33,264,242 |
| Employee contributions | 1,784,669 |
| Employer contributions | 6,169 |
| Rollover contributions | 225,336 |
| Loan repayment interest | 31,064 |
| Earnings (losses) | 4,058,664 |
| Distributions | (5,164,551) |
| Loans redeemed | (19,348) |
| Net plan assets, September 30, 2023 | <u>\$ 34,186,245</u> |

6. Voluntary Post-employment Health Savings Plan

Prior to FY 2008, the City offered all employees a voluntary Post-employment health savings plan. The Plan was discontinued in FY 2008 for all employees except members of the Police Benevolent Association (PBA) bargaining unit which were discontinued as of FY 2008, due to changes in U.S. Treasury regulations. Existing employee contributions may remain in the Plan.

It is the opinion of the City that the City has no liability for losses under this plan, but does have the duty of care that would be required of any ordinary prudent administrator. Since the City has no liability for losses and exercises no significant administrative control over assets, the Voluntary Post-employment Health Savings Plan has not been included in the City's financial statements in accordance with GAAP.

| | |
|-------------------------------------|------------------|
| Net Plan Assets, October 1, 2022 | \$ 40,206 |
| Employee Contributions | - |
| Earnings/(Loss) | 1,661 |
| Distributions | (3,288) |
| Net Plan Assets, September 30, 2023 | <u>\$ 38,579</u> |

7. Other Post-employment Benefits Payable (OPEB)

In 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for post-employment healthcare benefits other than pensions as of September 30, 2023.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Plan Description. The City participates in a multi-employer retiree health plan (“the Plan”) that provides health and dental insurance to eligible employees and their spouses. Pursuant to the provisions of section 112.0801, Florida Statutes, former employees and eligible dependents may continue to participate in the City’s fully insured health plan for medical and prescription drug coverage. Retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. However, the City is presumed to be subsidizing the premium rates paid by retirees by allowing them to participate in the plans at blended group premium rates (implicitly subsidized) for both active and retired employees. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Membership. There are 25 retired participants and dependents receiving health benefits and 668 employees covered by the Plan.

Total OPEB Liability and Changes in Total OPEB Liability. The measurement date for the City’s total/net OPEB liability was September 30, 2023. The measurement period for the OPEB cost was October 1, 2022 to September 30, 2023. The City’s total OPEB liability is \$16,449,296.

Changes in the Total Net OPEB Liability is as follows:

| | Fiscal Year ending September 30, 2023 |
|--|--|
| Total OPEB Liability | |
| Service cost | \$ 1,161,598 |
| Expected interest growth | 1,008,618 |
| Demographic experience | (223,157) |
| Benefit payments and refunds | (562,127) |
| Assumption changes | (144,773) |
| Net change in balance of deferred inflows and outflows | (4,449,073) |
| Total change in net OPEB liability | (3,208,914) |
| Total OPEB liability, beginning | 19,658,210 |
| Total OPEB liability, ending | <u>\$ 16,449,296</u> |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

Sensitivity of the OPEB Liability to changes in discount rate. The following table presents the total OPEB liability of the City calculated using a single discount rate of 4.91%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (sensitivity range):

| 1% Decrease | Current Single | 1% Increase |
|----------------------|-----------------------|----------------------|
| 1.00% | Discount Rate | 1.00% |
| | 4.91% | |
| <u>\$ 18,396,148</u> | <u>\$ 16,449,296</u> | <u>\$ 14,912,783</u> |

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates. The following table presents the total OPEB liability of the City calculated using a healthcare cost trend rate of 7.5% graded down to 5%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (sensitivity range):

| Trend rates | Current Healthcare | Trend rates |
|----------------------|-------------------------------|----------------------|
| minus 1% | Cost Trend Rate | plus 1% |
| | 7.5% graded down to 5% | |
| <u>\$ 14,477,227</u> | <u>\$ 16,449,296</u> | <u>\$ 18,805,822</u> |

OPEB expense, Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended September 30, 2023, the City recognized OPEB expense of \$1,240,159,. At September 30, 2023, the City reported \$5,479,261 in deferred outflows and \$9,398,226 in deferred inflows of resources related to OPEB due to changes in assumptions and amortization payments. These amounts will be recognized in OPEB expense as follows:

| Year ended September 30: | Deferred | Deferred | Net Deferred |
|---------------------------------|---------------------|---------------------|---------------------------|
| | Outflows | Inflows | Outflows (Inflows) |
| 2023 | \$ 776,489 | \$ 1,144,419 | \$ (367,930) |
| 2024 | 776,489 | 1,144,419 | (367,930) |
| 2025 | 776,489 | 1,144,419 | (367,930) |
| 2026 | 776,489 | 1,144,419 | (367,930) |
| 2027 and thereafter | 2,373,305 | 4,820,550 | (2,447,245) |
| | <u>\$ 5,479,261</u> | <u>\$ 9,398,226</u> | <u>\$ (3,918,965)</u> |

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

The following information and assumptions were used in the actuarial valuation for the net OPEB liability.

| | |
|-----------------------------|--|
| Valuation Date | October 1, 2022 |
| Measurement Date | September 30, 2023 |
| Discount rate | 4.91% per annum |
| Salary increases | 3.00% per annum |
| Healthcare cost trend rates | Increases in healthcare costs are assumed to be 7.5% for the 2022/2023 fiscal year graded down by 0.5% per year to 5.0% for the 2027/2028 and later fiscal years. |
| Age-related morbidity | Healthcare costs are assumed to increase at the rate of 3.5% for each year of age. |
| Implied subsidy | For the 2022/2023 fiscal year at age 62, the assumed monthly subsidy is \$650 for the retiree and \$500 for the retiree's spouse under the core plan, \$750 for the retiree and \$550 for the retiree's spouse under the high-deductible plan and \$525 for the retiree and \$400 for the retiree's spouse under the minimum coverage plan; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The implied subsidy is assumed to disappear at age 65; no implied subsidy is assumed with respect to dental and life insurance coverage. |
| Mortality basis | Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) with full generational improvements in mortality using Scale MP-2020. |
| Retirement | For general employees, retirement is assumed to occur at age 62; for firefighters and police officers, retirement is assumed to occur at age 62 , at age 55 with 10 years of service, or at any age with 23 years of service. |
| Changes | Since the prior measurement date, the discount rate was increased from 4.77% to 4.91% per annum; implied monthly benefits were changed. |

C. Contingent Liabilities

Litigation. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City that the resolution of these matters will not have a material adverse effect on the City's financial condition. Please refer to the note on Risk Management in this section, V. A.

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

City of Largo, Florida
Notes to the Financial Statements
September 30, 2023

D. Tax Abatements

The City entered into property tax abatements with local businesses under the s. 3, Art. VII of the Florida State Constitution. The article provides the City the ability to grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses. Chapter 22, article VI of the City of Largo Code of Ordinances authorizes the granting of such exemptions.

For the fiscal year ended September 30, 2023, the City abated property taxes totaling \$20,475 under this program, including one agreement with a large distributor of IT products and services. The abatement was enacted in November 2015 continues through December 31, 2024.

E. Restatement of Prior Year Net Position

The September 30, 2022 and prior years Statement of Net Position - Fiduciary Funds inaccurately included Police Officers' and Firefighters Retirement Pension Plan member DROP and Share plan balances as a liability instead of an element of restricted net position. As the investments remain as part of the plan until they are paid, the amounts should not have been classified as a liability. At September 30, 2022 the balances of these accounts was \$10,541,299. The beginning net position of the Police and Fire Pension Plan Statement of Changes in Fiduciary Net Position - Pension Trust Funds was restated to correct the error as follows:

Restatement of Prior Year Police Officers' and Firefighters Retirement Net Position

| | |
|---|--------------------|
| Net Position - Beginning of Period, as previously reported \$ | 151,872,904 |
| Adjustment to Net Position | 10,541,300 |
| Net Position - Beginning of Period, as restated \$ | <u>162,414,204</u> |

Restatement of Fiduciary Funds Net Position (All Pension Trusts)

| | |
|---|--------------------|
| Net Position - Beginning of Period, as previously reported \$ | 200,400,725 |
| Adjustment to Net Position | 10,541,300 |
| Net Position - Beginning of Period, as restated \$ | <u>210,942,025</u> |

F. Subsequent Events

The Police Officers' and Firefighters Retirement Pension Board updated assumptions used in the actuarial report based on an experience study performed by an actuary. The salary increase assumption was updated to reflect higher observed salary increases, on average, than expected. The assumed rates of future retirement were updated to reflect lower and delayed overall observed retirement experience than expected. The assumed rates of future employment separation were updated to reflect generally lower observed separation experience than expected. The maximum amortization period for new and existing unfunded actuarial accrued liability (UAAL) bases was lowered from 25 years to 20 years. Required City and Chapter 175/185 state contributions to the plan as a result of these changes and FY2023 experience increased from \$8,007,262 for FY2024 to \$9,581,463 in FY2025.

City of Largo, Florida
Required Supplementary Information
September 30, 2023

POLICE OFFICERS AND FIREFIGHTERS PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
PAST TEN YEARS (\$ in thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Service cost | \$ 2,575 | \$ 2,572 | \$ 2,778 | \$ 3,080 | \$ 3,572 | \$ 3,745 | \$ 3,913 | \$ 4,072 | \$ 4,743 |
| Interest | 11,080 | 11,499 | 11,916 | 12,269 | 12,066 | 12,391 | 12,902 | 13,385 | 13,567 |
| Difference between expected and actual experience | (427) | - | (1,057) | 1,429 | 11 | 855 | 942 | 2,722 | 5,701 |
| Changes in benefit terms | - | - | - | - | - | 461 | (1) | - | - |
| Changes of assumptions | - | - | - | 8,537 | - | - | - | 262 | - |
| Benefit payments, including refunds of employee contributions | (7,325) | (7,965) | (9,478) | (8,981) | (12,291) | (9,736) | (10,342) | (11,198) | (10,165) |
| Other | 5 | - | - | - | - | - | - | - | - |
| Net change in total pension liability | 5,908 | 6,106 | 4,159 | 16,334 | 3,358 | 7,716 | 7,414 | 9,243 | 13,846 |
| Total pension liability-beginning | 148,821 | 154,729 | 160,835 | 164,994 | 181,328 | 184,686 | 192,402 | 199,817 | 209,060 |
| Total pension liability-ending | 154,729 | 160,835 | 164,994 | 181,328 | 184,686 | 192,402 | 199,816 | 209,060 | 222,906 |
| Plan fiduciary net position | | | | | | | | | |
| Contributions-employer | \$ 4,591 | \$ 5,025 | \$ 4,648 | \$ 5,373 | \$ 6,262 | \$ 6,047 | \$ 6,202 | \$ 6,606 | \$ 6,975 |
| Contributions-employee | 706 | 940 | 1,208 | 1,272 | 1,414 | 1,353 | 1,467 | 1,634 | 1,663 |
| Net investment income | 10,838 | 497 | 9,877 | 15,043 | 13,052 | 5,296 | 10,336 | 29,293 | (20,399) |
| Benefit payments, including refunds of employee contributions | (7,325) | (7,965) | (9,478) | (8,980) | (12,291) | (9,736) | (10,342) | (11,198) | (10,165) |
| Other | - | - | - | - | 54 | - | - | - | - |
| Administrative expense | (154) | (149) | (134) | (155) | (230) | (195) | (243) | (257) | (274) |
| Net change in fiduciary net position | 8,656 | (1,652) | 6,121 | 12,553 | 8,261 | 2,765 | 7,420 | 26,078 | (22,200) |
| Plan fiduciary net position-beginning | 114,230 | 122,885 | 121,233 | 127,354 | 139,907 | 148,168 | 150,933 | 158,353 | 184,431 |
| Plan fiduciary net position-ending | 122,886 | 121,233 | 127,354 | 139,907 | 148,168 | 150,933 | 158,353 | 184,431 | 162,231 |
| Net pension liability | \$ 31,843 | \$ 39,602 | \$ 37,640 | \$ 41,421 | \$ 36,518 | \$ 41,469 | \$ 41,463 | \$ 24,629 | \$ 60,675 |
| Plan fiduciary net position as a percentage of the total pension liability | 79.42% | 75.38% | 77.19% | 77.16% | 80.23% | 78.45% | 79.25% | 88.22% | 72.78% |
| Covered payroll | 12,456 | 13,311 | 13,660 | 15,419 | 16,315 | 16,910 | 17,693 | 19,329 | 20,797 |
| Net pension liability as a percentage of covered payroll | 255.64% | 297.51% | 275.55% | 268.64% | 223.83% | 245.23% | 234.35% | 127.42% | 291.75% |

Notes to Schedule:

Data unavailable prior to 2015 because it was not required by GASB Standards. Subsequent years will be added as available.

The Net Pension liability of the plans recorded to the City's financial statements at September 30, 2023 is based on a measurement date of September 20, 2022.

City of Largo, Florida
Required Supplementary Information
September 30, 2023

POLICE OFFICERS AND FIREFIGHTERS PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
(\$ in thousands)

| Actuarial Valuation | 10/1/2012 | 10/1/2013 | 10/1/2014 | 10/1/2015 | 10/1/2016 | 10/1/2017 | 10/1/2018 | 10/1/2019 | 10/1/2020 | 10/1/2021 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Fiscal Year Contributed to Plans | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Actuarially determined contribution | \$ 4,987 | \$ 5,025 | \$ 4,648 | \$ 5,373 | \$ 6,261 | \$ 6,047 | \$ 6,202 | \$ 6,606 | \$ 6,974 | \$ 7,464 |
| Contributions in relation to the actuarially determined contribution | 4,591* | 5,025** | 4,648 | 5,373 | 6,261 | 6,047 | 6,202 | 6,606 | 6,974 | 7,464 |
| Covered payroll | 12,624 | 12,733 | 13,660 | 15,419 | 16,315 | 16,910 | 17,693 | 19,329 | 19,931 | 20,654 |
| Contributions as a percentage of covered payroll | 36.4% | 39.5% | 34.0% | 34.8% | 38.4% | 35.8% | 35.1% | 34.2% | 35.0% | 36.1% |

* -This is an adjustd amount to reflect the \$396,627 excess City contribution for fiscal year ending 9/30/2013.

**-Includes \$520,523 in prepaid City contributions as of September 30, 2014 that was applied to the City's contribution requirement for the 2015 fiscal year.

Notes to Schedule:

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

Methods and Assumptions Used to Determine Net Pension Liability and Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 25 years |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 2.5% |
| Salary Increases | Rates vary from 3.75% to 5.75% depending on age |
| Investment Rate of Return | 6.5% |
| Retirement Age | Experience-based table of rates that are specific to type of eligibility condition. |

Mortality
The same versions of PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk Class members in the July 1, 2020 actuarial valuation (with mortality improvements projected for non-disabled lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

Other Information:

Notes to schedule:
Data unavailable prior to 2014 because it was not required by GASB Standards. Data not presented for most recent fiscal year because the City has elected to use the prior fiscal year data to ensure availability, which is permitted by GASB Standards. Subsequent years will be added as available.

See Discussion of Valuation results in the October 1, 2020 Actuarial Valuation Report dated April 5, 2021 and the Actuarial Impact Statement dated October 18, 2021.

City of Largo, Florida
Required Supplementary Information
September 30, 2023

POLICE OFFICERS AND FIREFIGHTERS PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return | 10.66% | 0.33% | 9.09% | 13.43% | 10.29% | 3.83% | 7.30% | 19.50% | (11.60)% |

Notes to Schedule: Data unavailable prior to 2015 because it was not required by GASB Standards. Subsequent years will be added as available.

City of Largo, Florida
Required Supplementary Information
September 30, 2023

**SCHEDULE OF CHANGES IN CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
PAST TEN YEARS (\$ in thousands)**

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Service cost | \$ 876 | \$ 886 | \$ 1,458 | \$ 2,190 | \$ 1,452 | \$ 1,161 |
| Expected interest growth | 410 | 439 | 297 | 472 | 1,145 | 1,009 |
| Demographic experience | - | - | 233 | (1,360) | (107) | (223) |
| Difference between expected and actual experience | - | - | - | | | |
| Change in assumptions and other inputs | - | - | - | | | |
| Benefit payments and refunds | (267) | (326) | (431) | (472) | (636) | (562) |
| Assumption changes | - | 78 | 3,288 | 4,561 | 212 | (145) |
| Change in deferred outflows of resources | - | - | - | - | (776) | (776) |
| Change in deferred inflows of resources | - | - | - | - | (4,494) | (3,673) |
| Net change in total OPEB liability | 1,019 | 1,077 | 4,845 | 5,391 | (3,204) | (3,209) |
| Total OPEB liability, beginning | 10,530 | 11,549 | 12,626 | 17,471 | 22,862 | 19,658 |
| Total OPEB liability, ending | <u>\$ 11,549</u> | <u>\$ 12,626</u> | <u>\$ 17,471</u> | <u>\$ 22,862</u> | <u>\$ 19,658</u> | <u>\$ 16,449</u> |
| Covered employee payroll | \$ 31,235 | \$ 31,235 | \$ 40,022 | \$ 38,098 | \$ 38,098 | \$ 39,961 |
| Total OPEB liability as a percentage of covered employee payroll | 36.98% | 40.42% | 43.65% | 60.01% | 51.60% | 41.16% |

Notes to Schedule:

Information is required to be presented for 10 year, but data was not available prior to 2018 because it was not required by GASB Statements. Subsequent years will be added as available.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.1010 or P52.101 to pay related benefits for the OPEB plan.

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COMMUNITY REDEVELOPMENT AGENCY

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CITY OF LARGO, FLORIDA
Largo Community Redevelopment Agency
Balance Sheet
September 30, 2023

Assets

| | |
|--------------------------|---------------------|
| Cash and investments | \$ 4,227,438 |
| Receivables | |
| Accrued interest | 13,748 |
| Property held for resale | 979,669 |
| Total assets | <u>\$ 5,220,855</u> |

Liabilities

| | |
|--------------------|----------------|
| Accounts payable | \$ 14,076 |
| Accrued payroll | 5,079 |
| Due to other funds | 532,000 |
| Total liabilities | <u>551,155</u> |

Fund balances

| | |
|-------------------------------------|---------------------|
| Nonspendable | 979,669 |
| Restricted | 3,690,031 |
| Total fund balances | <u>4,669,700</u> |
| Total liabilities and fund balances | <u>\$ 5,220,855</u> |

CITY OF LARGO, FLORIDA
Largo Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended September 30, 2023

Revenues

| | |
|---------------------|------------------|
| Taxes | \$ 875,822 |
| Intergovernmental | 766,800 |
| Investment earnings | 107,299 |
| Other | - |
| Total revenues | <u>1,749,921</u> |

Expenditures

| | |
|----------------------|----------------|
| Current: | |
| Economic development | 347,026 |
| Capital outlay | 37,067 |
| Total expenditures | <u>384,093</u> |

Other financing sources/uses

| | |
|------------------------------------|------------------|
| Transfers out | <u>(906,300)</u> |
| Total other financing sources/uses | <u>(906,300)</u> |

Net change in fund balance 459,528

Fund balance - beginning 4,210,172

Fund balance - ending \$ 4,669,700

COMBINING & OTHER SUPPLEMENTARY INFORMATION SCHEDULES

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CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
Fiscal Year Ended September 30, 2023

| | Original Budget | Final Budget | Actual | Final Budget Variances Positive (Negative) |
|--|----------------------------|------------------------|----------------------|---|
| Revenues | | | | |
| Taxes | \$ 48,921,900 | \$ 48,921,900 | \$ 50,215,172 | \$ 1,293,272 |
| Licenses, permits and fees | 6,913,300 | 6,913,300 | 7,664,567 | 751,267 |
| Intergovernmental | 14,450,900 | 14,450,900 | 14,761,894 | 310,994 |
| Charges for services | 19,677,400 | 20,157,400 | 21,362,510 | 1,205,110 |
| Fines | 756,500 | 756,500 | 513,001 | (243,499) |
| Interfund charges | 4,887,600 | 4,887,600 | 4,889,830 | 2,230 |
| Contributions and donations | 157,700 | 157,700 | 196,136 | 38,436 |
| Investment earnings (losses) | 54,000 | 54,000 | 1,410,158 | 1,356,158 |
| Other | 272,600 | 272,600 | 309,173 | 36,573 |
| Total revenues | <u>96,091,900</u> | <u>96,571,900</u> | <u>101,322,441</u> | <u>4,750,541</u> |
| Expenditures | | | | |
| Current: | | | | |
| Administration | 4,132,500 | 4,199,265 | 3,633,896 | 565,369 |
| Community Development | 3,137,100 | 3,203,614 | 2,491,241 | 712,373 |
| Public Works | 5,562,600 | 5,879,261 | 5,302,820 | 576,441 |
| Engineering | 1,173,100 | 1,235,333 | 1,110,163 | 125,170 |
| Finance | 1,226,000 | 1,235,803 | 1,060,063 | 175,740 |
| Fire Rescue | 24,669,200 | 25,055,514 | 23,625,965 | 1,429,549 |
| General Operating | 210,900 | 587,533 | 486,264 | 101,269 |
| Human Resources | 1,029,200 | 1,048,302 | 1,033,253 | 15,049 |
| Information Technology | 5,451,800 | 5,576,837 | 4,456,065 | 1,120,772 |
| Legislative | 440,100 | 441,150 | 415,985 | 25,165 |
| Library | 4,142,700 | 4,219,106 | 3,885,630 | 333,476 |
| Police | 31,855,900 | 32,865,528 | 31,609,841 | 1,255,687 |
| Recreation, Parks & Arts | 13,893,500 | 14,424,267 | 13,170,755 | 1,253,512 |
| Capital outlay | 2,430,500 | 4,818,976 | 4,255,615 | 563,361 |
| Principal | 580,000 | 580,000 | 766,062 | (186,062) |
| Interest | - | - | 94,329 | (94,329) |
| Total expenditures | <u>99,935,100</u> | <u>105,370,489</u> | <u>97,397,947</u> | <u>7,972,542</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,843,200)</u> | <u>(8,798,589)</u> | <u>3,924,494</u> | <u>12,723,083</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 11,400 | 424,000 | 423,937 | (63) |
| Transfers out | (3,536,300) | (3,625,900) | (2,683,500) | 942,400 |
| Lease financing | - | - | 1,651,758 | 1,651,758 |
| Sale of capital assets | - | - | 53,173 | 53,173 |
| Total other financing sources (uses) | <u>(3,524,900)</u> | <u>(3,201,900)</u> | <u>(554,632)</u> | <u>2,647,268</u> |
| Net change in fund balance | <u>\$ (7,368,100)</u> | <u>\$ (12,000,489)</u> | <u>3,369,862</u> | <u>\$ 15,370,351</u> |
| Fund balance - beginning | | | <u>27,785,484</u> | |
| Fund balance - ending | | | <u>\$ 31,155,346</u> | |

City of Largo, Florida
Nonmajor Governmental Funds
September 30, 2023

Special Revenue Funds. A special revenue fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenue. Such funds are authorized by legislative, statutory or charter provisions to pay for certain activities with some special form of continuing revenue.

The County Gas Tax Fund was established to account for proceeds from the countywide Local Option Gas Tax. Expenditures are restricted to the construction and improvement of collector roads.

The Transportation Impact Fee Fund was established to account for revenue generated by impact fees. Expenditures are restricted to mobility improvement projects. All collections, less a 4 percent administrative fee, are shared equally with the County. This impact fee was replaced by the multimodal fee (below); therefore, no future revenues will be collected.

The Multimodal Impact Fee Fund was established to account for revenue generated by impact fees. Expenditures are restricted to road improvement projects. All collections, less a 4 percent administrative fee, are shared equally with the County.

The Construction Services Fund was established for the financial activities related to enforcement of the Florida Building Code. Revenue is generated from building permit and plan review fees and expenditures are related to the direct and indirect costs associated with enforcement of the Florida Building Code.

The Stormwater Fund was established to account for fees charged to fund routine operations of and improvements to the City's drainage system. This fund does not account for all drainage improvements, many of which are accounted for in the Local Option Sales Tax Fund.

The Community Redevelopment Agency Fund was established to account for revenues generated from the taxable value of properties located within the downtown West Bay Drive Redevelopment District.

The PCH Fund was established to account for revenues received from Pinellas County Housing Authority to address community housing needs.

The Program Special Revenue Fund was established to account for a number of small accounts that are not large enough to require establishment of individual funds. Included in this fund are accounts for police donations, confiscated property, police education, athletic improvements, fire rescue donations, library donations and other miscellaneous donations. These funds must be maintained separately for their designated purposes.

The Tree Fund was established to account for the revenues generated through impact fees and permits obtained by property owners for the removal of trees.

The Parkland Dedication Trust Fund was established to account for impact fees paid in either land or money from residential contractors and developers. Cash payments are used to purchase or improve park land within the City, necessitated by the increased population generated by additional housing units.

The Neighborhood Stabilization Program 2 (NSP2) Fund accounts for revenue allocation to the City under the NSP2 program, which is expended on acquiring and redeveloping foreclosed and abandoned properties within the community.

City of Largo, Florida
Nonmajor Governmental Funds
September 30, 2023

Capital Projects Funds. A capital project fund is often created to account for the financing sources and expenditures associated with major capital projects. Establishment of a dedicated fund is typically reserved for projects with broad scopes, completion schedules spanning over a period of multiple years, and with several funding sources other than those financed by proprietary and trust funds.

The Transportation Capital Projects Fund accounts for long-term funding of major capital engineering transportation projects with multiple governmental funding sources.

The Technology Capital Projects Fund accounts for long-term funding of major technology capital projects. In 2020 it was created for the Enterprise Resource Planning (ERP) replacement project.

Debt Service Funds. A debt service fund is created to record the accumulation of resources and payment of principal and interest on general long-term obligations.

The Debt Service Fund was established to account for the ERP System replacement loan and payments on the Bonds issued in 2022 for the City Hall capital project debt service payments.

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Funds
September 30, 2023

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Debt Service | Total Nonmajor Governmental Funds |
|---|---|--|-------------------|---|
| Assets | | | | |
| Cash and investments | \$ 27,524,459 | \$ 105,017 | \$ 157,879 | \$ 27,787,355 |
| Receivables: | | | | |
| Accrued interest | 117,311 | - | - | 117,311 |
| Accounts, billed | 824,991 | - | - | 824,991 |
| Accounts, unbilled | 658,411 | - | - | 658,411 |
| Special assessments | 5,744 | - | - | 5,744 |
| Due from other governments | 93,347 | - | - | 93,347 |
| Grants | 11,500 | - | - | 11,500 |
| Due from other funds | 189,000 | - | - | 189,000 |
| Property held for resale | 979,669 | - | - | 979,669 |
| Notes and loans receivable | 695,290 | - | - | 695,290 |
| Total assets | <u>\$ 31,099,722</u> | <u>\$ 105,017</u> | <u>\$ 157,879</u> | <u>\$ 31,362,618</u> |
| Liabilities | | | | |
| Accounts payable | \$ 684,236 | \$ - | \$ - | \$ 684,236 |
| Accrued payroll | 74,285 | - | - | 74,285 |
| Due to other funds | 532,000 | - | - | 532,000 |
| Unearned revenue | 274,213 | - | - | 274,213 |
| Total liabilities | <u>1,564,734</u> | <u>-</u> | <u>-</u> | <u>1,564,734</u> |
| Deferred inflows | | | | |
| Unavailable revenue | 455,866 | - | - | 455,866 |
| Total deferred inflows | <u>455,866</u> | <u>-</u> | <u>-</u> | <u>455,866</u> |
| Fund Balances | | | | |
| Nonspendable | 979,669 | - | - | 979,669 |
| Restricted | 28,008,636 | 105,017 | 157,879 | 28,271,532 |
| Assigned | 90,817 | - | - | 90,817 |
| Total fund balances | <u>29,079,122</u> | <u>105,017</u> | <u>157,879</u> | <u>29,342,018</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 31,099,722</u> | <u>\$ 105,017</u> | <u>\$ 157,879</u> | <u>\$ 31,362,618</u> |

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Funds
Fiscal Year Ended September 30, 2023

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Debt Service | Total Nonmajor Governmental Funds |
|--|--|---|--------------|--|
| Revenues | | | | |
| Taxes | \$ 875,822 | \$ - | \$ - | \$ 875,822 |
| Licenses, permits and fees | 3,206,049 | - | - | 3,206,049 |
| Intergovernmental | 1,886,012 | - | - | 1,886,012 |
| Charges for services | 8,003,125 | - | - | 8,003,125 |
| Fines | 158,163 | - | - | 158,163 |
| Contributions and donations | 111,847 | - | - | 111,847 |
| Investment earnings (losses) | 729,673 | 192 | 13,658 | 743,523 |
| Other | 16,320 | 78,597 | - | 94,917 |
| Total revenues | 14,987,011 | 78,789 | 13,658 | 15,079,458 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 165 | - | - | 165 |
| Public safety | 20,430 | - | - | 20,430 |
| Public works | 5,326,328 | - | - | 5,326,328 |
| Economic development | 2,787,016 | - | - | 2,787,016 |
| Culture and recreation | 137,342 | - | - | 137,342 |
| Capital outlay | 4,419,455 | - | - | 4,419,455 |
| Principal | 98,988 | - | 1,494,947 | 1,593,935 |
| Interest | 5,572 | - | 2,055,729 | 2,061,301 |
| Total expenditures | 12,795,296 | - | 3,550,676 | 16,345,972 |
| Excess (deficiency) of revenues over (under) expenditures | 2,191,715 | 78,789 | (3,537,018) | (1,266,514) |
| Other financing sources (uses) | | | | |
| Transfers in | 58,970 | - | 3,654,600 | 3,713,570 |
| Transfers out | (982,500) | (471,507) | - | (1,454,007) |
| Lease financing | 482,572 | - | - | 482,572 |
| Sale of capital assets | 99,275 | - | - | 99,275 |
| Total other financing sources (uses) | (341,683) | (471,507) | 3,654,600 | 2,841,410 |
| Net change in fund balances | 1,850,032 | (392,718) | 117,582 | 1,574,896 |
| Fund balances - beginning | 27,229,090 | 497,735 | 40,297 | 27,767,122 |
| Fund balances - ending | \$ 29,079,122 | \$ 105,017 | \$ 157,879 | \$ 29,342,018 |

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2023

| | County Gas Tax | Transportation Impact Fee | Multimodal Impact Fee | Construction Services | Stormwater | Community Redevelopment Agency |
|---|---------------------|------------------------------|--------------------------|--------------------------|---------------------|--------------------------------------|
| Assets | | | | | | |
| Cash and investments | \$ 3,102,991 | \$ 1,078,729 | \$ 1,755,976 | \$ 6,331,042 | \$ 5,689,337 | \$ 4,227,438 |
| Receivables: | | | | | | |
| Accrued interest | 38,771 | 3,474 | 5,654 | 20,727 | 17,653 | 13,748 |
| Accounts, billed | - | - | - | 427 | 824,543 | - |
| Accounts, unbilled | - | - | - | - | 658,411 | - |
| Special assessments | 5,744 | - | - | - | - | - |
| Due from other governments | 92,377 | - | - | - | - | - |
| Grants | - | - | - | - | 11,500 | - |
| Due from other funds | - | - | - | - | - | - |
| Property held for resale | - | - | - | - | - | 979,669 |
| Notes and loans receivable | - | - | - | - | - | - |
| Total assets | <u>\$ 3,239,883</u> | <u>\$ 1,082,203</u> | <u>\$ 1,761,630</u> | <u>\$ 6,352,196</u> | <u>\$ 7,201,444</u> | <u>\$ 5,220,855</u> |
| Liabilities | | | | | | |
| Accounts payable | \$ 133,737 | \$ 94,982 | \$ 200,080 | \$ 33,095 | \$ 208,266 | \$ 14,076 |
| Accrued payroll | - | - | - | 31,996 | 37,210 | 5,079 |
| Due to other funds | - | - | - | - | - | 532,000 |
| Unearned revenue | 34,788 | - | - | - | - | - |
| Total liabilities | <u>168,525</u> | <u>94,982</u> | <u>200,080</u> | <u>65,091</u> | <u>245,476</u> | <u>551,155</u> |
| Deferred inflows | | | | | | |
| Unavailable revenue | - | - | - | - | - | - |
| Total deferred inflows | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | | |
| Nonspendable | - | - | - | - | - | 979,669 |
| Restricted | 3,071,358 | 987,221 | 1,561,550 | 6,287,105 | 6,955,968 | 3,690,031 |
| Assigned | - | - | - | - | - | - |
| Total fund balances | <u>3,071,358</u> | <u>987,221</u> | <u>1,561,550</u> | <u>6,287,105</u> | <u>6,955,968</u> | <u>4,669,700</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 3,239,883</u> | <u>\$ 1,082,203</u> | <u>\$ 1,761,630</u> | <u>\$ 6,352,196</u> | <u>\$ 7,201,444</u> | <u>\$ 5,220,855</u> |

| PCH | Neighborhood Stabilization Program 2 | Program Special Revenue | Trees | Parkland Dedication | Total Nonmajor Special Revenue Funds |
|-------------------|--|-------------------------------|---------------------|------------------------|---|
| \$ 84,693 | \$ - | \$ 1,355,577 | \$ 1,007,882 | \$ 2,890,794 | \$ 27,524,459 |
| - | - | 4,375 | 3,228 | 9,681 | 117,311 |
| - | - | 21 | - | - | 824,991 |
| - | - | - | - | - | 658,411 |
| - | - | - | - | - | 5,744 |
| - | - | 970 | - | - | 93,347 |
| - | - | - | - | - | 11,500 |
| - | - | - | - | 189,000 | 189,000 |
| - | - | - | - | - | 979,669 |
| 647,515 | 47,775 | - | - | - | 695,290 |
| <u>\$ 732,208</u> | <u>\$ 47,775</u> | <u>\$ 1,360,943</u> | <u>\$ 1,011,110</u> | <u>\$ 3,089,475</u> | <u>\$ 31,099,722</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | 684,236 |
| - | - | - | - | - | 74,285 |
| - | - | - | - | - | 532,000 |
| 191,650 | 47,775 | - | - | - | 274,213 |
| 191,650 | 47,775 | - | - | - | 1,564,734 |
| 455,866 | - | - | - | - | 455,866 |
| 455,866 | - | - | - | - | 455,866 |
| - | - | - | - | - | 979,669 |
| 84,692 | - | 1,270,126 | 1,011,110 | 3,089,475 | 28,008,636 |
| - | - | 90,817 | - | - | 90,817 |
| 84,692 | - | 1,360,943 | 1,011,110 | 3,089,475 | 29,079,122 |
| <u>\$ 732,208</u> | <u>\$ 47,775</u> | <u>\$ 1,360,943</u> | <u>\$ 1,011,110</u> | <u>\$ 3,089,475</u> | <u>\$ 31,099,722</u> |

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Fiscal Year Ended September 30, 2023

| | County Gas Tax | Transportation Impact Fee | Multimodal Impact Fee | Construction Services | Stormwater | Community Redevelopment Agency |
|--|-------------------|------------------------------|--------------------------|--------------------------|--------------|--------------------------------------|
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | 875,822 |
| Licenses, permits and fees | - | - | 182,288 | 2,366,938 | - | - |
| Intergovernmental | 1,074,614 | - | - | 10,794 | 23,804 | 766,800 |
| Charges for services | - | - | - | - | 7,932,821 | - |
| Fines | - | - | - | - | - | - |
| Contributions and donations | - | - | - | - | - | - |
| Investment earnings (losses) | 76,989 | 30,037 | 38,464 | 182,864 | 144,094 | 107,299 |
| Other | - | - | - | 87 | 1,480 | - |
| Total revenues | 1,151,603 | 30,037 | 220,752 | 2,560,683 | 8,102,199 | 1,749,921 |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | 671,986 | - | - | - | 4,654,342 | - |
| Economic development | - | - | - | 2,439,629 | - | 347,026 |
| Culture and recreation | - | - | - | - | - | - |
| Capital outlay | 165,943 | 197,362 | 43,636 | 514,677 | 2,708,614 | 37,067 |
| Principal | - | - | - | 55,362 | 43,626 | - |
| Interest | - | - | - | 3,270 | 2,302 | - |
| Total expenditures | 837,929 | 197,362 | 43,636 | 3,012,938 | 7,408,884 | 384,093 |
| Excess (deficiency) of revenues over (under) expenditures | 313,674 | (167,325) | 177,116 | (452,255) | 693,315 | 1,365,828 |
| Other financing sources/(uses) | | | | | | |
| Transfers in | - | - | - | 29,485 | 29,485 | - |
| Transfers out | - | - | - | (32,400) | (32,400) | (906,300) |
| Lease financing | - | - | - | 254,947 | 227,625 | - |
| Sale of capital assets | - | - | - | - | 99,275 | - |
| Total other financing sources/(uses) | - | - | - | 252,032 | 323,985 | (906,300) |
| Net change in fund balances | 313,674 | (167,325) | 177,116 | (200,223) | 1,017,300 | 459,528 |
| Fund balances - beginning | 2,757,684 | 1,154,546 | 1,384,434 | 6,487,328 | 5,938,668 | 4,210,172 |
| Fund balances - ending | \$ 3,071,358 | \$ 987,221 | \$ 1,561,550 | \$ 6,287,105 | \$ 6,955,968 | \$ 4,669,700 |

| PCH | Neighborhood Stabilization Program 2 | Program Special Revenue | Trees | Parkland Dedication | Total Nonmajor Special Revenue Funds |
|-----------|--|-------------------------------|--------------|------------------------|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | 875,822 |
| - | - | - | 155,239 | 501,584 | 3,206,049 |
| - | - | 10,000 | - | - | 1,886,012 |
| - | - | 70,304 | - | - | 8,003,125 |
| - | - | 158,163 | - | - | 158,163 |
| - | - | 111,847 | - | - | 111,847 |
| - | - | 37,534 | 26,162 | 86,230 | 729,673 |
| 7,887 | - | 6,866 | - | - | 16,320 |
| 7,887 | - | 394,714 | 181,401 | 587,814 | 14,987,011 |
| 165 | - | - | - | - | 165 |
| - | - | 20,430 | - | - | 20,430 |
| - | - | - | - | - | 5,326,328 |
| 361 | - | - | - | - | 2,787,016 |
| - | - | 111,387 | 25,955 | - | 137,342 |
| - | - | 147,083 | - | 605,073 | 4,419,455 |
| - | - | - | - | - | 98,988 |
| - | - | - | - | - | 5,572 |
| 526 | - | 278,900 | 25,955 | 605,073 | 12,795,296 |
| 7,361 | - | 115,814 | 155,446 | (17,259) | 2,191,715 |
| - | - | - | - | - | 58,970 |
| - | - | (11,400) | - | - | (982,500) |
| - | - | - | - | - | 482,572 |
| - | - | - | - | - | 99,275 |
| - | - | (11,400) | - | - | (341,683) |
| 7,361 | - | 104,414 | 155,446 | (17,259) | 1,850,032 |
| 77,331 | - | 1,256,529 | 855,664 | 3,106,734 | 27,229,090 |
| \$ 84,692 | \$ - | \$ 1,360,943 | \$ 1,011,110 | \$ 3,089,475 | \$ 29,079,122 |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
County Gas Tax Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Intergovernmental | \$ 1,096,200 | \$ 1,096,200 | \$ 1,074,614 | \$ (21,586) |
| Investment earnings (losses) | <u>3,000</u> | <u>3,000</u> | <u>76,989</u> | <u>73,989</u> |
| Total revenues | <u>1,099,200</u> | <u>1,099,200</u> | <u>1,151,603</u> | <u>52,403</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public works | 671,600 | 1,049,524 | 671,986 | 377,538 |
| Capital outlay | <u>1,396,000</u> | <u>1,871,954</u> | <u>165,943</u> | <u>1,706,011</u> |
| Total expenditures | <u>2,067,600</u> | <u>2,921,478</u> | <u>837,929</u> | <u>2,083,549</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(968,400)</u> | <u>(1,822,278)</u> | <u>313,674</u> | <u>2,135,952</u> |
| Net change in fund balance | <u>\$ (968,400)</u> | <u>\$ (1,822,278)</u> | <u>313,674</u> | <u>\$ 2,135,952</u> |
| Fund Balance - beginning | | | <u>2,757,684</u> | |
| Fund Balance - ending | | | <u>\$ 3,071,358</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Transportation Impact Fee Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|-------------------|---|
| Revenues | | | | |
| Investment earnings (losses) | \$ 1,500 | \$ 1,500 | \$ 30,037 | \$ 28,537 |
| Total revenues | <u>1,500</u> | <u>1,500</u> | <u>30,037</u> | <u>28,537</u> |
| Expenditures | | | | |
| Capital outlay | <u>629,800</u> | <u>1,013,887</u> | <u>197,362</u> | <u>816,525</u> |
| Total expenditures | <u>629,800</u> | <u>1,013,887</u> | <u>197,362</u> | <u>816,525</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(628,300)</u> | <u>(1,012,387)</u> | <u>(167,325)</u> | <u>845,062</u> |
| Net change in fund balance | <u>\$ (628,300)</u> | <u>\$ (1,012,387)</u> | <u>(167,325)</u> | <u>\$ 845,062</u> |
| Fund Balance - beginning | | | <u>1,154,546</u> | |
| Fund Balance - ending | | | <u>\$ 987,221</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Multimodal Impact Fee Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Licenses, permits and fees | \$ 583,000 | \$ 583,000 | \$ 182,288 | \$ (400,712) |
| Investment earnings (losses) | <u>2,700</u> | <u>2,700</u> | <u>38,464</u> | <u>35,764</u> |
| Total revenues | <u>585,700</u> | <u>585,700</u> | <u>220,752</u> | <u>(364,948)</u> |
| Expenditures | | | | |
| Capital outlay | <u>465,300</u> | <u>466,351</u> | <u>43,636</u> | <u>422,715</u> |
| Total expenditures | <u>465,300</u> | <u>466,351</u> | <u>43,636</u> | <u>422,715</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>120,400</u> | <u>119,349</u> | <u>177,116</u> | <u>57,767</u> |
| Net change in fund balance | <u>\$ 120,400</u> | <u>\$ 119,349</u> | <u>177,116</u> | <u>\$ 57,767</u> |
| Fund Balance - beginning | | | <u>1,384,434</u> | |
| Fund Balance - ending | | | <u>\$ 1,561,550</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Construction Services Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Licenses, permits and fees | \$ 1,900,000 | \$ 1,900,000 | \$ 2,366,938 | \$ 466,938 |
| Intergovernmental | - | - | 10,794 | 10,794 |
| Investment earnings (losses) | 10,000 | 10,000 | 182,864 | 172,864 |
| Other | - | - | 87 | 87 |
| Total revenues | <u>1,910,000</u> | <u>1,910,000</u> | <u>2,560,683</u> | <u>650,683</u> |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 2,434,900 | 2,493,113 | 2,439,629 | 53,484 |
| Capital outlay | 1,125,000 | 1,197,872 | 514,677 | 683,195 |
| Principal | - | - | 55,362 | (55,362) |
| Interest | - | - | 3,270 | (3,270) |
| Total expenditures | <u>3,559,900</u> | <u>3,690,985</u> | <u>3,012,938</u> | <u>678,047</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,649,900)</u> | <u>(1,780,985)</u> | <u>(452,255)</u> | <u>1,328,730</u> |
| Other Financing Sources/(Uses) | | | | |
| Transfers in | - | 29,500 | 29,485 | (15) |
| Transfers out | (331,000) | (337,500) | (32,400) | 305,100 |
| Lease financing | - | - | 254,947 | 254,947 |
| Total other financing sources (uses) | <u>(331,000)</u> | <u>(308,000)</u> | <u>252,032</u> | <u>560,032</u> |
| Net change in fund balance | <u>\$ (1,980,900)</u> | <u>\$ (2,088,985)</u> | <u>(200,223)</u> | <u>\$ 1,888,762</u> |
| Fund Balance - beginning | | | <u>6,487,328</u> | |
| Fund Balance - ending | | | <u>\$ 6,287,105</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Stormwater Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Intergovernmental | \$ - | \$ - | \$ 23,804 | \$ 23,804 |
| Charges for services | 8,042,800 | 8,042,800 | 7,932,821 | (109,979) |
| Investment earnings (losses) | 6,000 | 6,000 | 144,094 | 138,094 |
| Other | 50,000 | 50,000 | 1,480 | (48,520) |
| Total revenues | <u>8,098,800</u> | <u>8,098,800</u> | <u>8,102,199</u> | <u>3,399</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public works | 5,860,700 | 6,648,545 | 4,654,342 | 1,994,203 |
| Capital outlay | 4,806,500 | 7,112,241 | 2,708,614 | 4,403,627 |
| Principal | - | - | 43,626 | (43,626) |
| Interest | - | - | 2,302 | (2,302) |
| Total expenditures | <u>10,667,200</u> | <u>13,760,786</u> | <u>7,408,884</u> | <u>6,351,902</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,568,400)</u> | <u>(5,661,986)</u> | <u>693,315</u> | <u>6,355,301</u> |
| Other Financing Sources/(Uses) | | | | |
| Transfers in | - | 29,500 | 29,485 | (15) |
| Transfers out | (335,700) | (342,200) | (32,400) | 309,800 |
| Lease financing | - | - | 227,625 | 227,625 |
| Sale of capital assets | - | - | 99,275 | 99,275 |
| Total other financing sources (uses) | <u>(335,700)</u> | <u>(312,700)</u> | <u>323,985</u> | <u>636,685</u> |
| Net change in fund balance | <u>\$ (2,904,100)</u> | <u>\$ (5,974,686)</u> | <u>1,017,300</u> | <u>\$ 6,991,986</u> |
| Fund Balance - beginning | | | <u>5,938,668</u> | |
| Fund Balance - ending | | | <u>\$ 6,955,968</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Community Redevelopment Agency Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Taxes | \$ 856,200 | \$ 856,200 | \$ 875,822 | \$ 19,622 |
| Intergovernmental | 802,100 | 802,100 | 766,800 | (35,300) |
| Investment earnings (losses) | 3,000 | 3,000 | 107,299 | 104,299 |
| Total revenues | <u>1,661,300</u> | <u>1,661,300</u> | <u>1,749,921</u> | <u>88,621</u> |
| Expenditures | | | | |
| Public works | 2,500 | 2,500 | - | 2,500 |
| Economic development | 729,200 | 957,128 | 347,026 | 610,102 |
| Capital outlay | 40,000 | 337,996 | 37,067 | 300,929 |
| Total expenditures | <u>771,700</u> | <u>1,297,624</u> | <u>384,093</u> | <u>913,531</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>889,600</u> | <u>363,676</u> | <u>1,365,828</u> | <u>1,002,152</u> |
| Other Financing Sources/(Uses) | | | | |
| Transfers out | <u>(945,900)</u> | <u>(945,900)</u> | <u>(906,300)</u> | <u>39,600</u> |
| Total other financing sources (uses) | <u>(945,900)</u> | <u>(945,900)</u> | <u>(906,300)</u> | <u>39,600</u> |
| Net change in fund balance | <u>\$ (56,300)</u> | <u>\$ (582,224)</u> | <u>459,528</u> | <u>\$ 1,041,752</u> |
| Fund Balance - beginning | | | <u>4,210,172</u> | |
| Fund Balance - ending | | | <u>\$ 4,669,700</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Pinellas County Housing Authority Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|------------------|---|
| Revenues | | | | |
| Other | \$ 7,900 | \$ 7,900 | \$ 7,887 | \$ (13) |
| Total revenues | <u>7,900</u> | <u>7,900</u> | <u>7,887</u> | <u>(13)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | 165 | (165) |
| Economic development | <u>73,400</u> | <u>73,400</u> | <u>361</u> | <u>73,039</u> |
| Total expenditures | <u>73,400</u> | <u>73,400</u> | <u>526</u> | <u>72,874</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(65,500)</u> | <u>(65,500)</u> | <u>7,361</u> | <u>72,861</u> |
| Net change in fund balance | <u>\$ (65,500)</u> | <u>\$ (65,500)</u> | <u>7,361</u> | <u>\$ 72,861</u> |
| Fund Balance - beginning | | | <u>77,331</u> | |
| Fund Balance - ending | | | <u>\$ 84,692</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Neighborhood Stabilization Program 2
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------|---|
| Revenues | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Total revenues | - | - | - | - |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund Balance - beginning | | | - | |
| Fund Balance - ending | | | <u>\$ -</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Program Special Revenue Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Intergovernmental | \$ - | \$ - | \$ 10,000 | \$ 10,000 |
| Charges for services | 114,000 | 114,000 | 70,304 | (43,696) |
| Fines | 73,000 | 73,000 | 158,163 | 85,163 |
| Contributions and donations | 31,000 | 31,000 | 111,847 | 80,847 |
| Investment earnings (losses) | 3,500 | 3,500 | 37,534 | 34,034 |
| Other | 5,000 | 5,000 | 6,866 | 1,866 |
| Total revenues | <u>226,500</u> | <u>226,500</u> | <u>394,714</u> | <u>168,214</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 134,900 | 134,900 | 20,430 | 114,470 |
| Economic development | 5,000 | 5,000 | - | 5,000 |
| Culture and recreation | 218,500 | 218,500 | 111,387 | 107,113 |
| Capital outlay | 45,000 | 122,148 | 147,083 | (24,935) |
| Total expenditures | <u>403,400</u> | <u>480,548</u> | <u>278,900</u> | <u>201,648</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(176,900)</u> | <u>(254,048)</u> | <u>115,814</u> | <u>369,862</u> |
| Other Financing Sources/(Uses) | | | | |
| Transfers out | <u>(11,400)</u> | <u>(11,400)</u> | <u>(11,400)</u> | - |
| Total other financing sources (uses) | <u>(11,400)</u> | <u>(11,400)</u> | <u>(11,400)</u> | - |
| Net change in fund balance | <u>\$ (188,300)</u> | <u>\$ (265,448)</u> | 104,414 | <u>\$ 369,862</u> |
| Fund Balance - beginning | | | <u>1,256,529</u> | |
| Fund Balance - ending | | | <u>\$ 1,360,943</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Tree Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Licenses, permits and fees | \$ 50,000 | \$ 50,000 | \$ 155,239 | \$ 105,239 |
| Investment earnings (losses) | 1,500 | 1,500 | 26,162 | 24,662 |
| Total revenues | <u>51,500</u> | <u>51,500</u> | <u>181,401</u> | <u>129,901</u> |
| Expenditures | | | | |
| Culture and recreation | 120,000 | 195,830 | 25,955 | 169,875 |
| Capital outlay | - | 85,900 | - | 85,900 |
| Total expenditures | <u>120,000</u> | <u>281,730</u> | <u>25,955</u> | <u>255,775</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(68,500)</u> | <u>(230,230)</u> | <u>155,446</u> | <u>385,676</u> |
| Net change in fund balance | <u>\$ (68,500)</u> | <u>\$ (230,230)</u> | <u>155,446</u> | <u>\$ 385,676</u> |
| Fund Balance - beginning | | | <u>855,664</u> | |
| Fund Balance - ending | | | <u>\$ 1,011,110</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Parkland Dedication Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Licenses, permits and fees | \$ 782,000 | \$ 782,000 | \$ 501,584 | \$ (280,416) |
| Investment earnings (losses) | <u>6,500</u> | <u>6,500</u> | <u>86,230</u> | <u>79,730</u> |
| Total revenues | <u>788,500</u> | <u>788,500</u> | <u>587,814</u> | <u>(200,686)</u> |
| Expenditures | | | | |
| Capital outlay | <u>800,000</u> | <u>1,450,000</u> | <u>605,073</u> | <u>844,927</u> |
| Total expenditures | <u>800,000</u> | <u>1,450,000</u> | <u>605,073</u> | <u>844,927</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(11,500)</u> | <u>(661,500)</u> | <u>(17,259)</u> | <u>644,241</u> |
| Net change in fund balance | <u>\$ (11,500)</u> | <u>\$ (661,500)</u> | <u>(17,259)</u> | <u>\$ 644,241</u> |
| Fund Balance - beginning | | | <u>3,106,734</u> | |
| Fund Balance - ending | | | <u>\$ 3,089,475</u> | |

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Capital Project Funds
September 30, 2023

| | <u>Transportation Capital Projects</u> | <u>Technology Capital Projects</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|--|--|--|--|
| Assets | | | |
| Cash and investments | \$ 105,017 | \$ - | \$ 105,017 |
| Receivables: | | | |
| Total assets | <u>\$ 105,017</u> | <u>\$ -</u> | <u>\$ 105,017</u> |
| Fund balances | | | |
| Restricted | <u>\$ 105,017</u> | <u>\$ -</u> | <u>\$ 105,017</u> |
| Total fund balances | <u>105,017</u> | <u>-</u> | <u>105,017</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 105,017</u> | <u>\$ -</u> | <u>\$ 105,017</u> |

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Fiscal Year Ended September 30, 2023

| | Transportation Capital Projects | Technology Capital Projects | Total Nonmajor Capital Projects Funds |
|---|--|--|--|
| Revenues | | | |
| Investment earnings (losses) | \$ 192 | \$ - | \$ 192 |
| Other | <u>78,597</u> | <u>-</u> | <u>78,597</u> |
| Total revenues | <u>78,789</u> | <u>-</u> | <u>78,789</u> |
| Other financing sources/(uses) | | | |
| Transfers out | <u>-</u> | <u>(471,507)</u> | <u>(471,507)</u> |
| Total other financing sources/(uses) | <u>-</u> | <u>(471,507)</u> | <u>(471,507)</u> |
| Net change in fund balances | 78,789 | (471,507) | (392,718) |
| Fund balances - beginning | <u>26,228</u> | <u>471,507</u> | <u>497,735</u> |
| Fund balances - ending | <u><u>\$ 105,017</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 105,017</u></u> |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
City Hall Capital Project
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|--|----------------------------|-------------------------|----------------------|---|
| Revenues | | | | |
| Investment earnings (losses) | \$ - | \$ - | \$ 2,305,022 | \$ 2,305,022 |
| Total revenues | <u>-</u> | <u>-</u> | <u>2,305,022</u> | <u>2,305,022</u> |
| Expenditures | | | | |
| Capital outlay | <u>4,400,000</u> | <u>75,834,388</u> | <u>19,425,014</u> | <u>56,409,374</u> |
| Total expenditures | <u>4,400,000</u> | <u>75,834,388</u> | <u>19,425,014</u> | <u>56,409,374</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,400,000)</u> | <u>(75,834,388)</u> | <u>(17,119,992)</u> | <u>58,714,396</u> |
| Other Financing Sources/(Uses) | | | | |
| Issuance of debt | <u>18,900,000</u> | <u>18,900,000</u> | <u>-</u> | <u>(18,900,000)</u> |
| Total other financing sources (uses) | <u>18,900,000</u> | <u>18,900,000</u> | <u>-</u> | <u>(18,900,000)</u> |
| Net change in fund balance | <u>\$ 14,500,000</u> | <u>\$ (56,934,388)</u> | <u>(17,119,992)</u> | <u>\$ 39,814,396</u> |
| Fund Balance - beginning | | | <u>54,405,601</u> | |
| Fund Balance - ending | | | <u>\$ 37,285,609</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Transportation Capital Projects
Fiscal Year Ended September 30, 2023

| | Original Budget | Final Budget | Actual | Final Budget Variances Positive (Negative) |
|-----------------------------------|--------------------|--------------|-------------------|---|
| REVENUES | | | | |
| Investment earnings (losses) | \$ - | \$ - | \$ 192 | \$ 192 |
| Other | - | - | 78,597 | 78,597 |
| Total revenues | - | - | 78,789 | 78,789 |
| EXPENDITURES | | | | |
| Capital outlay | - | - | - | - |
| Total expenditures | - | - | - | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 78,789 | <u>\$ 78,789</u> |
| Fund Balance - beginning | | | <u>26,228</u> | |
| Fund Balance - ending | | | <u>\$ 105,017</u> | |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Technology Capital Projects
Fiscal Year Ended September 30, 2023

| | Original Budget | Final Budget | Actual | Final Budget Variances Positive (Negative) |
|--|--------------------|---------------------|----------------|---|
| REVENUES | | | | |
| Investment earnings (losses) | \$ - | \$ - | \$ - | \$ - |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| Capital outlay | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| OTHER FINANCING SOURCES/(USES) | | | | |
| Transfers out | - | (471,600) | (471,507) | 93 |
| Total other financing sources/(uses) | - | (471,600) | (471,507) | 93 |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (471,600)</u> | (471,507) | <u>\$ 93</u> |
| Fund Balance - beginning | | | <u>471,507</u> | |
| Fund Balance - ending | | | <u>\$ -</u> | |

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2023

| | <u>Debt Service</u> | <u>Total Nonmajor Debt Service Funds</u> |
|----------------------|---------------------|--|
| Assets | | |
| Cash and investments | \$ 157,879 | \$ 157,879 |
| Total assets | <u>\$ 157,879</u> | <u>\$ 157,879</u> |
| Fund balances | | |
| Restricted | <u>\$ 157,879</u> | <u>\$ 157,879</u> |
| Total fund balances | <u>157,879</u> | <u>157,879</u> |

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Fiscal year Ended September 30, 2023

| | <u>Debt Service</u> | <u>Total Nonmajor Debt Service Funds</u> |
|--|--------------------------|--|
| Revenues | | |
| Investment earnings (losses) | \$ 13,658 | \$ 13,658 |
| Total revenues | <u>13,658</u> | <u>13,658</u> |
| Expenditures | | |
| Principal | 1,494,947 | 1,494,947 |
| Interest | <u>2,055,729</u> | <u>2,055,729</u> |
| Total expenditures | <u>3,550,676</u> | <u>3,550,676</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,537,018)</u> | <u>(3,537,018)</u> |
| Other financing sources (uses) | | |
| Transfers in | <u>3,654,600</u> | <u>3,654,600</u> |
| Total other financing sources (uses) | <u>3,654,600</u> | <u>3,654,600</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>117,582</u> | <u>117,582</u> |
| Fund balances - beginning | <u>40,297</u> | <u>40,297</u> |
| Fund balances - ending | <u><u>\$ 157,879</u></u> | <u><u>\$ 157,879</u></u> |

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Debt Service Fund
Fiscal Year Ended September 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget Variances Positive (Negative)</u> |
|--|----------------------------|---------------------|--------------------|---|
| REVENUES | | | | |
| Investment earnings (losses) | \$ - | \$ - | \$ 13,658 | \$ 13,658 |
| Total Revenues | - | - | 13,658 | 13,658 |
| EXPENDITURES | | | | |
| Principal | 4,117,800 | 4,117,800 | 1,494,947 | 2,622,853 |
| Interest | 660,200 | 660,200 | 2,055,729 | (1,395,529) |
| Total expenditures | 4,778,000 | 4,778,000 | 3,550,676 | 1,227,324 |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,778,000)</u> | <u>(4,778,000)</u> | <u>(3,537,018)</u> | <u>1,240,982</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,778,000 | 4,880,400 | 3,654,600 | (1,225,800) |
| Total other financing sources (uses) | 4,778,000 | 4,880,400 | 3,654,600 | (1,225,800) |
| Net change in fund balance | \$ - | \$ 102,400 | 117,582 | \$ 15,182 |
| FUND BALANCES: | | | | |
| Fund Balance - beginning | | | 40,297 | |
| Fund Balance - ending | | | <u>\$ 157,879</u> | |

INTERNAL SERVICE FUNDS

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City of Largo, Florida
Internal Service Funds
September 30, 2023

Internal Service Funds. An internal service fund is established to finance and account for goods and services provided by a department to other departments within the City on a cost-reimbursement basis. Revenue in these funds is primarily derived from charges to other City funds for services rendered.

The Fleet Services Fund is responsible for the maintenance and repair of vehicles and heavy equipment owned by the City.

The Risk Management Fund is responsible for the administration of the City's risk-retention activities and purchased insurance activities, including health care, workers' compensation, property, liability, medical malpractice and unemployment compensation.

CITY OF LARGO, FLORIDA
Combining Statement of Net Position
Internal Service Funds
September 30, 2023

| | Fleet Services | Risk Management | Total |
|--|----------------|--------------------|--------------|
| Assets | | | |
| Current assets | | | |
| Cash and investments | \$ 369,768 | \$ 6,696,900 | \$ 7,066,668 |
| Accrued interest receivable | 1,175 | 17,919 | 19,094 |
| Accounts receivable, billed, net | - | 2,895 | 2,895 |
| Other receivables | 420 | 27,669 | 28,089 |
| Inventories, at cost | 308,505 | - | 308,505 |
| Prepaid expenses and deposits | - | 1,234,826 | 1,234,826 |
| Total current assets | 679,868 | 7,980,209 | 8,660,077 |
| Capital assets | | | |
| Improvements other than buildings | 78,292 | - | 78,292 |
| Machinery and equipment | 465,802 | - | 465,802 |
| Intangible assets | 1,723 | 12,061 | 13,784 |
| Less accumulated depreciation | (420,710) | (7,940) | (428,650) |
| Construction in progress | 94,610 | - | 94,610 |
| Total capital assets | 219,717 | 4,121 | 223,838 |
| Total assets | 899,585 | 7,984,330 | 8,883,915 |
| Deferred outflows of resources | | | |
| Deferred outflow-OPEB | 81,419 | 30,490 | 111,909 |
| Total deferred outflows of resources | 81,419 | 30,490 | 111,909 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 62,897 | 280,366 | 343,263 |
| Accrued payroll and vacation | 24,336 | 4,068 | 28,404 |
| Long-term debt, current portion | 8,938 | 3,347 | 12,285 |
| Total current liabilities | 96,171 | 287,781 | 383,952 |
| Noncurrent liabilities | | | |
| Estimated claims and contracts payable | - | 3,350,000 | 3,350,000 |
| Compensated absences | 41,489 | 23,285 | 64,774 |
| OPEB Liability | 235,489 | 88,187 | 323,676 |
| Long-term debt | 12,643 | 9,267 | 21,910 |
| Total noncurrent liabilities | 289,621 | 3,470,739 | 3,760,360 |
| Total liabilities | 385,792 | 3,758,520 | 4,144,312 |
| Deferred inflows of resources | | | |
| Deferred Inflow - OPEB | 139,652 | 52,297 | 191,949 |
| Total deferred inflows of resources | 139,652 | 52,297 | 191,949 |
| Net position | | | |
| Net investment in capital assets | 219,717 | 4,121 | 223,838 |
| Unrestricted | 235,843 | 4,199,882 | 4,435,725 |
| Total net position | \$ 455,560 | \$ 4,204,003 | \$ 4,659,563 |

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Fiscal Year Ended September 30, 2023

| | <u>Fleet Services</u> | <u>Risk Management</u> | <u>Total</u> |
|---------------------------------------|-----------------------|----------------------------|---------------------|
| Operating revenues | | | |
| Charges for services | \$ 2,962,440 | \$ 19,354,783 | \$ 22,317,223 |
| Total operating revenues | <u>2,962,440</u> | <u>19,354,783</u> | <u>22,317,223</u> |
| Operating expenses | | | |
| Personnel services | 1,239,675 | 601,003 | 1,840,678 |
| Cost of goods sold | 1,130,197 | - | 1,130,197 |
| Contractual services | 29,828 | 260,834 | 290,662 |
| Supplies | 92,245 | 5,353 | 97,598 |
| Repairs and maintenance | 375,246 | 3,555 | 378,801 |
| Utilities | 14,441 | - | 14,441 |
| Professional services | 2,306 | 705,887 | 708,193 |
| Fuel | 10,654 | - | 10,654 |
| Charges by the Fleet Services Fund | 1,175 | - | 1,175 |
| Charges by the General Fund | 158,400 | - | 158,400 |
| Charges by the Risk Management Fund | 60,800 | - | 60,800 |
| Depreciation and amortization | 32,699 | 1,206 | 33,905 |
| Claims | - | 2,223,246 | 2,223,246 |
| Insurance | - | 14,746,480 | 14,746,480 |
| Other | 53,009 | 1,530 | 54,539 |
| Total operating expenses | <u>3,200,675</u> | <u>18,549,094</u> | <u>21,749,769</u> |
| Operating income (loss) | <u>(238,235)</u> | <u>805,689</u> | <u>567,454</u> |
| Nonoperating revenues | | | |
| Investment earnings (losses) | 16,302 | 143,080 | 159,382 |
| Grants | 8,594 | - | 8,594 |
| Lawsuit settlement proceeds | 26,250 | - | 26,250 |
| Other, net | - | 188,644 | 188,644 |
| Total nonoperating revenues | <u>51,146</u> | <u>331,724</u> | <u>382,870</u> |
| Change in net position | <u>(187,089)</u> | <u>1,137,413</u> | <u>950,324</u> |
| Total net position - beginning | <u>642,649</u> | <u>3,066,590</u> | <u>3,709,239</u> |
| Total net position - ending | <u>\$ 455,560</u> | <u>\$ 4,204,003</u> | <u>\$ 4,659,563</u> |

CITY OF LARGO, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended September 30, 2023

| | <u>Fleet Services</u> | <u>Risk Management</u> | <u>Total</u> |
|---|----------------------------|----------------------------|----------------------------|
| Operating activities | | | |
| Cash received from customers | \$ 4,341,657 | \$ 15,785,136 | \$ 20,126,793 |
| Cash received from internal departments | - | 3,142,000 | 3,142,000 |
| Cash paid to employees | (1,255,742) | (598,019) | (1,853,761) |
| Cash paid to vendors | (3,350,725) | (16,555,077) | (19,905,802) |
| Cash paid for internal services | (219,200) | - | (219,200) |
| Net cash provided by (used in) operating activities | <u>(484,010)</u> | <u>1,774,040</u> | <u>1,290,030</u> |
| Noncapital and related financing activities | | | |
| Cash received from legal proceeds | 26,250 | - | 26,250 |
| Cash received from granting agencies | 8,594 | - | 8,594 |
| Net cash provided by (used in) non-capital and related financing activities | <u>34,844</u> | <u>-</u> | <u>34,844</u> |
| Capital and related financing activities | | | |
| Acquisition of capital assets | (75,118) | - | (75,118) |
| Net cash provided by (used in) capital and related financing activities | <u>(75,118)</u> | <u>-</u> | <u>(75,118)</u> |
| Investing activities | | | |
| Investment earnings | 17,238 | 137,338 | 154,576 |
| Net cash provided by investing activities | <u>17,238</u> | <u>137,338</u> | <u>154,576</u> |
| Net increase (decrease) in cash investments | <u>(507,046)</u> | <u>1,911,378</u> | <u>1,404,332</u> |
| Cash and investments | | | |
| Beginning of year | <u>876,814</u> | <u>4,785,522</u> | <u>5,662,336</u> |
| End of year | <u><u>\$ 369,768</u></u> | <u><u>\$ 6,696,900</u></u> | <u><u>\$ 7,066,668</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | |
| Operating income (loss) | \$ (238,235) | \$ 805,689 | \$ 567,454 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Other revenue | - | 188,644 | 188,644 |
| Depreciation and amortization | 32,699 | 1,206 | 33,905 |
| (Increase)/decrease in assets and increase/(decrease) in liabilities: | | | |
| Accounts receivable | - | (7,579) | (7,579) |
| Inventories | (243,525) | - | (243,525) |
| Prepaid expenses and other assets | - | (391,881) | (391,881) |
| Accounts payable | (18,882) | 87,030 | 68,148 |
| Accrued payroll and vacation | (16,067) | (1,413) | (17,480) |
| Unearned revenue | - | (187,656) | (187,656) |
| Estimated claims payable | - | 1,280,000 | 1,280,000 |
| Total adjustments | <u>(245,775)</u> | <u>968,351</u> | <u>722,576</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (484,010)</u></u> | <u><u>\$ 1,774,040</u></u> | <u><u>\$ 1,290,030</u></u> |

SUPPLEMENTARY INFORMATION

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CITY OF LARGO, FLORIDA
Supplemental to Financial Statements
September 30, 2023

Notes to Schedule of Revenue and Expenditures and Changes in Reserves -
Largo, Belleair Bluffs and High Point Fire Districts and Emergency Medical Services

General

The accompanying Schedules of Revenues and Expenditures and Changes in Reserves for the Largo Fire District, Belleair Bluffs Fire District and the High Point Fire and Emergency Medical Services District present the activity used in support of fire and emergency related activities.

Supplemental Financial Information

In accordance with the Pinellas County Home Rule Charter and Chapter 62, Article II of the Pinellas County code and the Fire Services Agreement, funds provided by Pinellas County to the Contractor (the City of Largo) can only be used in support of fire related activities. Therefore, a proportional share of any unspent balance at the conclusion of a fiscal year must be returned to Pinellas County where these funds will be retained in a discrete special fund for the Fire Districts. The return of these funds will be accomplished through a reduction to the subsequent year support funding provided by Pinellas County to the Contractor.

In accordance with Section 409(a), the information below is provided so the results of line 7 and the supporting annual audit may be used to adjust the subsequent year's payments from Pinellas County to the Contractor.

All references are only to the Fire Districts, and do not include any revenues or expenditures associated with EMS. State Law and County Code forbid the use of fire funds for EMS purposes or EMS funds for fire purposes, (i.e., fire funds cannot be used to purchase rescue units, attend EMS related conferences, pay for membership in EMS organizations, or to pay salaries and benefits of EMS personnel, etc.)

| | Districts | | |
|---|------------------|------------------------|-------------------|
| | Largo | Belleair Bluffs | High Point |
| Total Expenditures by Contractor | \$ 19,225,784 | \$ 2,354,683 | \$ 3,561,810 |
| Other Funding Sources | | | |
| EMS | 6,776,396 | 742,034 | 1,364,318 |
| Overhead Cost Reimbursement | 60,571 | 8,076 | 12,114 |
| EMS and Fire Rescue Vehicles (1) | 174,342 | - | - |
| Hazmat | 27,326 | 2,998 | 5,501 |
| Tech Rescue Reimbursement | 41,064 | 4,505 | 8,267 |
| CME Reimbursement | 118,051 | 12,952 | 23,766 |
| Transportation | 3,620 | 397 | 729 |
| State Pension | 616,395 | 82,186 | 123,279 |
| City of Belleair Bluffs | 376,652 | - | - |
| Town of Belleair | - | 716,364 | - |
| Fire Inspections Fees | 143,982 | - | - |
| Plan Review Fees | 316,682 | - | - |
| State Education Incentive | 123,455 | 14,202 | 19,976 |
| Total Other Funding Sources | <u>8,778,536</u> | <u>1,583,714</u> | <u>1,557,950</u> |
| Net Outlay by Contractor | 10,447,248 | 770,969 | 2,003,860 |
| Pinellas County Percentage of District | 14.25% | 63.28% | 74.03% |
| Total Pinellas County Share | 1,488,733 | 487,869 | 1,483,458 |
| Major Capital Share reimbursed for prior year (1) | - | - | - |
| Amount Paid to City by Pinellas County | 1,489,880 | 584,264 | 1,528,201 |
| Total Due to Pinellas County (overexpended) | <u>\$ 1,147</u> | <u>\$ 96,395</u> | <u>\$ 44,743</u> |

(1) Note: During FY2022 the Belleair Bluffs Fire District spent \$797,661 towards the purchase of a new rescue vehicle. The respective contribution amount (61.5%used for FY2022) was not be submitted to Pinellas County until FY2023 when delivery was taken on the vehicle. This is a timing issue and was factored in the FY2022 schedule although the funds were received in FY2023.

CITY OF LARGO, FLORIDA
Schedule of Revenue and Expenditures and Changes in Reserves -
Largo Fire and Emergency Medical Services
Fiscal Year Ended September 30, 2023 and 2022

| | 2023 | | | 2022 | | |
|---|-------------------|-------------------|--|-------------------|-------------------|--|
| | Budget | Actual | Variance favorable (unfavorable) | Budget | Actual | Variance favorable (unfavorable) |
| Revenue | | | | | | |
| County: | | | | | | |
| Fire | \$ 1,577,900 | \$ 1,489,880 | \$ (88,020) | \$ 1,359,800 | \$ 1,368,494 | \$ 8,694 |
| EMS | 6,688,800 | 6,776,396 | 87,596 | 6,086,000 | 6,086,038 | 38 |
| Overhead Costs | - | 60,572 | 60,572 | - | 55,734 | 55,734 |
| Capital Contribution | 1,065,100 | 174,342 | (890,758) | 914,500 | 310,645 | (603,855) |
| State: | | | | | | |
| Pension contribution | 493,000 | 616,395 | 123,395 | 488,500 | 517,369 | 28,869 |
| Education incentive | 40,500 | 123,455 | 82,955 | 40,400 | - | (40,400) |
| Hazmat, Tech Rescue, CME and Other reimbursement | 64,835 | 186,441 | 121,606 | 154,403 | 208,627 | 54,224 |
| Municipality: | | | | | | |
| Belleair Bluffs mgmt. contract | 376,600 | 376,651 | 51 | 352,600 | 358,716 | 6,116 |
| Town of Belleair mgmt. contract | - | - | - | - | - | - |
| Current | 19,943,811 | 9,421,652 | (10,522,159) | 13,393,410 | 8,713,176 | (4,680,234) |
| Total revenue | <u>30,250,546</u> | <u>19,225,784</u> | <u>(11,024,762)</u> | <u>22,789,613</u> | <u>17,618,799</u> | <u>(5,170,814)</u> |
| Expenditures | | | | | | |
| General Fund: | | | | | | |
| Salaries and benefits | 16,900,300 | 16,100,587 | 799,713 | 15,634,300 | 15,091,687 | 542,613 |
| Operating | 2,010,631 | 1,628,483 | 382,148 | 1,732,547 | 1,548,054 | 184,493 |
| Capital outlay | - | 14,719 | (14,719) | - | 1,495 | (1,495) |
| Local Option Sales Tax Fund: | | | | | | |
| Capital outlay | 11,339,615 | 1,481,995 | 9,857,620 | 5,422,766 | 977,563 | 4,445,203 |
| Total expenditures | <u>30,250,546</u> | <u>19,225,784</u> | <u>11,024,762</u> | <u>22,789,613</u> | <u>17,618,799</u> | <u>5,170,814</u> |
| Excess of revenue over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Largo Fire Reserve: | | | 2023 | | | 2022 |
| Reserved fund balance at beginning of year | | | \$ 3,425,390 | | | \$ 2,735,430 |
| Changes to reserves | | | (143,560) | | | 689,960 |
| Reserved fund balance at end of year | | | <u>\$ 3,281,830</u> | | | <u>\$ 3,425,390</u> |

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas.
FY2023 and FY2022 reductions were \$0, for previous year overpayments.
The amounts reported as reserves are held by Pinellas County.

See accompanying notes to the Schedule of Revenue and Expenditures and Changes in Reserves.

CITY OF LARGO, FLORIDA
Schedule of Revenue and Expenditures and Changes in Reserves -
Belleair Bluffs Fire and Emergency Medical Services
Fiscal Year Ended September 30, 2023 and 2022

| | 2023 | | | 2022 | | |
|--|------------------|------------------|--|------------------|------------------|--|
| | Budget | Actual | Variance favorable (unfavorable) | Budget | Actual | Variance favorable (unfavorable) |
| Revenue | | | | | | |
| County: | | | | | | |
| Fire | \$ 591,400 | \$ 584,264 | \$ (7,136) | \$ 507,300 | \$ 487,232 | \$ (20,068) |
| EMS | 742,000 | 742,034 | 34 | 712,000 | 711,953 | (47) |
| Overhead Costs | - | 8,076 | 8,076 | - | 7,431 | 7,431 |
| Capital Contribution | - | - | - | - | - | - |
| State: | | | | | | |
| Pension contribution | 70,300 | 82,186 | 11,886 | 65,100 | 73,910 | 8,810 |
| Education incentive | 6,000 | 14,202 | 8,202 | 5,600 | - | (5,600) |
| Hazmat, Tech Rescue and CME reimbursement | 7,113 | 20,455 | 13,342 | 18,085 | 24,436 | 6,351 |
| Municipality: | | | | | | |
| Town of Belleair mgmt contract | 716,300 | 716,364 | 64 | 669,300 | 682,262 | 12,962 |
| Current | 388,422 | 187,102 | (201,320) | 324,668 | 1,020,284 | 695,616 |
| Total revenue | <u>2,521,535</u> | <u>2,354,683</u> | <u>(166,852)</u> | <u>2,302,053</u> | <u>3,007,508</u> | <u>705,455</u> |
| Expenditures | | | | | | |
| General Fund: | | | | | | |
| Salaries and benefits | 2,156,800 | 2,125,289 | 31,511 | 2,028,700 | 2,004,429 | 24,271 |
| Operating | 306,735 | 222,509 | 84,226 | 273,353 | 205,418 | 67,935 |
| Capital outlay | 58,000 | 4,637 | 53,363 | - | - | - |
| Local Option Sales Tax Fund: | | | | | | |
| Capital outlay | - | 2,248 | (2,248) | - | 797,661 | (797,661) |
| Total expenditures | <u>2,521,535</u> | <u>2,354,683</u> | <u>166,852</u> | <u>2,302,053</u> | <u>3,007,508</u> | <u>(705,455)</u> |
| Excess of revenue over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Belleair Bluffs Fire Reserve: | | | 2023 | | | 2022 |
| Reserved fund balance at beginning of year | | | \$ 318,780 | | | \$ 715,870 |
| Changes to reserves | | | 203,800 | | | (397,090) |
| Reserved fund balance at end of year | | | <u>\$ 522,580</u> | | | <u>\$ 318,780</u> |

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas.
FY2023 and FY2022 reductions were \$50,672 and \$127,478, respectively, for previous year overpayments.
The amounts reported as reserves are held by Pinellas County.

See accompanying notes to the Schedule of Revenue and Expenditures and Changes in Reserves.

CITY OF LARGO, FLORIDA
Schedule of Revenue and Expenditures and Changes in Reserves -
High Point Fire and Emergency Medical Services
Fiscal Year Ended September 30, 2023 and 2022

| | 2023 | | | 2022 | | |
|--|------------------|------------------|--|------------------|------------------|--|
| | Budget | Actual | Variance favorable (unfavorable) | Budget | Actual | Variance favorable (unfavorable) |
| Revenue | | | | | | |
| County: | | | | | | |
| Fire | \$ 1,571,900 | \$ 1,528,201 | \$ (43,699) | \$ 1,428,000 | \$ 1,419,685 | \$ (8,315) |
| EMS | 1,364,300 | 1,364,318 | 18 | 1,278,100 | 1,278,092 | (8) |
| Overhead Costs | - | 12,114 | 12,114 | - | 11,147 | 11,147 |
| Capital contribution | - | - | - | - | - | - |
| State: | | | | | | |
| Pension contribution | 140,700 | 123,279 | (17,421) | 97,700 | 147,820 | 50,120 |
| Education incentive | 8,600 | 19,976 | 11,376 | 8,000 | - | (8,000) |
| Hazmat, Tech Rescue and CME reimbursement | 13,052 | 37,534 | 24,482 | 32,412 | 43,794 | 11,382 |
| Municipality: | | | | | | |
| Current | 694,496 | 476,388 | (218,108) | 1,420,776 | 396,621 | (1,024,155) |
| Total revenue | <u>3,793,048</u> | <u>3,561,810</u> | <u>(231,238)</u> | <u>4,264,988</u> | <u>3,297,159</u> | <u>(967,829)</u> |
| Expenditures | | | | | | |
| General Fund: | | | | | | |
| Salaries and benefits | 3,300,700 | 3,238,814 | 61,886 | 3,089,200 | 3,046,480 | 42,720 |
| Operating | 380,348 | 310,285 | 70,063 | 325,788 | 250,679 | 75,109 |
| Capital outlay | - | 4,637 | (4,637) | - | - | - |
| Local Option Sales Tax Fund: | | | | | | |
| Capital outlay | 112,000 | 8,074 | 103,926 | 850,000 | - | 850,000 |
| Total expenditures | <u>3,793,048</u> | <u>3,561,810</u> | <u>231,238</u> | <u>4,264,988</u> | <u>3,297,159</u> | <u>967,829</u> |
| Excess of revenue over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| High Point Fire Reserve: | | | 2023 | | | 2022 |
| Reserved fund balance at beginning of year | | | \$ 2,215,280 | | | \$ 1,505,280 |
| Changes to reserves | | | 749,260 | | | 710,000 |
| Reserved fund balances at end of year | | | <u>\$ 2,964,540</u> | | | <u>\$ 2,215,280</u> |

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas. FY2023 and FY2022 reductions were \$61,800 and \$188,902, respectively, for previous year overpayments. The amounts reported as reserves are held by Pinellas County and include Highpoint and East Highpoint Fire District funds.

See accompanying notes to the Schedule of Revenue and Expenditures and Changes in Reserves.

STATISTICAL SECTION

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CITY OF LARGO, FLORIDA

Statistical Section

This section of the City's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health. This information has not been audited by the independent auditor.

Financial Trends

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

| | |
|------------|--|
| Schedule A | Net Position by Component |
| Schedule B | Changes in Net Position |
| Schedule C | Governmental Activities Tax Revenue by Source |
| Schedule D | Fund Balances of Governmental Funds |
| Schedule E | Changes in Fund Balances of Governmental Funds |
| Schedule F | General Governmental Tax Revenues by Source |
| Schedule G | Wastewater Charges |

Revenue Capacity

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

| | |
|------------|--|
| Schedule H | Assessed Value, Taxable Value and Estimated Actual Value of Taxable Property |
| Schedule I | Property Tax Rates Direct and Overlapping Governments |
| Schedule J | Principal Real Property Taxpayers |
| Schedule J | Principal Personal Property Taxpayers |
| Schedule K | Property Tax Levies and Collections |
| Schedule U | Major Revenue Sources |

Debt Capacity

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

| | |
|------------|---|
| Schedule L | Ratios of Outstanding Debt by Type |
| Schedule M | Direct and Overlapping Governmental Activities Debt |
| Schedule N | Legal Debt Margin Information |
| Schedule O | Pledged-Revenue Coverage |

CITY OF LARGO, FLORIDA

Statistical Section

Economic and Demographic Information

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

| | |
|------------|-------------------------------------|
| Schedule P | Demographic and Economic Statistics |
| Schedule Q | Principal Employers |

Operating Information

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

| | |
|------------|--|
| Schedule R | Full-time Equivalent City Government Employees by Function |
| Schedule S | Operating Indicators by Function |
| Schedule T | Capital Assets Statistics by Function |
| Schedule V | General Information |
| Schedule W | Community Profile |
| Schedule X | Financial Management Policies |

Sources: Unless otherwise noted, the information in this section is derived from the City's Annual Comprehensive Financial Reports for the relevant year.

SCHEDULE A

CITY OF LARGO, FLORIDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting, in thousands)

| | 2014 | 2015 (1) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities: | | | | | | | | | | |
| Net invested in capital assets | \$ 122,265 | \$ 122,159 | \$ 124,369 | \$ 126,873 | \$ 134,422 | \$ 139,175 | \$ 145,009 | \$ 150,905 | \$ 132,573 | \$ 128,298 |
| Restricted | 33,541 | 37,313 | 41,783 | 40,747 | 36,719 | 39,309 | 40,139 | 42,272 | 55,647 | 66,280 |
| Unrestricted | 11,350 | (20,187) | (20,472) | (18,660) | (19,373) | (15,700) | (16,604) | (17,413) | (2,774) | 7,504 |
| Total governmental activities net position | 167,156 | 139,285 | 145,680 | 148,960 | 151,768 | 162,784 | 168,544 | 175,764 | 185,446 | 202,082 |
| Business-type activities: | | | | | | | | | | |
| Net invested in capital assets | 65,018 | 78,180 | 99,029 | 88,411 | 78,869 | 88,010 | 95,458 | 110,289 | 108,100 | 95,967 |
| Restricted | 7,406 | 8,390 | 8,992 | 9,114 | 9,378 | 10,388 | 10,820 | 9,025 | 9,077 | 9,793 |
| Unrestricted | 42,270 | 33,892 | 17,516 | 30,241 | 39,573 | 34,964 | 29,448 | 18,626 | 22,398 | 41,859 |
| Total business-type activities net position | 114,694 | 120,462 | 125,537 | 127,766 | 127,820 | 133,362 | 135,726 | 137,940 | 139,575 | 147,619 |
| Primary government: | | | | | | | | | | |
| Net invested in capital assets | 187,283 | 200,339 | 223,398 | 215,284 | 213,291 | 227,185 | 240,467 | 261,194 | 240,673 | 224,265 |
| Restricted | 40,947 | 45,703 | 50,775 | 49,861 | 46,097 | 49,697 | 50,959 | 51,297 | 64,724 | 76,073 |
| Unrestricted | 53,620 | 13,705 | (2,956) | 11,581 | 20,200 | 19,264 | 12,844 | 1,213 | 19,624 | 49,363 |
| Total primary government net position | <u>\$ 281,850</u> | <u>\$ 259,747</u> | <u>\$ 271,217</u> | <u>\$ 276,726</u> | <u>\$ 279,588</u> | <u>\$ 296,146</u> | <u>\$ 304,270</u> | <u>\$ 313,704</u> | <u>\$ 325,021</u> | <u>\$ 349,701</u> |

Notes: (1) FY2015 was the first year the net pension liability was required to be reported, which created a deficit in Unrestricted Net Position. The OPEB liability is also partly responsible for the deficit, because it is an implicit subsidy and is not being funded.

CITY OF LARGO, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting, in thousands)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 6,311 | \$ 6,650 | \$ 7,567 | \$ 8,273 | \$ 9,353 | \$ 8,937 | \$ 10,723 | \$ 11,855 | \$ 13,244 | \$ 12,260 |
| Public safety | 35,695 | 36,685 | 39,663 | 41,291 | 44,690 | 45,615 | 50,011 | 51,597 | 50,324 | 61,108 |
| Public Works | 8,735 | 9,253 | 8,805 | 10,088 | 10,388 | 10,551 | 11,987 | 12,606 | 13,317 | 14,562 |
| Economic development | 5,282 | 5,121 | 5,511 | 6,855 | 7,362 | 6,400 | 6,194 | 6,690 | 7,747 | 9,233 |
| Culture and recreation | 14,714 | 16,118 | 15,912 | 15,882 | 16,548 | 17,482 | 16,815 | 17,989 | 19,277 | 20,425 |
| Interest on long-term debt | 447 | 376 | 298 | 232 | 160 | 78 | 3 | 27 | 1,694 | 3,551 |
| Total governmental activities expenses | 71,184 | 74,203 | 77,756 | 82,621 | 88,501 | 89,063 | 95,733 | 100,764 | 105,603 | 121,139 |
| Business-type activities: | | | | | | | | | | |
| Wastewater | 18,647 | 18,356 | 19,111 | 21,238 | 21,094 | 21,970 | 22,472 | 24,053 | 25,271 | 26,132 |
| Solid Waste | 10,358 | 10,586 | 10,542 | 11,596 | 12,149 | 12,358 | 13,374 | 13,875 | 15,333 | 16,122 |
| Golf Course | 1,007 | 996 | 1,012 | 1,133 | 1,065 | 1,070 | 1,184 | 1,138 | 1,395 | 1,324 |
| Total business-type activities expenses | 30,012 | 29,938 | 30,665 | 33,967 | 34,308 | 35,398 | 37,030 | 39,066 | 41,999 | 43,578 |
| Total primary government expenses | \$ 101,196 | \$ 104,141 | \$ 108,421 | \$ 116,588 | \$ 122,809 | \$ 124,461 | \$ 132,763 | \$ 139,830 | \$ 147,602 | \$ 164,717 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 3,067 | \$ 3,097 | \$ 3,172 | \$ 3,241 | \$ 3,570 | \$ 3,762 | \$ 3,840 | \$ 4,120 | \$ 4,820 | \$ 5,080 |
| Public safety | 8,596 | 8,282 | 9,057 | 9,976 | 10,756 | 12,293 | 12,493 | 13,993 | 14,464 | 16,503 |
| Public works | 4,541 | 4,699 | 5,869 | 5,849 | 5,569 | 5,686 | 5,753 | 6,039 | 6,645 | 7,933 |
| Economic development | 3,156 | 3,578 | 2,921 | 2,390 | 3,074 | 3,906 | 4,052 | 3,411 | 4,685 | 4,505 |
| Culture and recreation | 4,768 | 4,837 | 4,642 | 5,076 | 5,430 | 5,432 | 3,531 | 4,021 | 4,836 | 5,332 |
| Other activities | - | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | 2,757 | 2,594 | 2,817 | 3,008 | 2,531 | 3,625 | 3,705 | 3,697 | 3,193 | 8,556 |
| Capital grants and contributions | 439 | 786 | 1,587 | 726 | 1,521 | 1,493 | 824 | 661 | 852 | 798 |
| Total governmental activities program revenues | 27,324 | 27,873 | 30,065 | 30,266 | 32,451 | 36,197 | 34,198 | 35,942 | 39,495 | 48,707 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Wastewater | 22,290 | 22,514 | 22,631 | 22,900 | 22,920 | 22,892 | 22,979 | 25,154 | 27,780 | 30,808 |
| Solid Waste | 10,359 | 10,452 | 10,773 | 11,118 | 10,960 | 13,007 | 13,351 | 13,965 | 15,389 | 15,517 |
| Golf Course | 847 | 872 | 863 | 972 | 945 | 1,036 | 913 | 1,237 | 1,428 | 1,644 |
| Operating grants and contributions | 73 | 61 | 60 | 99 | 60 | 233 | 204 | 95 | 60 | 173 |
| Capital grants and contributions | 47 | 882 | 535 | 387 | 190 | 798 | 273 | 311 | 288 | 460 |
| Total business-type activities program revenues | 33,616 | 34,781 | 34,862 | 35,476 | 35,075 | 37,966 | 37,720 | 40,762 | 44,945 | 48,602 |
| Total primary government program revenues | \$ 60,940 | \$ 62,654 | \$ 64,927 | \$ 65,742 | \$ 67,526 | \$ 74,163 | \$ 71,918 | \$ 76,704 | \$ 84,440 | \$ 97,309 |

CITY OF LARGO, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting, in thousands)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (43,860) | \$ (46,330) | \$ (47,691) | \$ (52,355) | \$ (56,049) | \$ (52,865) | \$ (61,535) | \$ (64,822) | \$ (66,109) | \$ (72,432) |
| Business-type activities | 3,604 | 4,843 | 4,197 | 1,509 | 767 | 2,568 | 690 | 1,696 | 2,946 | 5,024 |
| Total primary government net (expense)/revenue | \$ (40,256) | \$ (41,487) | \$ (43,494) | \$ (50,846) | \$ (55,282) | \$ (50,297) | \$ (60,845) | \$ (63,126) | \$ (63,163) | \$ (67,408) |
| General Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property | \$ 16,568 | \$ 17,395 | \$ 19,326 | \$ 21,026 | \$ 24,139 | \$ 26,054 | \$ 27,593 | \$ 29,946 | \$ 32,151 | \$ 36,061 |
| Utility | 8,202 | 7,991 | 8,382 | 8,440 | 8,676 | 9,301 | 9,788 | 9,903 | 10,408 | 11,252 |
| Franchise | 6,005 | 5,989 | 5,748 | 5,712 | 6,118 | 6,524 | 6,426 | 6,365 | 7,016 | 7,663 |
| Sales & County Gas Tax | 7,143 | 7,660 | 8,066 | 8,283 | 8,715 | 9,184 | 9,406 | 11,243 | 12,980 | 13,297 |
| Communications services | 3,139 | 3,073 | 2,914 | 2,871 | 2,886 | 2,659 | 2,708 | 2,728 | 2,819 | 3,062 |
| Shared revenue | 7,372 | 7,854 | 8,168 | 8,461 | 8,736 | 8,997 | 8,494 | 9,878 | 11,480 | 11,781 |
| Investment earnings | 320 | 621 | 463 | 469 | 568 | 1,638 | 1,113 | 507 | (2,658) | 5,316 |
| Miscellaneous | 271 | 394 | 973 | 538 | 1,950 | 1,050 | 1,768 | 1,472 | 1,594 | 772 |
| Transfers in (out) | - | (788) | 45 | - | - | - | - | - | - | - |
| Demolition of City property | - | - | - | - | - | - | - | - | - | - |
| Extraordinary/Special Item | - | - | - | (164) | - | (280) | - | - | - | (136) |
| Total governmental activities | 49,020 | 50,189 | 54,085 | 55,636 | 61,788 | 65,127 | 67,296 | 72,042 | 75,790 | 89,068 |
| Business-type activities | | | | | | | | | | |
| Investment earnings | 313 | 657 | 496 | 443 | 585 | 1,737 | 1,188 | 162 | (1,483) | 1,786 |
| Miscellaneous | 389 | 267 | 427 | 276 | 537 | 50 | 485 | 356 | (127) | 442 |
| Transfers in (out) | - | - | (45) | - | - | - | - | - | - | - |
| Demolition of City property | - | - | - | - | - | - | - | - | - | - |
| Extraordinary/Special Item | - | - | - | - | (1,168) | (59) | - | - | 300 | 792 |
| Total business-type activities | 702 | 924 | 878 | 719 | (46) | 1,728 | 1,673 | 518 | (1,310) | 3,020 |
| Total primary government general revenues | \$ 49,722 | \$ 51,113 | \$ 54,963 | \$ 56,355 | \$ 61,742 | \$ 66,855 | \$ 68,969 | \$ 72,560 | \$ 74,480 | \$ 92,088 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 5,160 | \$ 3,859 | \$ 6,394 | \$ 3,281 | \$ 5,739 | \$ 12,262 | \$ 5,761 | \$ 7,220 | \$ 9,681 | \$ 16,636 |
| Business-type activities | 4,306 | 5,767 | 5,075 | 2,228 | 721 | 4,296 | 2,363 | 2,214 | 1,636 | 8,044 |
| Total primary government | \$ 9,466 | \$ 9,626 | \$ 11,469 | \$ 5,509 | \$ 6,460 | \$ 16,558 | \$ 8,124 | \$ 9,434 | \$ 11,317 | \$ 24,680 |

SCHEDULE C

CITY OF LARGO, FLORIDA
Government Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting, in thousands)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Property tax | \$ 16,567 | \$ 17,395 | \$ 19,326 | \$ 21,026 | \$ 24,139 | \$ 26,055 | \$ 27,593 | \$ 29,946 | \$ 32,151 | \$ 36,061 |
| Utility tax | 8,202 | 7,991 | 8,382 | 8,440 | 8,676 | 9,301 | 9,788 | 9,903 | 10,408 | 11,251 |
| Franchise tax | 6,005 | 5,989 | 5,748 | 5,712 | 6,117 | 6,524 | 6,426 | 6,365 | 7,016 | 7,663 |
| Sales & County Gas tax | 7,143 | 7,660 | 8,066 | 8,283 | 8,715 | 9,184 | 9,406 | 11,243 | 12,980 | 13,297 |
| Communications Services tax | 3,139 | 3,073 | 2,914 | 2,871 | 2,886 | 2,659 | 2,708 | 2,728 | 2,819 | 3,062 |
| Total | <u>\$ 41,056</u> | <u>\$ 42,108</u> | <u>\$ 44,436</u> | <u>\$ 46,332</u> | <u>\$ 50,533</u> | <u>\$ 53,723</u> | <u>\$ 55,921</u> | <u>\$ 60,185</u> | <u>\$ 65,374</u> | <u>\$ 71,334</u> |

SCHEDULE D

CITY OF LARGO, FLORIDA
Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 49 | \$ 49 | \$ 95 | \$ 59 | \$ 73 | \$ 116 | \$ 219 | \$ 722 | \$ 418 | \$ 502 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | 7,122 | 6,857 | 5,375 | 5,638 | 5,744 | 5,158 | 10,624 | 15,598 | 14,437 | 11,331 |
| Unassigned | 5,337 | 4,925 | 7,204 | 9,796 | 11,284 | 17,526 | 15,511 | 12,634 | 12,931 | 19,323 |
| Total General Fund | <u>\$ 12,508</u> | <u>\$ 11,831</u> | <u>\$ 12,674</u> | <u>\$ 15,493</u> | <u>\$ 17,101</u> | <u>\$ 22,800</u> | <u>\$ 26,354</u> | <u>\$ 28,954</u> | <u>\$ 27,786</u> | <u>\$ 31,156</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 980 | \$ 980 | \$ 980 |
| Restricted | | | | | | | | | | |
| Special revenue | 27,686 | 31,607 | 35,324 | 33,600 | 30,491 | 32,869 | 34,265 | 40,392 | 49,639 | 59,333 |
| Capital projects | - | - | - | - | - | - | - | - | 54,405 | 37,286 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | | | | | | | | | | |
| Special revenue | 138 | 135 | 158 | 175 | 128 | 99 | 98 | 258 | 290 | 91 |
| Capital projects | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | (13) | (4) | - | - | - | - | (4,552) | - | - |
| Total of all other governmental funds | <u>\$ 27,824</u> | <u>\$ 31,729</u> | <u>\$ 35,478</u> | <u>\$ 33,775</u> | <u>\$ 30,619</u> | <u>\$ 32,968</u> | <u>\$ 34,363</u> | <u>\$ 37,078</u> | <u>\$ 105,314</u> | <u>\$ 97,690</u> |

SCHEDULE E

CITY OF LARGO, FLORIDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 35,102 | \$ 36,150 | \$ 38,753 | \$ 40,611 | \$ 44,542 | \$ 47,201 | \$ 49,538 | \$ 53,448 | \$ 57,915 | \$ 63,313 |
| Licenses and permits | 8,151 | 8,617 | 7,720 | 7,190 | 8,282 | 9,321 | 8,937 | 8,556 | 9,745 | 10,871 |
| Shared | 11,071 | 12,079 | 13,371 | 13,363 | 13,905 | 15,301 | 14,474 | 15,934 | 17,401 | 22,482 |
| Charges for services | 17,476 | 17,396 | 19,109 | 20,444 | 21,261 | 23,114 | 21,643 | 24,371 | 25,913 | 29,366 |
| Fines | 424 | 405 | 390 | 403 | 348 | 338 | 794 | 621 | 968 | 671 |
| Interfund charges | 3,100 | 3,128 | 3,195 | 3,298 | 3,647 | 3,859 | 3,919 | 4,206 | 4,603 | 4,890 |
| Special assessments | 4 | 1 | - | - | - | - | - | - | - | - |
| Contributions and donations | 326 | 401 | 312 | 208 | 282 | 356 | 260 | 236 | 419 | 308 |
| Investment earnings | 289 | 557 | 417 | 400 | 508 | 1,496 | 1,168 | 174 | (2,495) | 5,156 |
| Other | 739 | 784 | 1,592 | 2,414 | 2,069 | 1,224 | 1,418 | 1,713 | 1,400 | 858 |
| Total revenues | \$ 76,682 | \$ 79,518 | \$ 84,859 | \$ 88,331 | \$ 94,844 | \$ 102,210 | \$ 102,151 | \$ 109,259 | \$ 115,869 | \$ 137,915 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | \$ 5,813 | \$ 6,045 | \$ 6,747 | \$ 7,073 | \$ 8,380 | \$ 7,841 | \$ 9,155 | \$ 9,262 | \$ 9,900 | \$ 11,859 |
| Public safety | 33,544 | 35,417 | 36,487 | 38,672 | 41,713 | 42,932 | 44,418 | 47,807 | 52,089 | 55,305 |
| Public works | 7,333 | 7,500 | 7,239 | 7,931 | 8,118 | 8,409 | 8,327 | 9,439 | 9,673 | 10,629 |
| Economic development | 4,570 | 4,801 | 5,327 | 5,955 | 6,981 | 6,078 | 6,761 | 7,886 | 9,449 | 10,872 |
| Culture and recreation | 11,908 | 13,390 | 13,192 | 12,828 | 13,830 | 14,410 | 13,600 | 14,137 | 15,737 | 17,194 |
| Capital outlay (1) | 9,029 | 5,602 | 7,786 | 11,219 | 13,830 | 11,350 | 16,132 | 15,051 | 15,005 | 34,000 |
| Principal | 3,070 | 3,141 | 3,214 | 3,288 | 3,365 | 3,444 | 1,752 | 503 | 1,736 | 2,492 |
| Interest | 465 | 394 | 321 | 247 | 176 | 100 | 12 | 13 | 1,323 | 2,181 |
| Other debt service costs | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | \$ 75,732 | \$ 76,290 | \$ 80,313 | \$ 87,213 | \$ 96,393 | \$ 94,564 | \$ 100,157 | \$ 104,098 | \$ 114,912 | \$ 144,532 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 950 | \$ 3,228 | \$ 4,546 | \$ 1,118 | \$ (1,549) | \$ 7,646 | \$ 1,994 | \$ 5,161 | \$ 957 | \$ (6,617) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 3,796 | 33 | 90 | - | 101 | 6,143 | 824 | 595 | 2,390 | 4,138 |
| Transfers out | (3,796) | (33) | (45) | - | (101) | (6,143) | (824) | (595) | (2,390) | (4,138) |
| Debt Proceeds | - | - | - | - | - | - | - | - | 62,394 | - |
| Sale of capital assets | - | - | - | - | - | 402 | 455 | 153 | 414 | 239 |
| Lease financing | - | - | - | - | - | - | - | - | 3,293 | 2,134 |
| Capital project loans | - | - | - | - | - | - | 2,500 | - | - | - |
| Total other financing sources (uses) | - | - | 45 | - | - | 402 | 2,955 | 153 | 66,101 | 2,373 |
| Net Change in Fund Balances | 950 | 3,228 | 4,591 | 1,118 | (1,549) | 8,048 | 4,949 | 5,314 | 67,058 | (4,244) |
| Fund Balances - Beginning | 39,382 | 40,332 | 43,560 | 48,151 | 49,269 | 47,720 | 55,768 | 60,717 | 66,031 | 133,089 |
| Fund Balances - Ending | \$ 40,332 | \$ 43,560 | \$ 48,151 | \$ 49,269 | \$ 47,720 | \$ 55,768 | \$ 60,717 | \$ 66,031 | \$ 133,089 | \$ 128,845 |
| Debt service as a percentage of non-capital expenditures, excluding transfers, special items and prior period adjustments (1) | | | | | | | | | | |
| | 5.3% | 5.0% | 4.9% | 4.7% | 4.3% | 4.3% | 2.1% | 0.6% | 3.1% | 4.2% |

Note: (1) The capital outlay on this schedule accounts for all capital items including library books (library books are considered capital items at fund level); however, the capital outlay reported on the Notes to Financial Statements does not include library books. The capital outlay total used to calculate the ratio of total debt service expenditures to non-capital expenditures is the number reported in this schedule.

SCHEDULE F

CITY OF LARGO, FLORIDA
General Government Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Property Tax | \$ 16,567 | \$ 17,395 | \$ 19,326 | \$ 21,026 | \$ 24,139 | \$ 26,055 | \$ 27,593 | \$ 29,946 | \$ 31,383 | \$ 36,061 |
| Local Option Sales Tax | 6,195 | 6,677 | 7,055 | 7,264 | 7,634 | 8,069 | 8,402 | 10,196 | 11,920 | 13,297 |
| Impact Fees | 378 | 382 | 442 | 385 | 603 | 403 | 384 | 431 | 522 | 839 |
| Communication Tax | 3,139 | 3,073 | 2,914 | 2,871 | 2,886 | 2,659 | 2,708 | 2,728 | 2,819 | 3,062 |
| Utility Tax: | | | | | | | | | | |
| Electricity | 6,764 | 6,522 | 6,849 | 6,846 | 7,058 | 7,678 | 8,128 | 8,191 | 8,636 | 9,467 |
| Water | 1,142 | 1,175 | 1,250 | 1,305 | 1,318 | 1,349 | 1,390 | 1,416 | 1,479 | 1,523 |
| Fuel | 296 | 297 | 290 | 285 | 293 | 283 | 273 | 286 | 301 | 292 |
| | <u>8,202</u> | <u>7,994</u> | <u>8,389</u> | <u>8,436</u> | <u>8,669</u> | <u>9,310</u> | <u>9,791</u> | <u>9,893</u> | <u>10,416</u> | <u>11,282</u> |
| Franchise Tax: | | | | | | | | | | |
| Electricity | 5,782 | 5,804 | 5,546 | 5,507 | 5,897 | 6,314 | 6,225 | 6,180 | 6,813 | 7,459 |
| Gas | 223 | 178 | 202 | 204 | 221 | 210 | 201 | 185 | 203 | 204 |
| | <u>6,005</u> | <u>5,982</u> | <u>5,748</u> | <u>5,711</u> | <u>6,118</u> | <u>6,524</u> | <u>6,426</u> | <u>6,365</u> | <u>7,016</u> | <u>7,663</u> |
| Total | <u>\$ 40,486</u> | <u>\$ 41,503</u> | <u>\$ 43,874</u> | <u>\$ 45,693</u> | <u>\$ 50,049</u> | <u>\$ 53,020</u> | <u>\$ 55,304</u> | <u>\$ 59,559</u> | <u>\$ 64,076</u> | <u>\$ 72,204</u> |

SCHEDULE G

CITY OF LARGO, FLORIDA

Wastewater Charges

Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Residential within City (1) (2) | | | | | | | | | | |
| Fixed Cost | | | | | | | | | | |
| Single Family Units | \$ 24.80 11,131 | \$ 24.80 11,331 | \$ 24.80 11,424 | \$ 24.80 11,375 | \$ 18.80 11,406 | \$ 18.80 11,413 | \$ 18.80 11,431 | \$ 20.68 11,456 | \$ 22.75 11,462 | \$ 25.03 11,467 |
| Multi-family (duplex, triplex) Units (5) | 23.85 1,659 | 23.85 1,721 | 23.85 1,729 | 23.85 1,824 | 18.80 1,832 | 18.80 1,875 | 18.80 1,932 | 20.68 3,111 | 22.75 3,134 | 25.03 3,128 |
| High Density (apts., mobile homes, condos) Units (5) | 19.35 27,196 | 19.35 27,623 | 19.35 27,686 | 19.35 27,731 | 14.10 27,743 | 14.10 27,687 | 14.10 27,764 | 15.51 26,624 | 17.06 26,623 | 18.77 26,618 |
| Variable Charges (4) | 2.12 | 2.12 | 2.12 | 2.12 | 2.30 | 2.30 | 2.30 | 2.53 | 2.78 | 3.06 |
| Residential outside City (1) (2) | | | | | | | | | | |
| Fixed Cost | | | | | | | | | | |
| Single Family Units | 31.00 4,784 | 31.00 4,586 | 31.00 4,510 | 31.00 4,490 | 23.50 4,489 | 23.50 4,458 | 23.50 4,466 | 25.85 4,446 | 28.44 4,434 | 31.28 4,426 |
| Multi-family (duplex, triplex) Units | 29.80 1,255 | 29.80 1,201 | 29.80 1,195 | 29.80 1,189 | 23.50 1,179 | 23.50 1,181 | 23.50 1,172 | 25.85 1,473 | 28.44 1,454 | 31.28 1,448 |
| High Density (apts, mobile homes, condos) Units | 24.20 4,488 | 24.20 4,433 | 24.20 4,420 | 24.20 4,417 | 17.63 4,414 | 17.63 4,482 | 17.63 4,467 | 19.39 4,178 | 21.33 4,180 | 23.46 4,179 |
| Variable Charges (4) | 2.65 | 2.65 | 2.65 | 2.65 | 2.88 | 2.88 | 2.88 | 3.17 | 3.49 | 3.84 |
| Commercial within City | | | | | | | | | | |
| Fixed Charge (3) Units | 24.80 2,664 | 24.80 2,653 | 24.80 2,689 | 24.80 2,699 | 18.80 2,722 | 18.80 2,762 | 18.80 2,782 | 20.68 2,785 | 22.75 2,777 | 25.03 2,769 |
| Variable charge (4) | 3.71 | 3.71 | 3.71 | 3.71 | 3.71 | 3.71 | 3.71 | 4.08 | 4.49 | 4.94 |
| Commerical outside City | | | | | | | | | | |
| Fixed Charge (3) Units | 31.00 978 | 31.00 973 | 31.00 972 | 31.00 970 | 23.50 964 | 23.50 959 | 23.50 958 | 25.85 959 | 28.44 957 | 31.28 952 |
| Variable charge (4) | 4.64 | 4.64 | 4.64 | 4.64 | 4.64 | 4.64 | 4.64 | 5.10 | 5.61 | 6.17 |

- Notes: (1) Residential monthly fixed charges include 3,000 gallons per month. Variable charges are assessed for each additional 1,000 gallons per month above 3,000 gallons (maximum 8,000 gallons per month). This rate structure applies to FY 2014 - FY 2017.
- (2) Residential monthly fixed charges do not include any gallons per month. Variable charges are assessed for each 1,000 gallons per month (maximum 10,000 gallons per month). This rate structure applies to FY 2018 - 2023.
- (3) Commercial monthly charges are based on water usage, plus fixed monthly charges dependent on meter size. The fixed cost rates stated in schedule are based on 5/8" or 3/4" meters.
- (4) Charge is per 1,000 gallons of potable water consumption.
- (5) Townhomes were reclassified from residential high density to residential multi-family starting in Fiscal Year 2021.

SCHEDULE H

CITY OF LARGO, FLORIDA
Assessed Value, Taxable Value and Estimated Actual Value Of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

| Fiscal Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Tax Year (1) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Real Property: | | | | | | | | | | |
| Residential | \$ 2,446,905 | \$ 2,738,831 | \$ 3,165,507 | \$ 3,520,089 | \$ 3,848,917 | \$ 4,257,059 | \$ 4,633,759 | \$ 5,003,425 | \$ 5,552,604 | \$ 6,958,442 |
| Commercial | 1,162,433 | 1,216,276 | 1,279,470 | 1,372,492 | 1,442,319 | 1,518,351 | 1,634,676 | 1,744,097 | 1,821,801 | 2,047,865 |
| Other | 575,387 | 602,364 | 662,416 | 674,253 | 672,845 | 692,267 | 723,899 | 770,359 | 862,938 | 930,126 |
| Personal Property | 425,073 | 406,829 | 445,876 | 464,699 | 413,328 | 432,364 | 452,905 | 475,230 | 503,168 | 553,824 |
| Central Assessed Property | 602 | 962 | 977 | 1,038 | 1,027 | 1,074 | 1,035 | 1,153 | 1,182 | 1,267 |
| Total Assessed Value | 4,610,400 | 4,965,262 | 5,554,246 | 6,032,571 | 6,378,436 | 6,901,115 | 7,446,274 | 7,994,264 | 8,741,693 | 10,491,524 |
| Less Tax Exempt Value: | | | | | | | | | | |
| Homestead | (629,278) | (626,665) | (644,290) | (653,646) | (674,838) | (688,465) | (704,938) | (730,897) | (750,808) | (765,921) |
| Save Our Home | (95,348) | (250,947) | (439,287) | (547,372) | (629,579) | (744,521) | (829,065) | (896,895) | (1,077,387) | (1,672,985) |
| Governmental | (259,283) | (270,700) | (321,257) | (315,696) | (319,892) | (330,267) | (342,902) | (365,834) | (398,913) | (424,373) |
| Other | (337,425) | (349,777) | (425,203) | (471,349) | (390,560) | (439,286) | (484,801) | (478,873) | (534,281) | (857,278) |
| Total Taxable Value | <u>\$ 3,289,066</u> | <u>\$ 3,467,173</u> | <u>\$ 3,724,209</u> | <u>\$ 4,044,508</u> | <u>\$ 4,363,567</u> | <u>\$ 4,698,576</u> | <u>\$ 5,084,568</u> | <u>\$ 5,521,765</u> | <u>\$ 5,980,304</u> | <u>\$ 6,770,967</u> |
| Total Direct Tax Rate (2) | 5.2139 | 5.1943 | 5.3705 | 5.3705 | 5.7413 | 5.7413 | 5.6200 | 5.6200 | 5.5800 | 5.5200 |
| Estimated Actual Taxable Value | \$ 5,763,000 | \$ 6,206,578 | \$ 6,942,808 | \$ 7,540,714 | \$ 7,973,045 | \$ 8,626,394 | \$ 9,307,843 | \$ 9,992,830 | \$ 10,927,116 | \$ 13,114,405 |
| Assessed Value as a Percentage of Actual Value | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| Total Taxable Value as a Percentage of Total Assessed Value | 71% | 70% | 67% | 67% | 68% | 68% | 68% | 69% | 68% | 65% |

Source: Pinellas County Property Appraiser

- (1) Tax year is calendar year.
- (2) Tax rate is per \$1,000 of taxable value

SCHEDULE I

CITY OF LARGO, FLORIDA
Property Tax Rates
Direct and Overlapping Governments⁽²⁾
Last Ten Fiscal Years
(in Mills, Per \$1,000 Assessed Valuation)

| Fiscal Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Tax Year (1) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| City of Largo | | | | | | | | | | |
| General Operating | 5.2139 | 5.1943 | 5.3705 | 5.3705 | 5.7413 | 5.7413 | 5.6200 | 5.6200 | 5.5800 | 5.5200 |
| Special Operating | - | - | - | - | - | - | - | - | - | - |
| Total City of Largo | 5.2139 | 5.1943 | 5.3705 | 5.3705 | 5.7413 | 5.7413 | 5.6200 | 5.6200 | 5.5800 | 5.5200 |
| General | 5.276 | 5.276 | 5.276 | 5.276 | 5.276 | 5.276 | 5.276 | 5.276 | 5.130 | 4.740 |
| Health | 0.062 | 0.062 | 0.062 | 0.062 | 0.083 | 0.083 | 0.083 | 0.083 | 0.079 | 0.079 |
| Mosquito Control | - | - | - | - | - | - | - | - | - | - |
| EMS (2) | 0.916 | 0.916 | 0.916 | 0.916 | 0.916 | 0.916 | 0.916 | 0.916 | 0.916 | 0.877 |
| Total County | 6.254 | 6.254 | 6.254 | 6.254 | 6.275 | 6.275 | 6.275 | 6.275 | 6.125 | 5.696 |
| Other Authorities | | | | | | | | | | |
| School Board | 8.060 | 7.841 | 7.770 | 7.318 | 7.009 | 6.727 | 6.584 | 6.427 | 6.325 | 5.963 |
| Transit Authority (2) | 0.730 | 0.730 | 0.730 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 |
| Water Management | | | | | | | | | | |
| General | 0.382 | 0.366 | 0.349 | 0.331 | 0.313 | 0.296 | 0.280 | 0.267 | 0.254 | 0.226 |
| Anclote Basin | - | - | - | - | - | - | - | - | - | - |
| Juvenile Welfare | | | | | | | | | | |
| Board | 0.898 | 0.898 | 0.898 | 0.898 | 0.898 | 0.898 | 0.898 | 0.898 | 0.898 | 0.851 |
| Planning Council | 0.016 | 0.016 | 0.016 | 0.015 | 0.015 | 0.015 | 0.015 | 0.015 | 0.015 | 0.021 |
| Total Other Authorities | 10.086 | 9.851 | 9.763 | 9.312 | 8.985 | 8.686 | 8.527 | 8.357 | 8.242 | 7.811 |
| Total All Authorities | 21.554 | 21.299 | 21.388 | 20.937 | 21.001 | 20.702 | 20.422 | 20.252 | 19.947 | 19.027 |

Source: Pinellas County, Florida, Tax Collector's Office

Note: (1) Tax year is calendar year.

(2) Emergency Medical Services (EMS) and Transit Authority (PSTA) assessed on Real Property only.

SCHEDULE J

CITY OF LARGO, FLORIDA
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

| Taxpayer | 2023 | | | 2014 | | |
|---------------------------------------|-------------------|------|-----------------------------------|-------------------|------|-----------------------------|
| | Taxable Value | Rank | Percentage of Total Taxable Value | Taxable Value | Rank | Percentage of Taxable Value |
| REAL PROPERTY | | | | | | |
| Weingarten Realty Investors | \$ 67,825 | 1 | 1.00% | \$ 44,827 | 2 | 1.36% |
| Largo Medical Center, Inc. | 62,370 | 2 | 0.92% | 57,990 | 1 | 1.76% |
| MALF LLC | 58,300 | 3 | 0.86% | N/A | N/A | N/A |
| VR Gateway North Holdings Ltd Ptnrshp | 56,100 | 4 | 0.83% | N/A | N/A | N/A |
| Seminole Blvd Apartments LLC | 55,000 | 5 | 0.81% | N/A | N/A | N/A |
| PSREG Seminole Blvd Owner LP | 53,350 | 6 | 0.79% | N/A | N/A | N/A |
| Bcore MF 12700 66th St N LLC | 53,240 | 7 | 0.79% | N/A | N/A | N/A |
| Clearwater LL LLC | 52,745 | 8 | 0.78% | N/A | N/A | N/A |
| Woodland Key Borrower LLC | 51,700 | 9 | 0.76% | N/A | N/A | N/A |
| 1159 Clearwater Largo FL LLC | 44,500 | 10 | 0.66% | N/A | N/A | N/A |
| CNL Retirement | N/A | N/A | N/A | 28,265 | 3 | 0.86% |
| I.P. Leased Limited Partnership | N/A | N/A | N/A | 21,550 | 4 | 0.66% |
| Isram Residential Monterey Lakes LLC | N/A | N/A | N/A | 19,750 | 5 | 0.60% |
| Kimco Largo 139 Inc. | N/A | N/A | N/A | 19,264 | 6 | 0.59% |
| Reserve at Clearwater Land Trust | N/A | N/A | N/A | 18,400 | 7 | 0.56% |
| CH Realty IV/ Largo LLC | N/A | N/A | N/A | 17,320 | 8 | 0.53% |
| Houle Family LTD Partnership | N/A | N/A | N/A | 16,900 | 9 | 0.51% |
| Medinvest Co. LTD Partnership | N/A | N/A | N/A | 16,658 | 10 | 0.51% |
| Total Real Property | <u>\$ 555,130</u> | | <u>8.20%</u> | <u>\$ 260,924</u> | | <u>7.94%</u> |
| PERSONAL PROPERTY | | | | | | |
| Duke Energy Florida | \$ 78,139 | 1 | 1.15% | \$ 37,411 | 1 | 1.14% |
| Largo Medical Center Columbia HCA | 33,762 | 2 | 0.50% | 12,822 | 3 | 0.39% |
| Formulated Solutions | 26,269 | 3 | 0.39% | N/A | N/A | N/A |
| Tech Data | 23,852 | 4 | 0.35% | 9,976 | 6 | 0.30% |
| Frontier Florida LLC | 10,719 | 5 | 0.16% | N/A | N/A | N/A |
| Spectrum Sunshine State LLC | 10,180 | 6 | 0.15% | N/A | N/A | N/A |
| F & F Productions | 9,572 | 7 | 0.14% | 9,863 | 7 | 0.30% |
| Publix Super Market | 8,795 | 8 | 0.13% | 6,342 | 9 | 0.19% |
| Gator Dredging | 7,678 | 9 | 0.11% | N/A | N/A | N/A |
| Ion Media Networks Operations LLC | 6,847 | 10 | 0.10% | 11,255 | 4 | 0.34% |
| Verizon Florida, LLC | N/A | N/A | N/A | 14,228 | 2 | 0.43% |
| Brighthouse Communications | N/A | N/A | N/A | 10,261 | 5 | 0.31% |
| Avee Laboratories Inc | N/A | N/A | N/A | 9,165 | 8 | 0.28% |
| Diagnostic Clinic | N/A | N/A | N/A | 5,412 | 10 | 0.16% |
| Total Personal Property | <u>\$ 215,813</u> | | <u>3.18%</u> | <u>\$ 126,735</u> | | <u>3.84%</u> |

SCHEDULE K

CITY OF LARGO, FLORIDA
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

| Fiscal Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Tax Year (4) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Millage rate | 5.2139 | 5.1943 | 5.3705 | 5.3705 | 5.7413 | 5.7413 | 5.6200 | 5.6200 | 5.5800 | 5.5200 |
| Gross tax levy (3) | \$ 17,149 | \$ 18,010 | \$ 20,001 | \$ 21,721 | \$ 25,053 | \$ 26,976 | \$ 28,575 | \$ 31,032 | \$ 33,370 | \$ 37,376 |
| Less: | | | | | | | | | | |
| Discounts—net of penalties(1) | 593 | 636 | 710 | 775 | 894 | 974 | 1,036 | 1,122 | 1,228 | 1,364 |
| Refunds/Other | 1 | 5 | 1 | 2 | - | - | 2 | 5 | - | 15 |
| Net tax levy | <u>\$ 16,555</u> | <u>\$ 17,369</u> | <u>\$ 19,290</u> | <u>\$ 20,944</u> | <u>\$ 24,159</u> | <u>\$ 26,002</u> | <u>\$ 27,537</u> | <u>\$ 29,905</u> | <u>\$ 32,142</u> | <u>\$ 35,997</u> |
| Taxes Collected within fiscal year of levy: | | | | | | | | | | |
| Percentage of net levy | 97.6% | 97.9% | 98.2% | 98.2% | 98.1% | 98.4% | 98.0% | 98.4% | 98.3% | 98.2% |
| Amount | \$ 16,151 | \$ 17,002 | \$ 18,945 | \$ 20,573 | \$ 23,693 | \$ 25,579 | \$ 26,973 | \$ 29,414 | \$ 31,582 | \$ 35,363 |
| Collections of delinquent taxes in subsequent years (3) | 393 | 380 | 453 | 446 | 476 | 620 | 533 | 569 | 698 | N/A |
| Total collections to date | \$ 16,544 | \$ 17,382 | \$ 19,398 | \$ 21,019 | \$ 24,169 | \$ 26,199 | \$ 27,506 | \$ 29,983 | \$ 32,280 | \$ 35,363 |
| Total percentage of net levy collected to date (2) | 99.9% | 100.1% | 100.6% | 100.4% | 100.0% | 100.8% | 99.9% | 100.3% | 100.4% | 98.2% |

Source: Pinellas County, Florida, Tax Collector's Office and Property Appraiser's Office

- Notes: (1) Discounts are allowed for early payments; 4% for November, 3% for December, 2% for January and 1% for February. No discount is allowed for payment in March. Penalties are assessed beginning in April.
- (2) All delinquent taxes collected are applied to the immediately prior tax year, because the County Tax Collector does not allocate delinquent taxes collected by original tax year levied. Consequently, the total collections to date percentage of the tax levy to date may be greater than 100% of the maximum collectible tax levy for a given year.
- (3) The gross tax levy numbers are recorded from the DR-403V form from the Office of the Pinellas County Property Appraiser.
- (4) Tax Year is calendar year.

SCHEDULE L

CITY OF LARGO, FLORIDA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amounts)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | | | | | | |
| General obligation bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital leases | - | - | - | - | - | - | - | - | 2,656 | 2,025 |
| Subscription Based IT Arrangement | - | - | - | - | - | - | - | - | - | 1,706 |
| Loans payable (5) | 18,204 | 15,063 | 11,849 | 8,561 | 5,195 | 1,750 | 2,500 | 2,012 | 52,603 | 51,108 |
| Internal borrowing | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities (1) | 18,204 | 15,063 | 11,849 | 8,561 | 5,195 | 1,750 | 2,500 | 2,012 | 55,259 | 54,839 |
| Business-type activities | | | | | | | | | | |
| Sewer bonds and loans (4) | 6,477 | 3,531 | 24,364 | 63,484 | 75,978 | 79,386 | 103,279 | 105,441 | 117,095 | 129,717 |
| Capital leases | - | - | - | - | - | - | - | - | 7 | 112 |
| Subscription Based IT Arrangement | - | - | - | - | - | - | - | - | - | 188 |
| Total business-type activities | 6,477 | 3,531 | 24,364 | 63,484 | 75,978 | 79,386 | 103,279 | 105,441 | 117,102 | 130,017 |
| Total primary government | <u>\$ 24,681</u> | <u>\$ 18,594</u> | <u>\$ 36,213</u> | <u>\$ 72,045</u> | <u>\$ 81,173</u> | <u>\$ 81,136</u> | <u>\$ 105,779</u> | <u>\$ 107,453</u> | <u>\$ 172,361</u> | <u>\$ 184,856</u> |
| Outstanding debt as a percentage of personal income (3) | 2.0% | 2.1% | 3.1% | 7.1% | 7.3% | 6.4% | 8.7% | 8.7% | 13.3% | 12.5% |
| Governmental activities | | | | | | | | | | |
| Outstanding debt per capita (1)(3) | \$ 229 | \$ 187 | \$ 145 | \$ 104 | \$ 62 | \$ 21 | \$ 30 | \$ 24 | \$ 656 | \$ 648 |
| Business-type activities | | | | | | | | | | |
| Outstanding debt per capita (2)(3) | 57 | 31 | 216 | 580 | 670 | 741 | 968 | 995 | 1,140 | 1,252 |
| Total outstanding debt per capita (3) | <u>\$ 286</u> | <u>\$ 218</u> | <u>\$ 361</u> | <u>\$ 684</u> | <u>\$ 732</u> | <u>\$ 762</u> | <u>\$ 998</u> | <u>\$ 1,019</u> | <u>\$ 1,796</u> | <u>\$ 1,900</u> |

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

- (1) Current Governmental debt is being serviced primarily by General Fund Non-Ad Valorem revenues.
- (2) Business-type activities debt is partially supported by residents in the unincorporated portions of the City's sewer district; therefore, the sewer district population of approximately 103,850 was used to calculate debt per capita.
- (3) Refer to the Statistical Schedule of Demographic and Economic Statistics for personal income and population data. Excludes personal income of unincorporated residents in sewer district.
- (4) The City has secured loans from the State of Florida for Sewer Fund capital. The debt reported is the amount the City has borrowed by FY 2023 year-end.
- (5) Loans Payable does not include the bond premium revenues.

SCHEDULE M

CITY OF LARGO, FLORIDA
Direct and Overlapping Governmental Activities Debt
As of September 30, 2023
(amounts expressed in thousands)

| Government Unit | Debt Outstanding | Applicable to City of Largo | |
|--|-----------------------------|------------------------------------|---------------|
| | | Percent | Amount |
| City of Largo (4) | \$ 54,839 | 100% | \$ 54,839 |
| Subtotal, Direct Debt | \$ 54,839 | 100% | \$ 54,839 |
| Pinellas County School Board (Overlapping) (2) | \$ - | 6.1%(1) | - |
| Pinellas County School Board Certificates of Participation (Overlapping) (2) | 105,625 | 6.1%(1) | 6,443 |
| Pinellas County School Board Capital Leases (Overlapping) (2) | 5,093 | 6.1%(1) | 311 |
| Pinellas County (Overlapping) (2) | 2,100 | 6.1%(1) | 128 |
| Subscription Based IT Arrangement | 4,188 | 6.1%(1) | 255 |
| Pinellas County Capital Leases (Overlapping) (2) | 31,298 | 6.1%(1) | 1,909 |
| Subtotal, Overlapping Debt | \$ 148,304 | 6.1% | \$ 9,046 |
| Total Direct and Overlapping Governmental Activities Debt | \$ 203,143 | | \$ 63,885 |
| Total Direct and Overlapping Governmental Activities Debt Per Capita (2) (3) | | | \$ 755 |

Source: Pinellas County, Florida; City of Largo Finance Department; University of Florida.

- Notes: (1) Applicable net debt percentage is based on ratio of City to County-wide taxable values for tax year 2022.
- (2) The City of Largo is not responsible for the debt of the County or School Board.
- (3) FY 2023 permanent Largo population is estimated at 84,431.
- (4) The direct debt includes leases and subscription based IT arrangements but excludes unamortized bond premiums.

SCHEDULE N

CITY OF LARGO, FLORIDA
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt limit (1) | \$ 3,289,066 | \$ 3,467,173 | \$ 3,724,209 | \$ 4,044,508 | \$ 4,363,567 | \$ 4,698,576 | \$ 5,084,568 | \$ 5,521,765 | \$ 5,980,044 | \$ 6,770,967 |
| Total net debt applicable to limit | 18,204 | 15,063 | 11,849 | 8,561 | 5,195 | 1,750 | 2,500 | 2,012 | 52,603 | 54,726 |
| Legal debt margin (1) | <u>\$ 3,270,862</u> | <u>\$ 3,452,110</u> | <u>\$ 3,712,360</u> | <u>\$ 4,035,947</u> | <u>\$ 4,358,372</u> | <u>\$ 4,696,826</u> | <u>\$ 5,082,068</u> | <u>\$ 5,519,753</u> | <u>\$ 5,927,441</u> | <u>\$ 6,716,241</u> |
| Total net debt applicable to this limit as a percentage of debt limit | <u>0.55%</u> | <u>0.43%</u> | <u>0.32%</u> | <u>0.21%</u> | <u>0.12%</u> | <u>0.04%</u> | <u>0.05%</u> | <u>0.04%</u> | <u>0.88%</u> | <u>0.81%</u> |

Legal Debt Margin Calculation for Fiscal Year 2023

| | |
|---|---------------------|
| Assessed value | \$ 6,770,928 |
| Add back: exempt real property | 39 |
| Total assessed value | <u>\$ 6,770,967</u> |
| Debt limit (100% of total assessed value) | \$ 6,770,967 |
| Debt applicable to limit: | |
| General obligation bonds | - |
| Other notes and loans | 54,726 |
| Less: Amount set aside for repayment of general obligation debt | - |
| Total net debt applicable to limit | <u>54,726</u> |
| Legal debt margin (1) | <u>\$ 6,716,241</u> |

- Notes: (1) The City of Largo has not adopted a legal debt limit; however, the City Commission has traditionally practiced conservative debt issuance. Amount presented is Total Taxable Value of all real property, personal property and centrally assessed property.
- (2) Includes all general government debt not supported by Enterprise Funds or special assessment.
- (3) Pinellas County, Florida – Property Appraiser's Office and applicable City records.

SCHEDULE O

CITY OF LARGO, FLORIDA
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|----------|-----------|-----------|
| Half-Cent Sales Tax | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$ 6,077 | \$ 6,845 | \$ 7,015 |
| Interest revenue | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total revenues | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 6,077 | 6,845 | 7,015 |
| Less total operating expenses (excludes depreciation) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net revenues | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 6,077 | 6,845 | 7,015 |
| Regions Series 2020 | | | | | | | | | | |
| Debt service charges | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 516 | 516 | 516 |
| Required coverage % | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1.25 | 1.25 | 1.25 |
| Required coverage \$ | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 645 | 645 | 645 |
| Remaining net revenues | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$ 5,432 | \$ 6,200 | \$ 6,370 |
| Non Ad Valorum Revenues (1) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$ 67,815 | \$ 75,475 |
| City Hall Capital Project Bond | | | | | | | | | | |
| Series A Debt Service Charges | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1,227 | 1,999 |
| Series B Debt Service Charges | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 633 | 1,036 |
| Required coverage % | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1.00 | 1.00 |
| Required coverage \$ | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1,860 | 3,035 |
| Remaining net revenues | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$ 65,955 | \$ 72,440 |

Source: City of Largo Annual Comprehensive Financial Report for the Fiscal Years ended September 30, 2014 – 2023; and applicable bond official statements.

Notes: (1) The City of Largo issued bonds for the building of a City Hall. The bond issue was Covenant to Budget Appropriate which included revenues from the General Fund and Local Option Sales Tax.

SCHEDULE O

CITY OF LARGO, FLORIDA
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Sewer revenue (excludes interest) | \$ 22,371 | \$ 22,680 | \$ 22,751 | \$ 23,083 | \$ 23,460 | \$ 23,012 | \$ 23,056 | \$ 25,141 | \$ 28,431 | \$ 31,279 |
| Interest revenue | 272 | 574 | 438 | 392 | 528 | 1,558 | 1,056 | 144 | (1,292) | 1,560 |
| Total revenues | 22,643 | 23,254 | 23,189 | 23,475 | 23,988 | 24,570 | 24,112 | 25,285 | 27,139 | 32,839 |
| Less total operating expenses (excludes depreciation) | (14,252) | (14,111) | (14,546) | (14,990) | (15,900) | (16,040) | (15,066) | (16,252) | (17,322) | (20,094) |
| Net revenues | 8,391 | 9,143 | 8,643 | 8,485 | 8,088 | 8,530 | 9,046 | 9,033 | 9,817 | 12,745 |
| Regions Sewer loan: | | | | | | | | | | |
| Debt service charges | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 704 |
| Required coverage % | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1.15 |
| Required coverage \$ | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 810 |
| Remaining net revenues | 8,391 | 9,143 | 8,643 | 8,485 | 8,088 | 8,530 | 9,046 | 9,033 | 9,817 | 11,935 |
| State loan (2014) (2019) | | | | | | | | | | |
| Debt service charges | 746 | 746 | 746 | 1,103 | 4,595 | 5,064 | 5,064 | 5,064 | 5,064 | 8,055 |
| Required coverage % | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 |
| Required coverage \$ | 858 | 858 | 858 | 1,268 | 5,284 | 5,824 | 5,824 | 5,824 | 5,824 | 9,263 |
| Remaining net revenues | \$ 7,533 | \$ 8,285 | \$ 7,785 | \$ 7,217 | \$ 2,804 | \$ 2,706 | \$ 3,222 | \$ 3,209 | \$ 3,993 | \$ 2,672 |

Source: City of Largo Annual Comprehensive Financial Report for the Fiscal Years ended September 30, 2014 – 2023; and applicable bond official statements.

SCHEDULE P

CITY OF LARGO, FLORIDA
Demographic and Economic Statistics
Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-----------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Permanent population (1) | 79,431 | 80,747 | 81,587 | 81,966 | 83,526 | 83,737 | 84,574 | 83,071 | 84,286 | 84,431 |
| Fire/Sewer district population (6) | 113,148 | 113,148 | 112,925 | 109,503 | 113,450 | 112,816 | 112,272 | 111,539 | 108,411 | 108,752 |
| Total Housing units (3) | 43,003 | 45,889 | 45,689 | 48,881 | 45,788 | 46,370 | 45,879 | 46,962 | 46,112 | 46,408 |
| Owner-occupied housing units (3) | 19,659 | 19,085 | 18,411 | 22,212 | 21,513 | 21,835 | 21,004 | 21,852 | 21,603 | 22,341 |
| Renter-occupied housing units (3) | 14,575 | 17,094 | 16,781 | 16,506 | 15,222 | 14,776 | 12,683 | 15,074 | 14,676 | 14,631 |
| Vacant housing units (3) | 8,769 | 9,710 | 10,497 | 10,163 | 9,053 | 9,759 | 12,192 | 10,036 | 9,833 | 9,436 |
| Personal income (expressed in thousands) (3) \$ | 1,236,439 | \$ 884,192 | \$ 1,168,878 | \$ 1,011,753 | \$ 1,119,385 | \$ 1,270,497 | \$ 1,214,728 | \$ 1,229,744 | \$ 1,298,984 | \$ 1,479,939 |
| Per capita personal income (1)(3) \$ | 15,566 | \$ 10,950 | \$ 14,327 | \$ 12,344 | \$ 13,402 | \$ 15,172 | \$ 14,363 | \$ 14,804 | \$ 15,412 | \$ 17,528 |
| Median family income (3) \$ | 48,846 | \$ 48,231 | \$ 53,827 | \$ 53,870 | \$ 61,433 | \$ 55,874 | \$ 60,823 | \$ 59,800 | \$ 64,647 | \$ 68,958 |
| Median age (3) | 48.2 | 49.0 | 45.1 | 50.1 | 47.3 | 49.8 | 48.9 | 48.7 | 47.9 | 48.9 |
| Public school enrollment (4) | 5,466 | 5,504 | 5,564 | 5,660 | 5,787 | 5,996 | 5,917 | 5,937 | 5,931 | 5,807 |
| Percent high school graduate or higher (3)(5) | 85.7% | 89.5% | 89.7% | 91.1% | 90.6% | 91.3% | 88.1% | 90.6% | 91.0% | 91.1% |
| Percent bachelor's degree or higher (3)(5) | 20.1% | 21.0% | 19.9% | 20.8% | 23.6% | 23.9% | 25.8% | 24.0% | 25.4% | 26.5% |
| Unemployment rate (2) | 6.4% | 5.4% | 4.6% | 4.2% | 3.5% | 3.3% | 6.3% | 4.5% | 2.8% | 2.7% |

Data Sources:

- (1) University of Florida (2023)
- (2) Florida Department of Labor (2014 – 2023). Bureau of Labor Statistics (www.bls.gov) (12 month average).
- (3) United States Census Bureau (2013); (2014); (2015); (2016); (2017); (2018); (2019); (2020); (2021); (2022).
- (4) Pinellas County School Board.
- (5) Includes population 25 years and older.
- (6) A new population estimate was not calculated in FY 2015.

SCHEDULE Q

CITY OF LARGO, FLORIDA
Principal Employers
Current Year and Nine Years Ago

| Employer (1) | 2023 (2) | | | 2014 (3) | | |
|-------------------------------|-----------------------|-------------|------------------------|-----------------------|-------------|------------------------|
| | Employee Count | Rank | % of Work Force | Employee Range | Rank | % of Work Force |
| Pinellas County Schools | 3,423 | 1 | 8.2 | 500 | 8 | 1.2 |
| Pinellas Cty Sheriff's Office | 2,462 | 2 | 5.9 | 331 | 10 | 0.8 |
| TD Synnex (4) | 1,724 | 3 | 4.1 | 1,000 | 2 | 2.4 |
| HCA Largo Hospital | 1,493 | 4 | 3.6 | N/A | N/A | N/A |
| City of Largo | 976 | 5 | 2.3 | 856 | 5 | 2.0 |
| Publix Supermarkets Inc | 948 | 6 | 2.3 | 900 | 4 | 2.1 |
| The Palms of Largo | 655 | 7 | 1.6 | N/A | N/A | N/A |
| SCC Soft Computer Inc | 525 | 8 | 1.3 | 500 | 9 | 1.2 |
| Diagnostic Medical Group | 463 | 9 | 1.1 | 500 | 7 | 1.2 |
| Empath Health (5) | 459 | 10 | 1.1 | 981 | 3 | 2.3 |
| Largo Medical Center | N/A | N/A | N/A | 1,191 | 1 | 2.8 |
| Suntasia Marketing Inc | N/A | N/A | N/A | 654 | 6 | 1.5 |

Notes: (1) Some organizations also maintain offices outside the City of Largo with additional employees.

(2) FY 2023 data came from the Community Development Department.

(3) FY 2014 data came from the FY 2014 ACFR.

(4) TD Synnex is the new name of Tech Data.

(5) Empath Health is the new name of Florida Suncoast Hospice.

SCHEDULE R

CITY OF LARGO, FLORIDA
Full-Time Equivalent City Governmental Employees by Function
Last Ten Fiscal Years

| <u>FUNCTION</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government | | | | | | | | | | |
| Legislative | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Administration | 19.33 | 20.48 | 23.58 | 24.58 | 25.58 | 25.58 | 28.58 | 28.58 | 30.73 | 30.73 |
| Human Resources (2) | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 12.50 | 14.50 | 15.00 | 14.00 | 13.00 |
| Finance (2) | 12.60 | 12.60 | 12.60 | 12.60 | 14.60 | 14.50 | 16.50 | 16.00 | 14.00 | 15.00 |
| Information Technology | 20.00 | 21.00 | 25.00 | 27.00 | 28.00 | 28.00 | 30.00 | 30.00 | 31.00 | 31.00 |
| Total General Government | 70.93 | 73.08 | 80.18 | 83.18 | 87.18 | 88.58 | 97.58 | 97.58 | 97.73 | 97.73 |
| Public Safety | | | | | | | | | | |
| Police | 195.27 | 197.77 | 200.81 | 203.81 | 203.81 | 208.31 | 208.31 | 211.31 | 216.31 | 216.31 |
| Fire/Rescue | 140.00 | 141.00 | 145.00 | 146.00 | 152.00 | 152.00 | 158.00 | 158.00 | 158.00 | 162.00 |
| Total Public Safety | 335.27 | 338.77 | 345.81 | 349.81 | 355.81 | 360.31 | 366.31 | 369.31 | 374.31 | 378.31 |
| Environmental Services | 88.25 | 88.10 | 87.25 | 86.25 | 87.25 | 87.25 | 87.25 | 87.25 | 88.25 | 89.25 |
| Public Works | 138.75 | 138.75 | 142.50 | 142.83 | 143.83 | 144.83 | 148.33 | 148.33 | 148.33 | 151.33 |
| Community Development (1) | 62.25 | 64.75 | 63.75 | 66.25 | 47.25 | 47.25 | 46.50 | 46.50 | 47.50 | 50.50 |
| Engineering Services (1) | N/A | N/A | N/A | N/A | 22.00 | 22.00 | 23.00 | 23.00 | 25.00 | 25.00 |
| Cultural and Recreation | | | | | | | | | | |
| Recreation, Parks & Arts | 119.14 | 119.79 | 121.08 | 129.75 | 130.55 | 133.36 | 139.86 | 139.86 | 143.69 | 143.69 |
| Library | 41.20 | 41.70 | 41.70 | 41.20 | 40.20 | 40.30 | 40.30 | 40.00 | 40.00 | 40.00 |
| Total Cultural and Recreation | 160.34 | 161.49 | 162.78 | 170.95 | 170.75 | 173.66 | 180.16 | 179.86 | 183.69 | 183.69 |
| Total City | <u>855.79</u> | <u>864.94</u> | <u>882.27</u> | <u>899.27</u> | <u>914.07</u> | <u>923.88</u> | <u>949.13</u> | <u>951.83</u> | <u>964.81</u> | <u>975.81</u> |

Source: City of Largo Annual Budget, Fiscal Years 2014 – 2023

- (1) The Engineering Services Department was separated from the Community Development Department in FY 2018.
- (2) FY 2020 and FY 2021 includes two temporary positions for implementation of a new ERP system.

SCHEDULE S

CITY OF LARGO, FLORIDA
Operating Indicators by Function
Last Ten Fiscal Years

| FUNCTION | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Arrests | 3,055 | 3,145 | 3,302 | 3,099 | 3,409 | 3,061 | 2,250 | 2,880 | 2,696 | 2,903 |
| Citations Processed | 23,165 | 22,369 | 19,553 | 18,610 | 18,741 | 19,538 | 16,411 | 16,518 | 18,533 | 18,571 |
| Fire/Rescue: | | | | | | | | | | |
| Inspections | 4,321 | 4,230 | 3,024 | 2,666 | 4,186 | 1,937 | 3,272 | 3,359 | 4,804 | 5,797 |
| Structure fires | 71 | 53 | 45 | 41 | 22 | 25 | 92 | 85 | 102 | 96 |
| EMS incidents | 18,990 | 20,085 | 24,448 | 26,393 | 26,838 | 26,077 | 24,847 | 26,436 | 26,323 | 26,147 |
| All other incidents | 4,169 | 4,555 | 2,213 | 2,674 | 2,859 | 3,463 | 2,678 | 3,196 | 3,961 | 4,871 |
| Highways and Streets: | | | | | | | | | | |
| Street repair (linear feet) | 9,807 | 8,423 | 6,855 | 21,983 | 35,123 | 27,709 | 26,685 | 14,044 | 7,934 | 7,121 |
| Potholes repaired (asphalt usage-tons) | 95 | 94 | 120 | 171 | 200 | 540 | 531 | 488 | 215 | 277 |
| Sanitation (Solid Waste): | | | | | | | | | | |
| Refuse collected (tons) (3) | 77,671 | 81,861 | 84,537 | 84,612 | 82,908 | 81,374 | 88,730 | 91,810 | 91,605 | 85,417 |
| Recyclables collected (tons) (3) | 10,906 | 11,861 | 12,234 | 11,084 | 10,959 | 8,722 | 5,717 | 5,468 | 5,431 | 6,415 |
| Recreation, Parks and Arts (2): | | | | | | | | | | |
| Attendance: | | | | | | | | | | |
| Recreation centers (1) | 571,027 | 589,566 | 596,626 | 424,006 | 544,053 | 784,941 | 501,751 | 436,224 | 452,637 | 431,547 |
| Special events (1) | 130,000 | 215,000 | 175,000 | 142,485 | 130,500 | 128,736 | 70,375 | 25,448 | 120,025 | 205,705 |
| Golf Course (1) | 49,500 | 49,500 | 47,500 | 47,500 | 43,000 | 40,878 | 36,374 | 43,288 | 47,311 | 46,938 |
| Cultural Center (1) | 63,700 | 69,000 | 74,200 | 45,646 | 45,693 | 40,954 | 37,523 | 24,732 | 30,831 | 30,343 |
| Parks – acres maintained (1) | 494.6 | 494.6 | 494.6 | 494.6 | 494.6 | 494.6 | 494.6 | 494.6 | 494.6 | 494.6 |
| Stormwater: | | | | | | | | | | |
| Stormwater Pipes | | | | | | | | | | |
| Replaced (linear feet) | 357 | 80 | 96 | 158 | 78 | 988 | - | - | 86 | - |
| Underdrain Pipes | | | | | | | | | | |
| Replaced (linear feet) | 120 | 80 | 24 | 850 | 250 | 96 | 695 | 155 | 25 | 46 |
| Wastewater: | | | | | | | | | | |
| Average daily sewage | | | | | | | | | | |
| Treatment (millions/gallons) | 10.9 | 12.8 | 12.0 | 10.8 | 12.1 | 12.8 | 11.7 | 12.8 | 11.8 | 11.4 |

- Notes: (1) In FY 2017 the Recreation, Parks and Arts Department started a more accurate way to track attendance.
- (2) FY 2020 and FY 2021 attendance was affected by facility closures and event cancellations, due to the Covid-19 Pandemic.
- (3) Starting in FY 2020 the yard waste recycling is reported in Refuse collected and not in Recyclables collected.

SCHEDULE T

CITY OF LARGO, FLORIDA
Capital Asset Statistics by Function
Last Ten Fiscal Years

| FUNCTION | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 107 | 107 | 110 | 116 | 114 | 113 | 116 | 125 | 126 | 123 |
| Fire stations | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sanitation (Solid Waste): | | | | | | | | | | |
| Collection trucks | 39 | 39 | 41 | 40 | 42 | 44 | 44 | 44 | 44 | 44 |
| Highways and streets: | | | | | | | | | | |
| Streets (miles) | 158 | 158 | 158 | 158 | 158.3 | 158.3 | 158.3 | 158.3 | 158.3 | 156.9 |
| Traffic signals | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 |
| Culture and recreation: | | | | | | | | | | |
| Parks acreage | 495 | 495 | 495 | 495 | 495 | 495 | 495 | 495 | 495 | 495 |
| Parks and facilities (1) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Swimming pools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Tennis courts (1) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Recreation centers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Performing Arts Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Reclaimed water: | | | | | | | | | | |
| Miles of distribution lines | 88 | 88 | 88 | 89 | 89 | 89 | 89 | 89 | 88 | 90 |
| Total gallons reuse (millions/per day) | 5.8 | 5.2 | 5.0 | 5.6 | 5.2 | 7.5 | 6.8 | 6.0 | 5.8 | 6.5 |
| Sewer: | | | | | | | | | | |
| Sanitary sewers (miles) | 321 | 335 | 335 | 343 | 343 | 301 | 301 | 285 | 285 | 300 |
| Lift stations maintained | 57 | 57 | 57 | 57 | 57 | 54 | 54 | 54 | 51 | 51 |
| Maximum daily treatment capacity (thousands of gallons) | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| Stormwater: | | | | | | | | | | |
| Drainage ditch/lines (miles) | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 122 | 124 |
| City lakes / retention ponds (1) | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 66 | 71 |

Notes: (1) Revised figure due to the updated GIS stormwater pond layer in FY 2022

SCHEDULE U

CITY OF LARGO, FLORIDA MAJOR REVENUE SOURCES 2023

Municipal Revenue Sharing (General Fund)

The Municipal Revenue Sharing Act of 1972 created the Revenue Sharing Trust Fund for Municipalities. The percentage of state sales tax revenues transferred to the Revenue Sharing Trust Fund for Municipalities is 1.3653%, (General Fund), in addition to the net collections from the one-cent municipal fuel tax. Funds derived from the one-cent municipal fuel tax must be used for transportation-related expenditures.

Requirements for eligibility beyond the "minimum entitlement" include an independent annual audit, reporting finances annually to the Department of Banking and Finance, formal application for participation in the program, meeting of state standards for the hiring of police and fire fighting personnel, a minimum local tax effort based on the revenue raised by a 3 mill property tax in 1972, and complying with State procedures for the levying of property taxes.

Revenue sharing funds are allocated based on three factors: weighted population figure; sales tax collections; and relative ability to raise revenue. These three factors are added and then averaged to determine the distribution factor. All funds above the guaranteed amount are distributed to the municipalities based on the distribution factor as applied to the number of total dollars in the program available after guaranteed payments are distributed.

Effective June 3, 2003 Chapter 2003-86, Laws of Florida (HB 1813) expanded the authorized uses of the Municipal Fuel Tax to include construction, reconstruction, operation, maintenance and repair of bicycle paths and pedestrian pathways.

State Sales Tax (General Fund)

The current State Sales Tax is 6%, excluding any local option sales taxes of up to 1% (see other section on Local Infrastructure Surtax). Effective July 1, 2015 the funding of the state court system changed the percentage of the state sales tax revenues transferred to the Half-cent Sales Tax Clearing Trust Fund from 8.8854% to 8.9744%.

The amount distributed to each local government is calculated by first determining the amount of sales tax collected within each county. This amount is then divided among the county government and the municipalities within the county based on a formula which is based on various population factors. The funds may be expended for municipality-wide programs or for municipality-wide property tax or utility tax relief. The proceeds from the sales tax may be pledged for the payment of principal and interest incurred for capital projects.

Fire District Tax (General Fund)

The City provides fire protection services within a fire district established by Pinellas County. Within the unincorporated portion of the fire district, the County levies a fire district tax, the proceeds from which are remitted to the City in return for the provision of fire services. The proportion of the Fire Department budget received from the fire district tax is calculated by determining the proportion of the value of real property within the unincorporated portion of the fire district as compared to the value of real property within the entire fire district. This calculation is made by the County, which then establishes the fire district rate.

Currently, the fire district tax provides approximately 14.2% of the portion of the fire department budget not supported by EMS funding or the High Point Fire District.

On October 1, 2015 the City of Belleair Bluffs and Town of Belleair entered into another Agreement for the provision of fire suppression services with the City of Largo.

High Point Fire District Tax (General Fund)

Pinellas County contracts with the City of Largo to operate one fire station and to provide fire service protection for half of the High Point Fire District. The City is reimbursed by the County for the actual cost of the provision of this service. The County derives revenue for this purpose by levying a special fire district tax within the High Point Fire District. Revenue from this source grows at the same rate as increases in the budget for this particular portion of Fire Department services.

Emergency Medical Services (EMS) Tax (General Fund)

The County levies a special tax county-wide to pay for the provision of EMS. The County then contracts with municipal fire departments, special fire districts, and private firms to provide actual EMS to County residents. Pinellas County and Largo entered into a two year contract extension commencing October 1, 2022 and ending September 30, 2024.

Franchise Fees (General Fund)

Public Utilities must pay a franchise fee to the City in return for the right to use public rights-of-way for transmission lines, pipes, wires, etc. All agreements are non-exclusive franchises. A summary of franchise agreements and their rates is as follows: Gas Service - 6% of gross revenues; Electric Service - 6% of gross revenues.

Communications Services Tax (CST) (General Fund)

Effective October 1, 2001, municipalities may no longer charge a Franchise Fee or Utility Tax on any type of communication services, including telecommunications, cable TV and satellite transmissions. The CST replaces the communications services Franchise Fee and Utility Taxes.

The State's intent was to set the CST rate high enough to return revenue lost by dis-allowance of the Franchise Fee and Utility Tax. The City of Largo's FY 2002 CST rate was set by the Florida Department of Revenue at 6.12% for the first year's transition lag in receiving revenues, and was reduced to 5.62% for FY 2003 and thereafter. This does not include the 0.60% county surtax conversion rate due to the Local Option Sales Tax.

Utility Tax (General Fund)

The City levies a utility tax on the purchase of electricity, metered or bottled gas, fuel oil, and water service. This tax is levied at the state-allowed maximum of \$0.04 per gallon for fuel oil, and 10% of services provided by the remaining utilities. In accordance with State law, the utility tax does not include any fuel adjustment charges.

Library Cooperative (General Fund)

The City is a member of the Pinellas Public Library Cooperative, which provides funding to all participating municipalities in the County. Municipal libraries provide services free of charge to unincorporated County residents and other member municipalities in return for this funding. Participation in the County Cooperative also makes the City eligible to receive State Library Grants, if any, available to all county-wide library systems.

SCHEDULE U

**CITY OF LARGO, FLORIDA
MAJOR REVENUE SOURCES
2023**

Mobile Home License Tax (General Fund)

Counties, municipalities, and school districts share proceeds from an annual license tax levied by the State on all mobile homes, park trailers, and on all travel trailers and fifth-wheel trailers exceeding 35 feet in body length. The annual license tax applies to all mobile homes located on rental lots and is collected in lieu of property taxes. The license taxes range from \$20 to \$80 depending on vehicle type and length. License fees are collected by the County Tax Collector and remitted to the State. After deducting \$1.50 of each license fee to be paid to the State General Fund and the \$1.00 surcharge, the remainder is divided equally between the district school board and the respective municipalities where such units are located or the county if the units are located in the unincorporated area.

Business Tax (General Fund)

All businesses located within the City of Largo must secure a Business Tax license. The tax is based on the type of business in which the entity is engaged and are due at the time the business begins operation and are renewed thereafter each October 1. This tax is governed by local ordinance and state law.

Property Tax (General Fund)

The Florida Constitution permits municipalities to levy a property tax, without referendum approval, to a maximum of ten mills (1 mill = \$1.00 of tax per \$1,000 of taxable value). Property assessments, exemptions and tax collections are administered by the County Property Appraiser and County Tax Collector (collections only), respectively. Homeowners may claim two \$25,000 homestead exemption on their principal place of residence. Homestead properties are also eligible for the Save Our Homes exemption, which varies according to the length of time a property is owned by each homeowner. Various other exemptions may apply to homestead properties. The taxable value properties is calculated by subtracting all exemptions from the assessed value. In FY 2023 the millage rate was 5.5200 mills. Property owners within the City of Largo also pay property taxes to Pinellas County, the Pinellas County School Board, and various special taxing districts. Total millage rates on City of Largo properties have varied from approximately 19.0 mills to 21.0 mills over the past several years.

Local Infrastructure Surtax (Local Option Sales Tax Fund)

In November, 1989, a local option one-cent sales tax was approved by referendum for a 10-year period beginning February 1, 1990. The tax was renewed by Pinellas County voters for three additional 10 year periods and will expire on December 31, 2029. Proceeds of the tax may be used only for property acquisition, new construction, improvement of infrastructure and the purchase of public safety vehicles with an estimated useful life of more than five years. This tax cannot be used for repairs, maintenance, or operating expenditures. Taxes are distributed among Pinellas County and the municipalities therein by inter-local agreement.

Local Option Gas Tax (Gas Tax Fund)

The City receives a portion of the County-wide local option gas tax, which can only be used to construct, improve, and maintain roadways. The tax is levied by Pinellas County and is distributed to the municipalities therein as provided for by an inter-local agreement. The tax is \$0.06 per gallon and will expire in FY 2028.

Stormwater Fees (Drainage Fund)

Monthly residential charges are assessed equally among all single family properties (equivalent residential unit = ERU). One ERU = \$10.70 based on 3,000 sq. ft. Non-Residential charges are calculated based on actual impervious surface and billed as an equivalent number of ERU's. The last rate increase was effective for all bills mailed after October 1, 2022.

Wastewater Charges (Wastewater Fund)

Residential – Fixed monthly charge with additional charges for each additional 1,000 gallons.

Commercial – Fixed monthly charge based on meter size with additional charges for each additional 1,000 gallons.

The last rate increase was effective for all bills mailed after October 1, 2022. The following schedule reflects current monthly rates.

| | <u>Within City</u> | <u>Outside City</u> |
|--|--------------------|---------------------|
| <u>Residential:</u> | | |
| Charge per 1,000 gallons of potable water consumption (maximum 10,000 gallons per month) | \$ 3.06 | \$ 3.84 |
| Fixed Monthly Charge: | | |
| Single Family | 25.03 | 31.28 |
| Multi-family (Duplex, Triplex) | 25.03 | 31.28 |
| High Density (Apts, mobile homes and condos) | 18.77 | 23.46 |
| <u>Commercial:</u> | | |
| Charge per 1,000 gallons of potable water consumption | \$ 4.94 | \$ 6.17 |
| Fixed monthly charge by meter size | | |
| 5/8" or 3/4" meter | 25.03 | 31.28 |
| 1" meter | 75.01 | 93.75 |
| 1-1/2" meter | 150.07 | 187.58 |
| 2" meter | 250.23 | 312.79 |
| 3" meter | 449.88 | 562.35 |
| 4" meter | 700.11 | 875.14 |
| 6" meter | 1,500.04 | 1,875.05 |
| 8" meter | 2,500.95 | 3,126.19 |

Reclaimed Water Charges

| | <u>Within City</u> | <u>Outside Sewer District</u> |
|---|--------------------|-------------------------------|
| <u>Residential:</u> | | |
| One acre or less (per month) | \$ 10.00 | \$ 12.50 |
| <u>Commercial / Industrial / Golf Course:</u> | | |
| (minimum 25,000 gallons per month) | 28.00 | 35.00 |
| Usage Fee (per 1,000 gallons) | 1.10 | 1.35 |
| Golf Course Usage Fee (per 1,000 gallons) | 0.85 | 1.05 |

SCHEDULE U**CITY OF LARGO, FLORIDA
MAJOR REVENUE SOURCES
2023**

Solid Waste Collection Charges (Solid Waste Fund)

The last rate increase was effective for all bills mailed after October 1, 2021. The following schedule reflects current rates.

Curbside Collection (residential) - \$23.30 monthly

Bulk Container (dumpsters) – The monthly charge for bulk container service is based on the size of container services and the number of collections per week, as follows:

| Collections Per Week | Size of Containers - Cubic Yards | | | |
|----------------------|----------------------------------|-----------|-----------|-----------|
| | 2 | 4 | 6 | 8 |
| 1 | \$ 66.00 | \$ 127.00 | \$ 186.00 | \$ 243.00 |
| 2 | 140.00 | 270.00 | 395.00 | 515.00 |
| 3 | 210.00 | 403.00 | 592.00 | 772.00 |
| 4 | 279.00 | 537.00 | 790.00 | 1,030.00 |
| 5 | 350.00 | 672.00 | 986.00 | 1,287.00 |
| 6 | 420.00 | 806.00 | 1,184.00 | 1,544.00 |

There is a fee of \$25.00 per month for the collection of recycling front-load dumpsters once per week. An additional fee of \$25.00 per month will be assessed for collection frequencies greater than once per week. This was effective July 1, 2017.

Roll-off Containers and Roll-off Compactors - Charges include a fixed hauling fee based on container size, plus the actual cost of waste disposal (\$44.70 per ton for tipping fees).

Community Development Block Grant (CDBG Fund)

The federally funded CDBG program, created by the Housing and Community Development Act of 1974, provides funding to low and moderate income individuals for the elimination of hazardous housing conditions. The funds are also available for infrastructure improvements in designated target areas. The City's Community Development Department implements the parameters established by HUD (Department of Housing and Urban Development) and determines who qualifies for the loans. The money is then loaned to selected homeowners for the purpose of housing rehabilitation. Deferred loans are due when there is a change in title and payback loans have a maximum pay period of twenty years.

Loan repayments are available to be re-lent in accordance with program provisions, which provides a revolving pool of funds for future years.

State Housing Initiative Partnership Program (SHIP Fund)

The Sadowski Act approved by the Florida legislature created the SHIP program in order to provide revenues as an incentive to produce and preserve affordable housing. The SHIP program distributes a portion of documentary stamp taxes on deeds to local governments for first time home buyers' mortgage down payment assistance and owner-occupied rehabilitation.

Loan repayments are available to be re-lent in accordance with program provisions, which provides a revolving pool of funds for future years.

HOME Investment Partnership Program (HOME Fund)

Federal funding is available through the Pinellas County Consortium for the purpose of repairing current and eminent violations, connecting utilities, and handicap modifications. HUD provides guidelines under which funds are loaned to participants within a target area. Deferred and payback loans are available in this program.

Loan repayments are available to be re-lent in accordance with program provisions, which provides a revolving pool of funds for future years.

SCHEDULE V

CITY OF LARGO, FLORIDA GENERAL INFORMATION 2023

City History

The City of Largo is located in Pinellas County on Florida's Suncoast, and is part of what is commonly referred to as the Tampa Bay Area. Largo was sited by Hernando De Soto in 1539 and was at one time part of Hillsborough County. The warm subtropical climate and sand dunes helped shape Largo into a thriving, agricultural region. Count Odet Phillipe became the first European settler on the peninsula in 1835, followed by Captain John Thomas Lowe, who established a settlement in 1872 in what is now Largo.

Originally named for its 500-acre Lake Largo, now drained, Largo became a popular meeting place and trading post after the Orange Belt railway established a midpoint station between Clearwater and St. Petersburg in 1888. During this period, Largo was one of the largest citrus shipping points in Florida and home of the Black Diamond grapefruit. Commercial shipping of citrus, turpentine and other commodities began at the turn of the century. Shortly thereafter, in 1905, Largo became a city of one square mile and 291 residents. In 1912, Largo was separated from Hillsborough County, and made part of then newly-created Pinellas County.

Largo is bound to the east by Tampa Bay and to the west by the Gulf of Mexico. Its central location, friendly atmosphere, and location between Tampa and the Gulf beaches make Largo an ideal residential community.

Demographics

Incorporated in 1905, the City of Largo has experienced remarkable growth in population over the past 40 years. In 1960, the population was 5,302. By 1970, it had increased dramatically to 22,300, partially resulting from a vigorous annexation program. The decades of the 1970s and 1980s saw a steady and substantial increase in Largo's population. By 1980, the City population was 57,688, the 14th largest city in Florida. In 1990, the population reached 65,674; however, since other areas were growing at a faster rate, Largo dropped in ranking to the 19th largest Florida city. According to the latest population estimates, Largo's population of approximately 84,431 ranks as the 31st largest in Florida.

The City of Largo has a marked concentration of elderly persons as is common in Pinellas County. Approximately 26.8 percent of the City's permanent population is 65 years old and older, with a median age of 48.9 years.

Based on the 2022 American Community Survey, the City's population is 71.6 percent white, 8.6 percent black, 12.8 percent Hispanic or Latino and 7.0 percent from other racial groups.

Largo is 19.35 square miles in size, with 93.5% of the parcels in residential uses and 6.5% in commercial / other uses.

Economic Conditions

Largo has evolved from a farming, cattle, and citrus town, once one of the largest citrus shipping points in Florida and home of the Black Diamond grapefruit, to a predominantly high-tech, service-oriented, residential community.

Many of Largo's older population are retired and receive income from pensions or other sources of retirement income. The manufacturing, retail trade, and services industries account for over two-thirds of the employment of Largo's residents.

Educational Facilities

Largo is within commuting distance of the University of South Florida (Tampa and St. Petersburg campuses), the University of Tampa (Tampa), Eckerd College (St. Petersburg), Florida Institute of Technology (St. Petersburg), Florida Metropolitan University (Tampa), Schiller International University (Largo), and St. Petersburg College (previously St. Petersburg Junior College) with locations in Largo, Seminole, St. Petersburg, Pinellas Park, Tarpon Springs and Clearwater. St. Petersburg College also hosts a Distance Learning Center at the Seminole Campus where fully accredited Bachelor degrees are offered by several Universities including Florida State, Gulf Coast University and St. Leo College. The Pinellas County School Board provides opportunities for adult education through the Pinellas County Vocational Technical Institute located in the Largo Planning District (Highpoint area).

City Government – Legislative/Executive

The City of Largo was the first city in the State of Florida to adopt the "council-manager" form of government in 1913 by referendum.

The City Commission is the legislative and governing body of the City. The non-partisan Commission consists of the Mayor and six Commissioners who are elected at-large for staggered four-year terms. The Mayor is the presiding officer of the Commission with the same voting powers as a Commissioner.

The City Commission assembles for regular public business meetings on the first and third Tuesday of every month and for public work sessions on the second Tuesday of the month. The Commission is empowered to establish City policy, to provide for the exercise of all duties and obligations imposed upon the City by the City Charter and law and to secure the general health, safety, and welfare of the City and its citizens.

The Commission discusses and adopts all ordinances and resolutions necessary to execute any of the City's powers. The Commission appoints the City Manager and approves the City Manager's appointments of City Attorney, Assistant City Manager, and City Clerk.

The Administration Department, headed by the City Manager, provides overall administrative direction and control for the City. The City Manager appoints all department directors.

SCHEDULE W**CITY OF LARGO, FLORIDA
COMMUNITY PROFILE
2023**

| | |
|---|---|
| Form of Government: | Commission/Manager |
| Date Incorporated: | 1905 |
| Area: | 19.35 sq. miles |
| Population (estimated) (1): | 84,431 permanent |
| Governing Body: | City Commission (Mayor and 6 Commissioners elected in non-partisan, at-large election to 4-year overlapping terms). |
| Administration: | City Manager appointed by City Commission (5 votes required to hire and dismiss). |
| City Services: | Full service, including police, fire/EMS, wastewater collection and treatment, wastewater effluent disposal, solid waste collection, streets and drainage maintenance and repair, library, parks, and recreation (no water system or solid waste disposal system). |
| Services Provided by Other Governments: | Transit – Pinellas Suncoast Transit Authority (Buses) Jail and Court System – Pinellas County Water – Pinellas County Solid Waste Disposal – Pinellas County Traffic Planning, Signal Repair and Signal Maintenance– Pinellas County Fire/EMS Dispatch – Pinellas County Mosquito Control – Pinellas County |
| Services Provided to Areas Outside City: | Emergency Medical Services Fire suppression and inspection Sanitary Sewer (wastewater) Effluent Water Library Recreation, Parks and Arts |
| Population and Economic Characteristics (2): | 84.8% 18 years of age or older; 26.8% 65 years of age or older Median Household Income \$56,266 Median Family Income \$68,958 |
| Location: | Central-West coast of Florida near the Gulf of Mexico; in Pinellas County, northwest of St. Petersburg and south of Clearwater, west of Tampa and in the Tampa Bay Metro Area. |
| Registered Voters: | 55,257 |
| Percent Voted in Last Municipal General Election: | 2022 – (November) 56.4% of registered voters |
| Data sources: | (1) University of Florida (2022) (2) United States Census Bureau (2022) |

SCHEDULE X

CITY OF LARGO, FLORIDA FINANCIAL MANAGEMENT POLICIES 2023

Operating Budget Policies

The City will pay for all current expenditures with current revenues and fund balance. The City will avoid budgetary procedures that balance current expenditures at the expense of future years, such as postponing expenditures, underestimating expenditures, overestimating revenues, or utilizing short-term borrowing to balance the budget.

The budget will provide for adequate maintenance and repair of capital assets and for their orderly replacement.

The budget will provide for adequate funding of all retirement plans based on annual actuarial studies.

The City will maintain a budgetary control system to ensure adherence to the budget.

The City Finance Department will prepare monthly reports of revenues and expenditures.

The City will update expenditure projections for each fiscal year. Projections will include estimated operating costs of future capital improvements.

Where possible, the City will integrate performance measurement, service level, and productivity indicators within the budget.

Enterprise Funds (Wastewater, Solid Waste, Golf Course) are intended to be self-supporting through user fees. However, the Golf Course Fund has received General Fund support for several years by not paying the regular administrative charge paid by all enterprise funds. Efforts are being made to return the Golf Course to profitability in the future.

The City aggressively seeks state and federal funds that are available for capital projects.

Capital Improvement Program Policies

The City will develop a five year program for capital improvements and update the program annually.

The City will enact an annual capital improvement budget based on the multi-year Capital Improvement Program.

The City will make all capital improvements in accordance with the adopted Capital Improvement Program.

The City will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with capital improvements will be projected and included in the operating budget.

The City will maintain all its capital assets at a level adequate to protect them and to minimize maintenance and replacement costs.

The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the Capital Improvement Program and City priorities.

The City will identify the estimated costs and potential funding sources for each capital improvement project proposal before it is submitted to the City Commission for approval.

The City will determine the least costly financing method available for all new capital improvement projects.

Whenever possible, Local Option Sales Tax Funds will be utilized for projects that primarily benefit City residents.

Debt Policies

The City will confine long-term borrowing to capital improvement projects.

When the City finances capital projects by issuing debt, the debt will be repaid within a period not to exceed the expected useful life of the projects.

Where possible, the City will use revenue bonds instead of general obligation bonds.

The City will follow a policy of full disclosure on every financial report and bond prospectus.

Revenue Policies

The City will maintain, as permitted by State law, a diversified revenue base to mitigate the effects of short-term fluctuations in any one revenue source.

The City will estimate its annual revenues by a conservative, objective, and analytical process.

The City will project and update annually, revenues for the next five fiscal years.

Annually, the City will calculate the full cost of activities supported by user fees and consider such information when establishing user charges.

Non-recurring revenues will be used only to fund non-recurring expenditures.

Reserve Policies

The City will maintain an adequate fund balance to accommodate unanticipated expenditures, expenditures of a non-recurring nature, or unanticipated revenue declines. The City will strive to maintain an available General Fund fund balance of no less than 10% of annual expenditures.

Investment Policies

Disbursement, collection and deposit of all funds will be appropriately scheduled to ensure the timely payment of expenditures and investment of funds.

Investment objectives shall be weighted in the order of safety of principal, liquidity of funds and income generation, respectively.

SCHEDULE X**CITY OF LARGO, FLORIDA
FINANCIAL MANAGEMENT POLICIES
2023**

The City will maintain an appropriate diversification of portfolio assets to control the risk of loss resulting from over-concentration in a specific issuer, maturity, instrument or dealer.

The accounting system will provide regular information concerning cash positions and investment performance.

Accounting, Auditing & Financial Reporting Policies

The accounting system will maintain records on a basis consistent with Generally Accepted Accounting Principles applicable to local government.

Monthly and annual financial reports will present a summary of financial activity by major types of funds.

In accordance with state law, an independent accounting firm will perform an annual audit of the financial statements of the City and will publicly issue an opinion thereon.

Purchasing Policies

Purchases will be made in accordance with all federal, state, and municipal requirements. If there are no specific requirements, purchases will be made in the best interest of the City.

Purchases will be made in an impartial, economical, competitive and efficient manner.

Purchases will be made from the lowest priced and most responsible vendor. Qualitative factors such as vendor reputation and financial condition will be considered, as well as price.

Preference will be given to purchases of like quality to vendors who maintain a place of business within the City of Largo.

Capital Improvements Element (CIE) Policies

In accordance with state growth management legislation, the City will update annually the Capital Improvements Element (CIE) of the Comprehensive Plan.

The CIE will contain multi-year projections of revenues and expenditures.

The annual budget will implement the first year of the CIE.

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COMPLIANCE SECTION

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

Honorable Mayor, Members of the City Commission, and City Manager

City of Largo, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Largo, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated April 1, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Largo, Florida's Response to Findings

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

Purpose of This Report

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

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

April 1, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor, Members of the City Commission, and City Manager
City of Largo, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Largo, Florida’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *State of Florida Department of Financial Services’ State Projects Compliance Supplement* that could have a direct and material effect on each of City’s major federal programs and state projects for the year ended September 30, 2023. The City’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

April 1, 2024

CITY OF LARGO, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2023

| Federal or State Grantor/ Pass-Through Grantor/Program | ALN #/ CSFA # | Pass-Through Entity Identifying Grant /Loan Number | Expenditures | Amount Provided to Subrecipients |
|---|------------------|---|---------------------|--|
| U.S. Department of Housing & Urban Development | | | | |
| Direct Program: | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Community Development Block Grants | 14.218 | B-22-MC-120028 | \$ 1,720,791 | \$ 523,834 |
| Passed Through Pinellas County | | | | |
| Home Investment Partnerships Program (HOME) | 14.239 | M-22-DC-12-0217 | 265,132 | 3,480 |
| Total U.S. Department of Housing & Urban Development | | | 1,985,923 | 527,314 |
| U.S. Department of Homeland Security | | | | |
| Passed Through Florida Division of Emergency Management | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | DR 4673 | 616,553 | - |
| Total U.S. Department of Homeland Security | | | 616,553 | - |
| U.S. Department of Treasury | | | | |
| Direct Program: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | JN6KDJN7YKE7 | 2,299,720 | - |
| Total U.S. Department of Treasury | | | 2,299,720 | - |
| U.S. Department of Justice | | | | |
| Direct Program: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2019-DJ-BX-0705 15PBJA-21-GG-04464-B WCX & 15PBJA-22-GG-00214-B RND | 28,032 | - |
| Body Worn Camera Policy and Implementation Program | 16.835 | | 544,000 | - |
| Total U.S. Department of Justice | | | 572,032 | - |
| U.S. Environmental Protection Agency | | | | |
| Passed Through the Florida Department of Environmental Protection | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | | | | |
| Clean Water State Revolving Funds Cluster | 66.458 | WW520270 | 3,694,354 | - |
| Total U.S. Environmental Protection Agency | | | 3,694,354 | - |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 9,168,582 | \$ 527,314 |
| Florida Housing Finance Corporation | | | | |
| Direct Program: | | | | |
| State Housing Initiatives Partnership Program (SHIP) | 40.901 | N/A | 1,944,533 | 7,640 |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | | \$ 1,944,533 | \$ 7,640 |

See accompanying notes to schedule of expenditures of federal awards and state assistance

CITY OF LARGO, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2023

(1) General

The accompanying schedules of expenditures of federal awards and state financial assistance presents the activity of all federal financial and state grant activity of the City of Largo, Florida (the "City"). Federal and state financial assistance received directly from federal and state agencies, and federal financial assistance passed through other government agencies are included on the schedules. The information in this schedule is present in accordance with the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual or accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. The City has elected to not use the 10% de Minimis Indirect Cost Rate.

(3) Sub-recipients

Of the federal expenditures and state financial assistance presented in the schedule, the City of Largo, Florida provided federal and state awards to sub-recipients as follows:

| Program Title | ALN/CSFA | Amount Provided |
|--------------------------------------|-----------------|------------------------|
| Community Development Block Grant | 14.218 | \$ 523,834 |
| Home Investment Partnership | 14.239 | \$ 3,480 |
| State Housing Initiative Partnership | 40.901 | \$ 7,640 |

(4) Relationship to Basic Financial Statements

Federal and state financial assistance revenue is included in the City's basic financial statements as follows:

| | Intergovernmental revenue |
|--------------------------------------|--------------------------------------|
| Federal: | |
| General fund | \$ 1,111,441 |
| Special revenue funds: | |
| Community Development Block Grant | 1,508,393 |
| Home Investment Partnership | 265,132 |
| Construction Services | 10,794 |
| Stormwater | 12,304 |
| American Rescue Plan Act (ARPA) | 2,299,720 |
| Enterprise funds: | |
| Sewer | 76,406 |
| Solid Waste | 35,223 |
| Golf Course | 890 |
| Internal service funds: | |
| Fleet | 8,594 |
| Total Federal | <u>\$ 5,328,897</u> |
| State: | |
| Special revenue funds: | |
| State Housing Initiative Partnership | 1,095,411 |
| Stormwater | 11,500 |
| Total State | <u>\$ 1,106,911</u> |

CITY OF LARGO, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2023

(5) Loans Outstanding

The City had the following loan balances including loan service fees outstanding at September 30, 2023. The current year additions related to the loans are included in the Schedule of Federal Awards and State Financial Assistance.

| | | | |
|--------|---|----|--------------------|
| 37.077 | Florida Department of Environmental Protection program | \$ | 65,825,928 |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds | | 58,673,518 |
| | Total Loans Payable | | <u>124,499,446</u> |
| 14.218 | Community Development Block Grant | | 1,757,976 |
| 14.239 | Home investment Partnership | | 3,269,135 |
| 40.901 | State Housing Initiative Partnership | | 6,158,491 |
| | Total Loans Receivable | \$ | <u>11,185,602</u> |

(6) Noncash Assistance

The City received \$0 in noncash assistance during the year ended September 30, 2023.

(7) SRF Loan

The City began construction upgrades to Biological Treatment Facilities in September 2018. A contract with the State of Florida was finalized and executed in December 2019 for this project providing funding under CFDA 66.458 with a retroactive effective date of August 2018. In January 2023 the City received Amendment 4 to the loan revising the total allowed funding amount of up to \$57,441,261. Expenditures incurred after the effective date were eligible for reimbursement. As of September 30, 2023, an additional \$3,694,354 is reported as spent or incurred on the project for a total of \$57,441,261. The amount reported as expended on the Schedule of Expenditures of Federal Awards and State Financial Assistance for FY2023 for ALN 66.458 includes \$3,532,754 in FY2022 expenditures not yet submitted for loan draw downs as of the prior year end as the final loan Amendment was not in place at that time.

(8) American Rescue Plan Act Funding

The City entered into a funding agreement with the U.S. Department of the Treasury to receive federal assistance from Coronavirus State and Local Fiscal Recovery Funds. Eligible items for use of the grant funds include replacing lost public sector revenue, response to far-reaching public health and negative economic impacts of the pandemic, provide premium pay for essential workers and investment in water, sewer and broadband infrastructure. The City received a total amount of \$12,960,041 in recovery funds. The period of availability for the funds began on March 3, 2021 and goes through December 31, 2024.

CITY OF LARGO, FLORIDA
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS:

| | <u>Results</u> |
|--|---|
| <i>Financial Statements:</i> | |
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | None |
| <i>Federal Awards:</i> | |
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None |
| 4. Identification of major programs: | |
| ALN | |
| _____ Number | _____ Program |
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | Yes |
| <i>State Projects:</i> | |
| 1. Type of auditors' report issued on compliance for major projects | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Rule 10.554(1)(I)(4)? | None |
| 4. Identification of major projects: | |
| CSFA | |
| _____ Number | _____ Project |
| 40.901 | Shate Housing Initiatives Partnership Program (SHIP) |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$583,360 |

CITY OF LARGO, FLORIDA
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiency

Finding Number: 2023-001: Correction of Error

Criteria: The City is required to present the financial statements in accordance with generally accepted accounting principles.

Condition: The City did not accurately report the Police Officers' and Firefighters Retirement Pension Plan member DROP and Share plan balances as an element of restricted net position on the Statement of Changes in Fiduciary Net Position - Pension Trust Funds, in accordance with generally accepted accounting principles.

Cause: In previous years, the City reported the Police Officers' and Firefighters Retirement Pension Plan member DROP and Share plan balances as liabilities on the Statement of Changes in Fiduciary Net Position - Pension Trust Funds.

Effect: The beginning net position of the Police and Fire Pension Plan Statement of Changes in Fiduciary Net Position - Pension Trust Funds was restated to correct the error and reflect an adjustment to beginning net position of \$10,541,300.

Recommendation: The City should continue to review year-end financial reporting to ensure proper accounting treatment is completed.

Response: See attached Corrective Action Plan

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV – STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None noted

SECTION V – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings.



201 Highland Ave NE
PO Box 296
Largo, FL 33779
LARGO.COM

FINANCE DEPARTMENT

Rebecca Spuhler, Director
E-mail: rspuhler@largo.com
Phone: (727) 587-6747

Brandon Bevan, Assistant Director
E-mail: bbevan@largo.com
Phone: (727) 586-7422

March 27, 2024

Re: Response to Auditor Finding Number 2023-001: Correction of Error; Significant Deficiency

The City agrees with the auditor's recommendation regarding year end review of financial statements for proper accounting treatment. The classification of DROP and Share plan balances in the Police Officer's and Firefighters Retirement Pension Plan were previously recorded inaccurately as a liability to separate amounts held by individual plan members from the remaining plan asset holdings. It was discovered that since this is not a current liability, the amounts should be included as part of the plans restricted net position.

The City will continue to enhance its controls to ensure complete and accurate financial statement reporting by implementing an additional review process for all entries and account classifications posted during the financial statement close and preparation. Additional review of account classification has already been implemented as the error was discovered during the FY2023 audit process. The Assistant Finance Director will ensure that accounting treatment of all balances is in accordance with generally accepted accounting principles throughout the fiscal year and during the report preparation process.



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MANAGEMENT LETTER

The Honorable Mayor, Members of the City Commission and City Manager
City of Largo, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Largo, Florida (the “City”), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 1, 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 Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and 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 Accountant’s Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 1, 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 findings or recommendations in the prior year.

Official Title and Legal Authority

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

was established by adoption of the City Charter under the constitution and laws of the State of Florida. The City of Largo, Florida, included the following component units: Largo Community Redevelopment Agency, established by the City of Largo, Florida, Ordinance 1997-34, pursuant to Chapter 163, Part III, Florida Statutes.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and 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 noted that management incorrectly reported the Police Officers' and Firefighters Retirement Pension Plan member DROP and Share plan balances in prior years resulting in a restatement of opening net position. We recommend management properly record the balances as an element of restricted net position in the Statement of Net Position – Fiduciary Funds. Additionally, we noted that expenditures were reported in the wrong period on the schedule of expenditures and state financial assistance in the prior year. The correction is reflected on the current year schedule. We recommend management review expenditures to ensure they are reported in the appropriate period as required by Uniform Guidance for reporting the schedule of federal awards and state financial assistance.

Special District Component Units

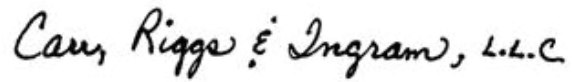
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within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

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, LLC". The script is cursive and fluid, with the letters connected. The "C" is large and loops around, and the "L.L.C." is written in a smaller, more compact script at the end.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

April 1, 2024

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415 FLORIDA STATUTES**

Honorable Mayor, Members of the City Commission, and City Manager
City of Largo, Florida

We have examined the City of Largo, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management is responsible for the City's compliance with the requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

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

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

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

Carr, Riggs & Ingram, LLC

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 1, 2024



201 Highland Ave NE
PO Box 296
Largo, FL 33779
LARGO.COM

FINANCE DEPARTMENT

Rebecca Spuhler, Finance Director
E-mail: rspuhler@largo.com
Phone: (727) 587-6747
Fax: (727) 586-7421

Brandon Bevan, Assistant Director
E-mail: bbevan@largo.com
Phone: (727) 586-7422
Fax: (727) 586-7421

March 11, 2024

Re: Affidavit, F.S. Section 163.31801, Impact Fees

The City of Largo receives impact fees from other jurisdictions that are adopted by ordinance on the City's behalf. The related ordinances comply with restrictions of Section 163.31801, Florida Statutes.

Sincerely,

Rebecca Spuhler
Finance Director
City of Largo, Florida

STATE OF FLORIDA
COUNTY OF PINELLAS

The foregoing instrument was acknowledged before me by means of X physical presence or ___ online notarization, this 3/12/24 (date), by Rebecca Spuhler, Finance Director (name, title) who is personally known to me or who has produced _____ (type of identification) as identification.

Signature of Person Taking Acknowledgment

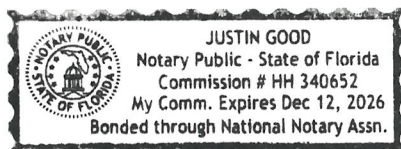
Justin Good

Name of Acknowledger Typed, Printed or Stamped

Notary

Title or Rank

Serial Number (if any)



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