

TOWN OF WELAKA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**TOWN OF WELAKA, FLORIDA
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SEPTEMBER 30, 2024**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Town Council,
Town of Welaka, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Welaka, Florida (the Town), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town's ability to continue as a going concern for a reasonable period of time.

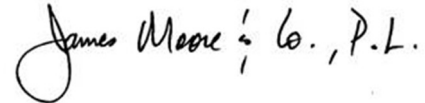
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2026, on our consideration of the Town'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a distinct ampersand.

Gainesville, Florida
April 16, 2026

**TOWN OF WELAKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

The Town's discussion and analysis is designed to provide an objective and easy to read analysis of the Town's financial activities for the fiscal year ended September 30, 2024. It is intended to provide a broad overview using a short-term and long-term analysis of the Town's activities based on information in the financial report and fiscal policies that have been adopted by the Town Council. Please read it in conjunction with the Town's financial statements.

Financial Highlights

Government-wide Statements

- The Town's assets exceeded its liabilities at September 30, 2024, by \$8,181,383 (*net position*). Of this amount, \$1,932,295 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position is comprised of the following:
 - 1) Capital assets, net of related debt, of \$5,753,858, include property, equipment and infrastructure, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of those capital assets.
 - 2) Net position of \$495,230 is restricted by constraints imposed from outside of the Town such as debt covenants, grantors, laws, or regulations.
 - 3) \$754,887 of governmental net position and \$1,177,408 of business-type net position represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's total net position increased \$441,778 over the previous year with an increase of \$104,736 resulting from governmental activities and an increase of \$337,042 resulting from business activities.

Overview of the Financial Statements

This annual report contains government-wide financial statements that report the Town's activities as a whole and fund financial statements that report the Town's individual funds.

Government-wide Financial Statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. These statements include a ***Statement of Net Position*** and a ***Statement of Activities***.

- The *Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Changes in net position over time may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF WELAKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

- The *Statement of Activities* presents information showing how the government's net position changed during the fiscal year. Changes in net position are reported as soon as the underlying economic transactions occur, regardless of when cash is received or paid. Therefore, some of the revenues or expenses reported in the Statement of Activities will have cash flows in future fiscal periods. For example, certain sales taxes are shown as revenues although cash receipts will occur early in the following fiscal year; an increase in unused vacation leave is recorded as an expense although related cash outflows will occur in the future. Furthermore, this statement demonstrates the degree to which the direct expenses of a given function are offset by program revenues.

The *Government-wide Financial Statements* show a distinction between activities that are supported primarily by taxes and intergovernmental revenues (i.e., governmental activities) and activities that attempt to recover all or most of their costs through user fees and charges (i.e., business-type activities). The governmental activities of the Town include general government, public safety (law enforcement), transportation, human services, and culture and recreation. Business-type activities of the Town are the Water and Wastewater Utility System.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provisions.

Governmental funds

Governmental funds are used to account for essentially the same functions that are reported as *governmental activities* in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Reconciliations of the differences between the Government-wide and the Fund Financial Statements are provided immediately after the *Balance Sheet-Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds*, respectively, in the *Basic Financial Statements*.

The Town's only governmental fund is the General Fund. A budget and actual comparison statement is also presented as *Required Supplementary Information (RSI)* for the General Fund.

Proprietary funds

The *Proprietary Fund Financial Statements* may be found in the *Basic Financial Statements*. *Enterprise funds* are used to report in greater detail the same functions presented as business-type activities in the Government-wide Financial Statements. The Town uses an enterprise fund to account for its Water and Wastewater Utility System.

TOWN OF WELAKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$8,181,383 at the close of the fiscal year ended September 30, 2024. By far the largest portion of the Town's net position, \$5,753,858 or 70.3%, reflects its investment in capital assets such as land, buildings, infrastructure and equipment, less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are *not available* for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The payment of maintenance and debt service costs on those capital assets will require future government resources.

Town of Welaka, Florida
Summary Statement of Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Cash and investments	\$ 1,180,216	\$ 1,149,441	\$ 1,378,547	\$ 1,516,419	\$ 2,558,763	\$ 2,665,860
Other current assets	17,089	67,927	169,798	231,586	186,887	299,513
Capital assets, net	1,103,882	1,091,551	5,104,561	4,808,419	6,208,443	5,899,970
Total Assets	<u>2,301,187</u>	<u>2,308,919</u>	<u>6,652,906</u>	<u>6,556,424</u>	<u>8,954,093</u>	<u>8,865,343</u>
Current liabilities	114,355	38,139	326,691	475,757	441,046	513,896
Long-term liabilities	1,065	189,749	330,599	422,093	331,664	611,842
Total Liabilities	<u>115,420</u>	<u>227,888</u>	<u>657,290</u>	<u>897,850</u>	<u>772,710</u>	<u>1,125,738</u>
Net Position:						
Net invested in capital assets	1,103,882	1,071,275	4,649,976	3,997,169	5,753,858	5,068,444
Restricted	326,998	247,439	168,232	178,982	495,230	426,421
Unrestricted	754,887	762,317	1,177,408	1,482,423	1,932,295	2,244,740
Total Net Position	<u>\$ 2,185,767</u>	<u>\$ 2,081,031</u>	<u>\$ 5,995,616</u>	<u>\$ 5,658,574</u>	<u>\$ 8,181,383</u>	<u>\$ 7,739,605</u>

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

TOWN OF WELAKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

Change in Net Position

Governmental activities increased the Town's net position by \$104,736. This increase resulted primarily from the recognition of \$263,628 of grants and contributions in the current year.

Town of Welaka, Florida
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 91,405	\$ 58,006	\$ 974,238	\$ 778,010	\$ 1,065,643	\$ 836,016
Operating grants and contributions	37,281	101,973	-	-	37,281	101,973
Capital grants and contributions	226,347	160,969	526,470	329,030	752,817	489,999
General Revenues:						
Property taxes	515,640	413,416	-	-	515,640	413,416
Sales tax and other state shared revenues	154,257	185,540	-	-	154,257	185,540
Communications service tax	30,406	32,448	-	-	30,406	32,448
Other taxes	82,694	91,711	-	-	82,694	91,711
Other revenue	14,988	20,716	17,063	7,044	32,051	27,760
Total Revenues	1,153,018	1,064,779	1,517,771	1,114,084	2,670,789	2,178,863
Expenses:						
General government	618,281	461,210	-	-	618,281	461,210
Public safety	289,993	254,207	-	-	289,993	254,207
Transportation	139,432	193,256	-	-	139,432	193,256
Human services	5,044	5,044	-	-	5,044	5,044
Culture/Recreation	121,780	103,209	-	-	121,780	103,209
Water and wastewater	-	-	1,054,481	1,010,750	1,054,481	1,010,750
Total Expense	1,174,530	1,016,926	1,054,481	1,010,750	2,229,011	2,027,676
Change in net position before transfers	(21,512)	47,853	463,290	103,334	441,778	151,187
Transfers	126,248	-	(126,248)	-	-	-
Change in net position	104,736	47,853	337,042	103,334	441,778	151,187
Net position, beginning of year	2,081,031	2,033,178	5,658,574	5,555,240	7,739,605	7,588,418
Net position, end of year	\$ 2,185,767	\$ 2,081,031	\$ 5,995,616	\$ 5,658,574	\$ 8,181,383	\$ 7,739,605

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$355,033 in program revenues, \$797,985 of general revenues, and \$126,248 of transfers in from the business type activities and incurred \$1,174,530 of program expenses. This resulted in a \$104,736 increase in net position. The primary reason for the increase was due to additional grants and contributions.

TOWN OF WELAKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

Business-type Activities

Business-type activities increased the Town's net position by \$337,042 as opposed to an increase of \$103,334 in the previous year. The primary element resulting in the difference was mainly due to the recognition of \$526,470 in grants and contributions in the current year.

Financial Analysis of the Town's Funds

As mentioned earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This difference in focus and purpose creates significant variances between the Governmental Fund Financial Statements and the Government-wide Financial Statements. For the year ended September 30, 2024, the net increase in fund balances per the Governmental Funds (General Fund) Financial Statements totaled \$92,631 while the governmental activities column of the Government-wide Financial Statements reported an increase of \$104,736 in net position. A detailed reconciliation between these two amounts is provided on page 16 of the accompanying Financial Statements.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$730,136, while total fund balance was \$1,065,734. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 61% of the total General Fund expenditures, while total fund balance represents 90% of that same amount.

Proprietary Funds

The proprietary funds provide the same type of information found in the Government-wide Financial Statements, but in more detail. At September 30, 2024, total net position for the Utility Fund amounted to \$5,995,616, an increase of \$337,042 from the prior fiscal year. Unrestricted net position totaled \$1,177,408. Other factors concerning the finances of the Utility Fund were previously addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The General Fund budget to actual schedule is presented as *Required Supplementary Information* on page 32 of the accompanying Financial Statements. There was no variance between original and final budgeted amounts.

A comparison of actual revenues to budgeted amounts indicates that tax receipts fell short by \$106,872, or 13.2%, primarily as a result of delayed audit submissions which led to the suspension of certain state revenues. Intergovernmental revenues were under budget by \$326,623, or 53.8%, attributable to two park improvement grants not being received because the associated projects did not commence within the fiscal year. Conversely, licenses and permits exceeded the budgeted amount by \$77,015, or 201.9%, reflecting increased activity from ongoing residential community development within the Town.

TOWN OF WELAKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

A review of actual expenditure results versus the final budget reveals that the actual expenditures for the General Fund were \$265,508 or 18.3% below the total budgeted amount for the year, largely due to delays in the initiation of two park improvement projects during the fiscal year.

Capital Asset and Debt Administration

Town of Welaka, Florida
Capital Asset Summary

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Land	\$ 21,258	\$ 19,258	\$ 102,260	\$ 102,260	\$ 123,518	\$ 121,518
Construction in progress	-	-	849,211	421,670	849,211	421,670
Buildings and improvements	217,778	213,714	-	-	217,778	213,714
Equipment	454,634	458,593	-	-	454,634	458,593
Infrastructure	410,212	399,986	-	-	410,212	399,986
Water and sewer distribution system	-	-	4,153,090	4,284,489	4,153,090	4,284,489
Total Capital Assets, Net	<u>\$ 1,103,882</u>	<u>\$ 1,091,551</u>	<u>\$ 5,104,561</u>	<u>\$ 4,808,419</u>	<u>\$ 6,208,443</u>	<u>\$ 5,899,970</u>

Capital Assets

The Town's financial statements present capital assets in two groups: those assets subject to depreciation such as infrastructure, equipment and operational facilities, and those assets not subject to depreciation such as land and construction in progress. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$6,208,443 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, equipment, infrastructure (including roads), and the Water and Sewer Distribution System. Currently, infrastructure and buildings and improvements represent the largest components of governmental capital assets.

Capital asset events completed during the current fiscal year include the following:

- Governmental activity purchase of land for \$2,000 and infrastructure (street) improvements totaling \$44,000 along with various equipment and other improvements totaling \$86,381.
- Business-type activity additions included construction in progress associated with wastewater treatment of \$427,541 and other improvements of \$123,985.
- No governmental or business-type capital assets were disposed in the year-ended September 30, 2024.

Additional information on the Town's Capital Assets may be found in Note 7 beginning on page 26 of the accompanying Financial Statements.

TOWN OF WELAKA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

Long-term Obligations

Governmental Activities:

The Town owed no long-term debt obligations to outside institutions during the year. Governmental obligations for compensated absences increased \$4,584 to \$9,600.

Town of Welaka, Florida
Long-Term Debt Obligations

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Notes payable	\$ -	\$ -	\$ 422,094	\$ 510,590	\$ 422,094	\$ 510,590
Compensated absences	9,600	5,016	963	2,343	10,563	7,359
Total Long Term Debt	<u>\$ 9,600</u>	<u>\$ 5,016</u>	<u>\$ 423,057</u>	<u>\$ 512,933</u>	<u>\$ 432,657</u>	<u>\$ 517,949</u>

Business-type Activities:

- The Utility Fund retired \$88,496 of note obligations.
- Utility Fund compensated absences decreased by \$1,380 to \$963.

Additional information on the Town's long-term obligations can be found in Note 8 beginning on page 28 of the accompanying Financial Statements

Economic Factors

We are not currently aware of any other conditions that are expected to have a significant effect on the Town's financial position or operations.

Requests for Information

This financial report is designed to present users with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions concerning any of the information provided in this report or need additional information, contact Welaka Town Hall at P.O. Box 1098, Welaka, Florida, 32193.

TOWN OF WELAKA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 773,677	\$ 1,142,084	\$ 1,915,761
Certificates of deposit	93,169	-	93,169
Receivables, net	12,742	134,542	147,284
Internal balances	(35,256)	35,256	-
Due from other governments	31,003	-	31,003
Prepays	8,600	-	8,600
Restricted assets:			
Cash and cash equivalents	313,370	236,463	549,833
Capital assets:			
Non-depreciable	21,258	951,471	972,729
Depreciable, net	1,082,624	4,153,090	5,235,714
Total assets	<u>2,301,187</u>	<u>6,652,906</u>	<u>8,954,093</u>
LIABILITIES			
Accounts payable	25,018	63,102	88,120
Customer deposits - payable from restricted assets	-	68,231	68,231
Unearned revenue	80,802	102,900	183,702
Noncurrent liabilities:			
Due within one year:			
Notes payable	-	91,495	91,495
Compensated absences	8,535	963	9,498
Due in more than one year:			
Notes payable	-	330,599	330,599
Compensated absences	1,065	-	1,065
Total liabilities	<u>115,420</u>	<u>657,290</u>	<u>772,710</u>
NET POSITION			
Net investment in capital assets	1,103,882	4,649,976	5,753,858
Restricted for:			
Better Place Plan	313,370	-	313,370
Building permits	13,628	-	13,628
Debt service	-	1,747	1,747
Utility improvements outside town limits	-	166,485	166,485
Unrestricted	754,887	1,177,408	1,932,295
Total net position	<u>\$ 2,185,767</u>	<u>\$ 5,995,616</u>	<u>\$ 8,181,383</u>

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

**TOWN OF WELAKA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 618,281	\$ 29,601	\$ -	\$ 106,941	\$ (481,739)	\$ -	\$ (481,739)
Public safety	289,993	61,804	-	119,406	(108,783)	-	(108,783)
Transportation	139,432	-	37,281	-	(102,151)	-	(102,151)
Human services	5,044	-	-	-	(5,044)	-	(5,044)
Culture and recreation	121,780	-	-	-	(121,780)	-	(121,780)
Total governmental activities	<u>1,174,530</u>	<u>91,405</u>	<u>37,281</u>	<u>226,347</u>	<u>(819,497)</u>	<u>-</u>	<u>(819,497)</u>
Business-type activities:							
Utilities	1,054,481	974,238	-	526,470	-	446,227	446,227
Total business-type activities	<u>1,054,481</u>	<u>974,238</u>	<u>-</u>	<u>526,470</u>	<u>-</u>	<u>446,227</u>	<u>446,227</u>
Total primary government	<u>\$ 2,229,011</u>	<u>\$ 1,065,643</u>	<u>\$ 37,281</u>	<u>\$ 752,817</u>	<u>(819,497)</u>	<u>446,227</u>	<u>(373,270)</u>
General revenues:							
Property taxes					515,640	-	515,640
Sales and use taxes					34,114	-	34,114
Unrestricted state shared revenues					24,116	-	24,116
Local infrastructure surtax					96,027	-	96,027
Utility taxes					19,895	-	19,895
Communications service tax					30,406	-	30,406
Franchise fees					62,799	-	62,799
Investment earnings					11,090	14,548	25,638
Miscellaneous					3,898	2,515	6,413
Transfers					126,248	(126,248)	-
Total general revenues and transfers					<u>924,233</u>	<u>(109,185)</u>	<u>815,048</u>
Change in net position					104,736	337,042	441,778
Net position - beginning					2,081,031	5,658,574	7,739,605
Net position - ending					<u>\$ 2,185,767</u>	<u>\$ 5,995,616</u>	<u>\$ 8,181,383</u>

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

**TOWN OF WELAKA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,087,047
Certificate of deposit	93,169
Receivables, net	12,742
Due from other governments	31,003
Prepaid items	8,600
Total assets	\$ 1,232,561
LIABILITIES	
Accounts payable and accrued liabilities	\$ 25,018
Unearned revenue	80,802
Due to other funds	35,256
Total liabilities	141,076
DEFERRED INFLOWS OF RESOURCES	
Unavailable intergovernmental revenue	25,751
FUND BALANCES	
Nonspendable:	
Prepaid items	8,600
Restricted for:	
Better Place Plan	313,370
Building permits	13,628
Unassigned	730,136
Total fund balances	1,065,734
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,232,561

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

**TOWN OF WELAKA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Fund balances - total governmental funds	\$ 1,065,734
Amounts reported for governmental activities in the statement of net position are different because:	
Some revenues will not be collected for several months after the close of the Town's fiscal year end, they are not considered as "available" revenues in governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.	
Deferred inflow - unavailable intergovernmental revenue	25,751
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Total governmental capital assets	2,245,018
Accumulated depreciation	(1,141,136)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:	
Compensated absences	(9,600)
Net position of governmental activities	<u><u>\$ 2,185,767</u></u>

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

TOWN OF WELAKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>General Fund</u>
Revenues	
Taxes	\$ 701,885
Licenses and permits	115,165
Intergovernmental	280,219
Charges for services	38,981
Fines and forfeitures	2,422
Miscellaneous	14,988
Total revenues	<u>1,153,660</u>
 Expenditures	
Current:	
General government	617,818
Public safety	219,987
Transportation	105,658
Culture and recreation	111,433
Capital outlay	132,381
Total expenditures	<u>1,187,277</u>
 Excess (deficiency) of revenues over expenditures	 <u>(33,617)</u>
 Other financing sources (uses)	
Transfers in	126,248
Total other financing sources (uses)	<u>126,248</u>
 Net change in fund balances	 <u>92,631</u>
 Fund balances, beginning of year	 973,103
 Fund balances, end of year	 <u><u>\$ 1,065,734</u></u>

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

**TOWN OF WELAKA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balances - total governmental funds	\$	92,631
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital assets acquired by use of financial resources		132,381
Current year depreciation		<u>(120,050)</u>
Amount by which capital outlay exceeds depreciation in the current period		12,331
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:		
Earned but unavailable		4,358
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in compensated absences		(4,584)
Change in net position of governmental activities		<u><u>\$ 104,736</u></u>

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

**TOWN OF WELAKA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024**

	<u>Utility</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,142,084
Restricted cash and equivalents:	
Customer deposits	68,231
Accounts receivable, net	134,542
Due from other funds	35,256
Total current assets	1,380,113
Noncurrent assets:	
Restricted cash and equivalents:	
Debt service	1,747
System improvements outside town limits	166,485
Capital assets, net	5,104,561
Total noncurrent assets	5,272,793
Total assets	6,652,906
LIABILITIES	
Current liabilities:	
Accounts payable	63,102
Unearned revenue	102,900
Compensated absences	963
Payable from restricted assets:	
Current maturities on notes payable	91,495
Payable from restricted assets:	
Customer deposits	68,231
Total current liabilities	326,691
Noncurrent liabilities:	
Notes payable	330,599
Total noncurrent liabilities	330,599
Total liabilities	657,290
NET POSITION	
Net investment in capital assets	4,649,976
Restricted for:	
Debt service	1,747
Utility expansion	166,485
Unrestricted	1,177,408
Total net position	\$ 5,995,616

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

TOWN OF WELAKA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Utility</u>
Operating revenues	
Charges for services	\$ 974,238
Miscellaneous income	2,515
Total operating revenues	976,753
Operating expenses	
Personal services	313,262
Operating expense	470,227
Depreciation	255,384
Total operating expenses	1,038,873
Operating income (loss)	(62,120)
Nonoperating revenues (expenses)	
Investment earnings	14,548
Interest expense	(15,608)
Total nonoperating revenues (expenses)	(1,060)
Income (loss) before capital grants and transfers	(63,180)
Capital grants	526,470
Transfers out	(126,248)
Change in net position	337,042
Net position , beginning of year	5,658,574
Net position , end of year	\$ 5,995,616

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

**TOWN OF WELAKA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Utility</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,001,379
Cash paid to suppliers	(773,479)
Cash paid to employees	(314,642)
Net cash provided by (used in) operating activities	(86,742)
Cash flows from noncapital financing activities	
Interfund transfers	(126,248)
Net cash provided by (used in) noncapital and financing activities	(126,248)
Cash flows from capital and related financing activities	
Principal payments on long-term debt	(88,496)
Interest paid	(15,608)
Capital grants	716,200
Acquisitions of capital assets	(551,526)
Net cash provided by (used in) capital and related financing activities	60,570
Cash flows from investing activities	
Proceeds from sales of investments	73,737
Interest on investments	14,548
Net cash provided by (used in) investing activities	88,285
Net change in cash and cash equivalents	(64,135)
Cash and cash equivalents, beginning of year	1,442,682
Cash and cash equivalents, end of year	\$ 1,378,547
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (62,120)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	255,384
Changes in assets and liabilities:	
Accounts receivable	(72,079)
Unearned revenue	102,900
Due to other governments	(55,863)
Accounts payable and accrued liabilities	(247,389)
Deposits	(6,195)
Compensated absences	(1,380)
Net cash provided by (used in) operating activities	\$ (86,742)
Cash and cash equivalents classified as:	
Unrestricted	\$ 1,142,084
Restricted	236,463
Total cash and cash equivalents	\$ 1,378,547

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

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(1) **Summary of Significant Accounting Policies:**

The financial statements of the Town of Welaka, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town is a Florida municipality, established by Section 24975 (1947), Laws of Florida, which operates under a Mayor-Council form of government.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Town Council of the Town, the reporting entity of government for which the Town Council is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **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 of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included in program revenues are reported instead as general revenues.

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

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Fund financial statements**—Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements, but any nonmajor funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The Town reports the following major governmental fund:

General Fund – the primary operating fund, used to account for all activities except those required to be accounted for in another fund.

The Town reports the following major enterprise fund:

Utility Fund – to account for the assets, operation and maintenance of the Town-owned water and sewer distribution system.

(e) **Budgetary information**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end.

Prior to August 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing the expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of a resolution. Revisions that alter the total expenditures of any fund must be approved by the Town Council. Formal budgetary integration is employed as a management control device during the year for the governmental funds.

The appropriated budget is prepared by fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council made no supplemental budgetary appropriations throughout the year.

(f) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Deposits and investments**—For purpose of the Statement of Cash Flows, the Town considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

(h) **Receivables**—Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Utility fund is net of a \$5,000 allowance.

(i) **Restricted assets**—Certain assets are reported as restricted because their use is limited by debt agreements or by the purpose for which the related funds were received. For the Utility Fund, restricted cash includes amounts set aside for debt service and utility system improvements outside Town limits in accordance with loan requirements, as well as utility customer deposits. Customer deposits are restricted because they are refundable or otherwise held for a specific purpose.

(j) **Capital assets**—Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets which are recorded at fair value at the date of contribution. The Town uses a capitalization threshold of \$750 for all classes of capital assets.

The Town has elected not to record general infrastructure assets acquired prior to October 1, 2003.

Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

	Years
Infrastructure	30 – 40
Buildings	40
Improvements other than buildings	10 – 40
Machinery and equipment	5 – 10
Plant assets and equipment	5 – 40

(k) **Compensated absences and claims and judgments**—For governmental funds, a fund liability is reported to account for the portion of the liability that will be liquidated with expendable available financial resources. The liability is accrued when incurred in the government-wide and proprietary fund financial statements.

(l) **Long-term obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize debt issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Fund equity**—Fund balance classifications are described below:

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

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

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Town’s highest level of decision-making authority, which is by Ordinance approved by the Town Council. Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Town Council or (b) a body or official to whom the Town Council has delegated the authority to assign amounts used for specific purposes.

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

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

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

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

(p) **Operating revenues and expenses**—The enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(q) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There were no such items reported.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the one item in this category is unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Property Tax Calendar:**

The Putnam County Tax Collector bills and collects property taxes for the Town.

Details of the Town’s tax calendar are presented below:

Valuation Date	January 1
Lien Date	May 31
Levy Date	November 1
Discount Period	November – February
No Discount Period	March
Delinquent Date	April 1

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(4) Deposits and Investments:

Deposits

All of the Town’s demand deposits and certificates of deposit are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, and are entirely insured by federal deposit insurance or collateralized pursuant to the Florida Security for Public Deposits Act.

Investments

The Town invests excess public funds pursuant to the guidelines established in Section 218.415, Florida Statutes. Accordingly, the Town is authorized to invest excess public funds in the following instruments: the Local Government Surplus Funds Trust Funds or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Council registered money market funds with the highest credit quality rating, savings accounts and certificates of deposit in qualified public depositories; and direct obligations of the U. S. Treasury.

Deposits and investments are classified in the accompanying financial statements as follows:

Cash and equivalents		\$ 1,915,761
Certificates of deposit		93,169
Restricted cash		549,833
Total deposits and certificates of deposit		\$ 2,558,763

Investment Risks

The Town is exposed to the following risks associated with its investment portfolio:

Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest Rate Risk – the risk that changes in interest rates will adversely affect the fair value of an investment.

The Town does not have a formal investment policy relating to the aforementioned risks, other than Section 218.415, Florida Statutes, for investing public funds. That statute limits the Town’s exposure to credit risk and interest rate risk by limiting authorized investment options as previously described.

(5) Interfund Activity:

The outstanding balances between funds are short-term amounts expected to be repaid in full over the course of the next fiscal year. At September 30, 2024, the General Fund reported \$35,256 due to the Utility Fund and Utility fund reported \$35,256 due from the General fund.

Interfund transfers out of the Utility Fund and into the General Fund totaling \$126,248 were made during the fiscal year to reimburse the General Fund for customer payments received by the Utility Fund on behalf of the General Fund and the utility portion of the Town Clerk’s compensation.

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(6) Accounts Receivable:

The Town's receivables consist of the following at September 30, 2024:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	\$ 12,742	\$ -	\$ 12,742
Totals – Governmental Type Activities	12,742	-	12,742
Business-Type Activities:			
Utility Fund			
Accounts receivable	139,542	(5,000)	134,542
Totals – Business-Type Activities	139,542	(5,000)	134,542
Totals	\$ 152,284	\$ (5,000)	\$ 147,284

(7) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2024, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 19,258	\$ 2,000	\$ -	\$ 21,258
Total assets not being depreciated	19,258	2,000	-	21,258
Capital assets being depreciated:				
Buildings	332,398	-	-	332,398
Improvements other than buildings	417,990	14,697	-	432,687
Equipment	516,455	71,684	-	588,139
Infrastructure	826,536	44,000	-	870,536
Total assets being depreciated	2,093,379	130,381	-	2,223,760
Less accumulated depreciation for:				
Buildings	(215,564)	(5,861)	-	(221,425)
Improvements other than buildings	(321,110)	(4,772)	-	(325,882)
Equipment	(57,862)	(75,643)	-	(133,505)
Infrastructure	(426,550)	(33,774)	-	(460,324)
Total accumulated depreciation	(1,021,086)	(120,050)	-	(1,141,136)
Total capital assets being depreciated, net	1,072,293	10,331	-	1,082,624
Governmental activities capital assets, net	\$ 1,091,551	\$ 12,331	\$ -	\$ 1,103,882

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(7) **Capital Assets:** (Continued)

Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 102,260	\$ -	\$ -	\$ 102,260
Construction in progress	421,670	427,541	-	849,211
Total assets not being depreciated	<u>523,930</u>	<u>427,541</u>	<u>-</u>	<u>951,471</u>
Capital assets being depreciated:				
Plant assets and equipment	9,350,080	123,985	-	9,474,065
Total assets being depreciated	<u>9,350,080</u>	<u>123,985</u>	<u>-</u>	<u>9,474,065</u>
Less accumulated depreciation for:				
Plant assets and equipment	(5,065,591)	(255,384)	-	(5,320,975)
Total accumulated depreciation	<u>(5,065,591)</u>	<u>(255,384)</u>	<u>-</u>	<u>(5,320,975)</u>
Total capital assets being depreciated, net	<u>4,284,489</u>	<u>(131,399)</u>	<u>-</u>	<u>4,153,090</u>
Business-type activities capital assets, net	<u>\$ 4,808,419</u>	<u>\$ 296,142</u>	<u>\$ -</u>	<u>\$ 5,104,561</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 4,525
Public Safety	66,360
Transportation	33,774
Human Services	5,044
Culture and Recreation	10,347
Total Depreciation Expense - Governmental Activities	<u>\$ 120,050</u>
Business-type Activities	
Water and Sewer Utilities	<u>\$ 255,384</u>

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(8) Long-Term Obligations:

Notes payable in the Town's business-type activities at September 30, 2024, are comprised of the following obligations:

	Amount
<u>Business-type Activities</u>	
<u>Note Payable 1:</u> \$221,488 for improvements to the utility system outside of the Town limits. Payable in semi-annual installments of \$6,721 on March and September 15, including interest at 1.76%. Payable beginning March 15, 2008, and maturing in 2027, from revenues of the plant replacement surcharge after payment of operation and maintenance expense.	\$ 39,110
<u>Note Payable 2:</u> \$266,003 for improvements to the utility system outside of the Town limits. Payable in semi-annual installments of \$5,241 on January and July 15, including interest at 1.76%, payable beginning July 15, 2009, and maturing in 2039, from the revenues of the plant replacement surcharge.	134,207
<u>Note Payable 3:</u> \$675,000 to pay off revenue bonds. Payable in annual installments of \$80,129, including interest at 3.89%, maturing in August 2027, from the net revenues of the water and sewer system. The note payable also contains a special provision where the interest rate may increase to 4.92%, if for any reason interest on this note payable becomes includable in the gross income of the bank for Federal income tax purposes.	248,777
Total Long-Term Obligations, Business-Type Activities	\$ 422,094

Aggregate maturities of notes payable are as follows:

Business-Type Activities	Principal	Interest
Year Ending		
September 30,		
2025	\$ 91,495	\$ 12,556
2026	94,603	9,448
2027	126,920	6,227
2028	8,665	1,817
2029	8,813	1,669
2030 - 2034	46,373	6,037
2035 - 2039	45,225	1,944
Total future minimum payments	\$ 422,094	\$ 39,698

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(8) **Long-Term Obligations:** (Continued)

Pledged Revenues

The Town has pledged certain Utility Fund revenues to secure repayment of two State Revolving Fund loans issued for improvements to the utility system outside Town limits. Under the related loan agreements, the pledged revenues are derived from the plant replacement surcharge charged to outside-town utility customers, as defined in the agreements. One agreement requires pledged revenues to be at least 1.15 times the related annual debt service requirements, and the other agreement requires pledged revenues to be at least 1.20 times the related annual debt service requirements. In addition, the Town is required to satisfy any applicable coverage requirements of senior and parity debt obligations.

As of September 30, 2024, the outstanding balance of loans secured by pledged revenues totaled \$173,317. During the fiscal year, the Town recognized pledged revenues of \$12,241 and made principal and interest payments totaling \$23,923.

During fiscal year 2024, the Town did not satisfy all covenant requirements related to its pledged-revenue loans. Management identified that the Town was not in compliance with certain rate and coverage covenant provisions related to these loans, including the required debt service coverage calculation for fiscal year 2024. Management is evaluating and implementing corrective actions, including payoff of one pledged-revenue loan and review of the Town's rate structure and related pledged-revenue calculations for the remaining loan.

A summary of the debt transactions for the Town for the fiscal year ended September 30, 2024, is as follows:

	Governmental Activities				
	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Due Within One Year
Compensated Absences	\$ 5,016	\$ 21,610	\$ (17,026)	\$ 9,600	\$ 8,535
	Business-Type Activities				
	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Due Within One Year
Notes Payable	\$ 510,590	\$ -	\$ (88,496)	\$ 422,094	\$ 91,495
Compensated Absences	2,343	224	(1,604)	963	963
Long-Term Liabilities	<u>\$ 512,933</u>	<u>\$ 21,834</u>	<u>\$ (94,332)</u>	<u>\$ 423,057</u>	<u>\$ 92,458</u>

(9) **Pension Plan:**

The Town has established a defined contribution pension plan for general and utilities' employees, administered by the Florida League of Cities, Inc. The Plan requires non-elective contributions from the Town of 7.5% of the employees' base pay up to a maximum of 40 hours per week. Employees fully vest after five years of service. Contributions to the Town's pension plan for the year ended September 30, 2024 was \$27,358. Employees did not contribute to the plan.

(10) **Other Post-Employment Benefits (OPEB):**

In accordance with GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*, the Town has no liability under GASB 75 because the implied subsidy is assumed to disappear upon Medicare eligibility and current employees are not assumed to retire until age 65.

TOWN OF WELAKA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(11) **Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To manage its risks, the Town participates in the Florida League of Cities Self Insurance Fund (the Fund) a public entity risk pool currently operating as a common risk management and insurance program for member cities. The Town pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are based on certain actual exposures of each member.

(12) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.
- (c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (d) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.
- (e) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WELAKA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 808,757	\$ 808,757	\$ 701,885	\$ (106,872)
Licenses and permits	38,150	38,150	115,165	77,015
Intergovernmental	606,842	606,842	280,219	(326,623)
Charges for services	22,441	22,441	38,981	16,540
Fines and forfeitures	750	750	2,422	1,672
Miscellaneous	10,845	10,845	14,988	4,143
Total revenues	<u>1,487,785</u>	<u>1,487,785</u>	<u>1,153,660</u>	<u>(334,125)</u>
Expenditures				
Current:				
General government	342,770	342,770	617,818	(275,048)
Public safety	323,035	323,035	219,987	103,048
Transportation	168,119	168,119	105,658	62,461
Human services	1,600	1,600	-	1,600
Culture and recreation	111,669	111,669	111,433	236
Reserve for contingencies	15,000	15,000	-	15,000
Capital outlay	490,592	490,592	132,381	358,211
Total expenditures	<u>1,452,785</u>	<u>1,452,785</u>	<u>1,187,277</u>	<u>265,508</u>
Excess (deficiency) of revenues over expenditures	<u>35,000</u>	<u>35,000</u>	<u>(33,617)</u>	<u>(68,617)</u>
Other financing sources (uses)				
Transfers in	5,000	5,000	126,248	121,248
Net change in fund balances	<u>40,000</u>	<u>40,000</u>	<u>92,631</u>	<u>52,631</u>
Fund balances, beginning of year	973,103	973,103	973,103	-
Fund balances, end of year	<u>\$ 1,013,103</u>	<u>\$ 1,013,103</u>	<u>\$ 1,065,734</u>	<u>\$ 52,631</u>

See accompanying notes to required supplementary information.

TOWN OF WELAKA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

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

- ❖ During July, informal budget workshops are held to determine proposed expenditures and the means of financing them.
- ❖ By August 1, the Council adopts the proposed property tax millage rate and sets the date, time and place of the first public hearing. Within fifteen (15) days of the first public hearing the Town advertises its intention to finalize its budgets and millage rate and date, time and place for a public hearing. The second public hearing is convened two to five (2-5) days after the final advertisement, at which time the final budget and millage are adopted by the Council.
- ❖ Changes to budgeted line items during the fiscal year are approved by the Town Council.
- ❖ Florida Statutes stipulate that expenditures may not legally exceed budgeted appropriations. The fund is the legal level of budgetary control.
- ❖ All appropriations lapse at year end.

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

To the Honorable Mayor and Members of Town Council,
Town of Welaka, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Welaka, Florida (the Town), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 16, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 our opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses.

2024-001 Segregation of duties (Repeat Comment)

We noted there is currently no formal review of ACH payments initiated by the Town Clerk. This issue raises concerns about the accuracy and integrity of these financial transactions and the lack of oversight in the Town's process. To ensure the accuracy and integrity of ACH payments, it is recommended that the Town implement a segregation of duties policy where at least one other individual reviews and approves the actions performed by the Town Clerk. This will provide an additional level of oversight and reduce the risk of errors or fraudulent activity.

2024-002 Bank/Monthly Reconciliations (Repeat Comment)

We noted the bank reconciliations were completed late and did not reconcile to the Town's general ledger. Our audit procedures revealed there is no systematic method of ensuring timely and complete monthly reconciliation and closing procedures take place. This situation leads to a continuing and growing backlog of transactions and journal entries that are not posted into the accounting system, which renders the accounting information virtually useless in making well-informed business decisions. This accounting function disorganization will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to exist and continue without notice. This situation should be corrected as soon as possible with the establishment of a system of consistent monthly reconciliations and closing procedures.

2024-003 Timeliness of year-end close and financial reporting (Repeat Comment)

Timely financial reporting is essential for effective public fund management and oversight. The State of Florida mandates that financial audits be completed within nine months after the fiscal year-end to ensure stakeholders receive accurate and timely information. The current audit was completed well after the statutory deadline. The late receipt of key audit documentation, challenges related to the organization and staff turnover, and condition of the accounting records contributed to various delays in year-end closing procedures and adversely impacted the Town's ability to produce timely financial reports. This substantial delay hampers the Towns' ability to provide timely and reliable financial information for accounting and budget purposes. It also increases the risk of undetected errors and/or fraud. The Town should review and improve its financial reporting processes to ensure timely completion. This includes optimizing internal procedures and consideration of the need to increase staffing and resources dedicated to the accounting function.

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. We consider the deficiencies described below to be significant deficiencies.

2024-004 Reconciliation of account balances and audit adjustments (Repeat Comment)

Internal controls over financial reporting should include timely year-end reconciliations of all significant account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities. These reconciliations should be performed on a timely and regular basis to help prevent misappropriation and ensure timely identification of errors or other issues. All balances should be reconciled to supporting documentation and reconciled with the general ledger.

For the year ended September 30, 2024, accounts payable and accounts receivable were not reconciled on a timely basis and certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries. We recommend reconciliations be performed on a timely and regular basis and include procedures related to the proper cutoff of significant revenue and expense activities.

2024-005 IT general controls (Repeat Comment)

During our audit, we noted weaknesses in the Town's IT general controls. Account lockout settings were not enabled, password parameters were not sufficiently restrictive, and critical patches and updates were not applied timely. These weaknesses increase the risk of unauthorized access and exposure to known security vulnerabilities. We recommend the Town implement stronger IT security controls, including account lockout after repeated failed login attempts, enhanced password settings, and a documented patch management process to ensure critical updates are applied and monitored timely.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below:

2024-006 Debt Covenant Noncompliance

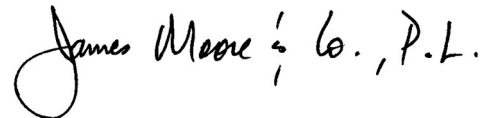
During fiscal year 2024, the Town did not satisfy all covenant requirements related to its pledged-revenue loans. Management identified that the Town was not in compliance with certain rate and coverage covenant provisions related to these loans, including the required debt service coverage calculation for fiscal year 2024. Management is evaluating and implementing corrective actions, including payoff of one pledged-revenue loan and review of the Town's rate structure and related pledged-revenue calculations for the remaining loan.

Town of Welaka, Florida's Response to Findings

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

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gainesville, Florida
April 16, 2026



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE
OF THE AUDITOR GENERAL**

To the Honorable Mayor and Members of Town Council,
Town of Welaka, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Welaka, Florida (the Town), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated April 16, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 16, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Two uncorrected findings exist from the second preceding audit. The following summarizes the status of prior year findings and recommendations:

2023-001, 2022-001, 2021-001, 2020-001, and 2019-001, *Preparation of financial statements:* Corrective action taken.

2023-002, 2022-002, 2021-002, *Segregation of duties:* Corrective action not taken. See current year comment 2024-001.

2023-003, 2022-003, 2021-003 *Bank/monthly reconciliations:* Corrective action not taken. See current year comment 2024-002.

2023-004, 2022-004 *Utility rates and support:* Corrective action taken.

2023-005, 2022-005, *Budgetary noncompliance:* Corrective action taken.

2023-006, *Timeliness of year-end close and financial reporting:* Corrective action not taken. See current year comment 2024-003.

2023-007, *Reconciliation of account balances and audit adjustments*: Corrective action not taken. See current year comment 2024-004.

2023-008, *IT general controls*: Corrective action not taken. See current year comment 2024-005.

2023-009, *Missing contract documentation*: Corrective action taken.

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 Town was established by Chapter 24975, Laws of Florida (1947). There are no component units of the Town to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.566(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 Town has 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 Town 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 Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Town's geographical boundaries during the fiscal year under audit.

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; therefore, we noted no 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

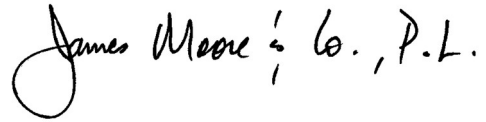
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants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

Town of Welaka, Florida's Response to Findings

The Town's responses to the findings identified in our audit are described in the letter titled Management's Response to the Auditors' Comments, as listed in the table of contents. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Town Council, 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 "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Gainesville, Florida
April 16, 2026



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and Members of Town Council,
Town of Welaka, Florida:

We have examined the Town of Welaka, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statutes), for the year ended September 30, 2024. The Town's management is responsible for the Town's compliance with those statutory requirements. Our responsibility is to obtain reasonable assurance by evaluating the Town's compliance with the Statutes for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance by evaluating whether the Town complied with the Statutes for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Town's compliance with those requirements for the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Town was not in compliance with those requirements in all material respects, 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 of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Town complied with the Statute for the year ended September 30, 2024, in all material respects.

James Moore & Co., P.L.

Gainesville, Florida
April 16, 2026

MANAGEMENT'S RESPONSE TO FINDINGS

2024-001/2023-002/2022-002 – Segregation of duties (Repeat Comment)

The Town concurs with this finding. Several finance personnel have participated in all financial operations, including the processing of ACH payments. Formal procedures are being established to mandate transaction reviews prior to payment initiation. Additionally, checks now require multiple signatures for authorization

2024-002/2023-003/2022-003 – Bank/Monthly reconciliations (Repeat Comment)

The Town concurs with this finding. The external accounting firm has been engaged and is diligently working to update all records and reconciliations. Identified missing transactions will be promptly recorded and reconciled. Robust procedures will be established to facilitate a regular monthly closing of the books, accompanied by management review. Furthermore, staff members will receive cross-training in finance procedures to promote continuity in reconciliations and monthly closing processes.

2024-003/2023-006 – Timeliness of year-end close and financial reporting (Repeat Comment)

The Town concurs with this finding. Recognizing the significance of timely financial reporting, the Town has retained an external accounting firm to address outstanding reports. The Town has stressed the importance of meeting State audit deadlines, and the firm is making steady progress toward compliance. Continued daily assistance, periodic financial reviews, and staff training will help prevent similar issues in the future.

2024-004/2023-007 – Reconciliation of account balances and audit adjustments (Repeat Comment)

The Town concurs with this finding and recognizes the critical importance of reconciling all major account balances, including accounts payable and accounts receivable. The external accounting firm retained by the Town is diligently updating all reconciliations to facilitate the regular monthly review of finalized financial statements. Procedures are being rapidly developed and instituted to enhance the accuracy and timeliness of all essential accounting functions.

2024-005/2023-008 – IT general controls (Repeat Comment)

The Town concurs with this finding. IT controls are a priority, and any identified weaknesses will be promptly addressed. The Town is committed to implementing straightforward enhancements to mitigate many of the control issues raised. In addition, the external IT service provider has confirmed their support in resolving these concerns. Lockout controls, password policies, system update procedures, and maintenance schedules will be thoroughly reviewed and aligned with established NIST standards.

2024-006 Debt Covenant Noncompliance

The Town concurs with this finding. Management has determined that the Town was not in compliance with specific rate and coverage covenant provisions associated with these loans, including the mandated debt service coverage calculation for fiscal year 2024. Management is currently assessing and enacting corrective measures, which include paying off one pledged-revenue loan and reviewing the Town's rate structure and related pledged-revenue calculations for the remaining loan.