

TOWN OF ASTATULA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025



**TOWN OF ASTATULA, FLORIDA
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SEPTEMBER 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Astatula, 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 Astatula (the Town), Florida*, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Unmodified Opinions on the General Fund, Infrastructure Fund, Impact Fee Fund, Water Fund, and Business-Type Activities

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General Fund, Infrastructure Fund, Impact Fee Fund, Water Fund, and business-type activities of *Town of Astatula, Florida*, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and budgetary comparison schedules for the General Fund, Infrastructure Fund and Impact Fee Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion on the Governmental Activities section, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Astatula as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on the General Fund, Infrastructure Fund, Impact Fee Fund, Water Fund, and Business-Type Activities

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Basis for Qualified Opinion on the Governmental Activities

As discussed in Note 7 to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and 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, which 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.

Management has omitted the schedule of changes in the Town's total OPEB liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 7, 2026, on our consideration of *Town of Astatula's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *Town of Astatula's* internal control over financial reporting and compliance.

McDiernit Davis

Orlando, Florida

August 7, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

As management of the Town of Astatula, Florida (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements, which follow this section.

Financial Highlights

The Town's assets exceeded its liabilities at September 30, 2025 by \$5,704,036 (net position). \$1,052,581 of this amount is available to meet the Town's unrestricted obligations to customers and creditors. The Town's total net position increased by \$547,965 as a result of current-year operations.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes supplementary information that explains in more detail some of the information in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements of the Town provide a broad overview of the Town's finances and report information about the Town using accounting methods similar to those used by private sector companies.

The Statement of Net Position presents the Town's assets less its liabilities at year end. The difference between these assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds 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. The Town's governmental funds include the General Fund, Infrastructure Fund and the Impact Fee Fund, which is a special revenue fund, used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary funds - The Town maintains a proprietary fund. Enterprise funds are used to report 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 operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water operations, which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 10 through 15 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 19 of this report.

Other information - In addition to the basic financial statements and notes, this report also presents certain required supplementary information. Schedules pertaining to the Town's participation in the Florida Retirement System defined benefit plan are on pages 32 and 33.

Government-Wide Financial Analysis

Our analysis of the government-wide financial statements of the Town begins below. The Statement of Net Position and the Statement of Activities report the net position of the Town and changes in them. Over time, increases or decreases in the Town's net position are one indicator of financial position. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changed government legislation.

The following is a summary of net position at year end:

Net Position September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 3,127,154	2,551,228	\$ 385,737	226,064	\$ 3,512,891	\$ 2,777,292
Capital assets	2,964,968	2,904,910	806,736	785,868	3,771,704	3,690,778
Total assets	<u>\$ 6,092,122</u>	<u>\$ 5,456,138</u>	<u>\$ 1,192,473</u>	<u>\$ 1,011,932</u>	<u>\$ 7,284,595</u>	<u>\$ 6,468,070</u>
DEFERRED OUTFLOWS	<u>\$ 490,219</u>	<u>\$ 487,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,219</u>	<u>\$ 487,493</u>
LIABILITIES						
Current liabilities	\$ 485,700	\$ 233,861	\$ 41,940	\$ 87,510	\$ 527,640	\$ 321,371
Noncurrent liabilities:	1,316,800	1,353,922	-	0	1,316,800	1,353,922
Total liabilities	<u>\$ 1,802,500</u>	<u>\$ 1,587,783</u>	<u>\$ 41,940</u>	<u>\$ 87,510</u>	<u>\$ 1,844,440</u>	<u>\$ 1,675,293</u>
DEFERRED INFLOWS	<u>\$ 226,338</u>	<u>\$ 124,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,338</u>	<u>\$ 124,199</u>
NET POSITION						
Net investment in capital assets	\$ 2,964,968	2,904,910	\$ 806,736	785,868	\$ 3,771,704	\$ 3,690,778
Restricted	879,751	630,971	-	-	879,751	630,971
Unrestricted	708,784	695,768	343,797	138,554	1,052,581	834,322
Total net position	<u>\$ 4,553,503</u>	<u>\$ 4,231,649</u>	<u>\$ 1,150,533</u>	<u>\$ 924,422</u>	<u>\$ 5,704,036</u>	<u>\$ 5,156,071</u>

Assets of the Town as of September 30, 2025 and 2024, consist primarily of cash of \$3,281,754 and \$2,640,786, respectively, and capital assets, net of accumulated depreciation, of approximately \$3,771,704 and \$3,690,778, respectively.

Total liabilities and deferred inflows of resources for September 30, 2025 and 2024, are \$2,070,778 and \$1,799,492, respectively, of which current liabilities of \$489,307 and \$243,174, respectively, consist primarily of accounts payable, accrued liabilities and unearned revenue. \$1,201,800 and \$1,353,922 are the respective net pension liabilities included in the total liabilities.

Net position amounted to \$5,704,036 in fiscal year 2025 and \$5,156,071 in fiscal year 2024. The major component of this category is the category invested in capital assets, net of related debt, which is the Town's net investment in capital assets (original cost less accumulated depreciation, less debt), totaling \$3,771,704 in fiscal year 2025 and \$3,686,278 in fiscal year 2024. The net investment in capital assets increased due to the acquisition of capital assets in the governmental activities.

While the statement of net position shows the change in financial position of net position, the statement of activities provides answers as to the nature and source of these changes.

The following is a summary of changes in net position at year end:

**Changes in Net Position
For the Fiscal Years Ended September 30, 2025 and 2024**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Property taxes	945,022	709,254	\$ -	\$ -	\$ 945,022	\$ 709,254
Other taxes	846,302	770,635	-	-	846,302	770,635
Charges for services	532,821	527,316	337,360	269,385	870,181	796,701
Intergovernmental and grants	479,297	222,860	-	-	479,297	222,860
Miscellaneous revenues	118,248	107,563	13,876	286,421	132,124	393,984
Total revenues	<u>2,921,690</u>	<u>2,337,628</u>	<u>351,236</u>	<u>555,806</u>	<u>3,272,926</u>	<u>2,893,434</u>
EXPENSES						
General government	570,728	505,665	-	-	570,728	505,665
Public safety	1,402,414	1,224,076	-	-	1,402,414	1,224,076
Physical environment	334,957	219,787	-	-	334,957	219,787
Transportation	256,308	220,725	-	-	256,308	220,725
Culture and recreation	35,429	97,128	-	-	35,429	97,128
Water utility	-	-	125,125	76,341	125,125	76,341
Interest expense	-	-	-	-	-	-
Total expenses	<u>2,599,836</u>	<u>2,267,381</u>	<u>125,125</u>	<u>76,341</u>	<u>2,724,961</u>	<u>2,343,722</u>
Change in net position	321,854	70,247	226,111	479,465	547,965	549,712
Net position, beginning of year	4,231,649	4,161,402	924,422	714,342	5,156,071	4,875,744
Net position, end of year	<u>\$ 4,553,503</u>	<u>\$ 4,231,649</u>	<u>\$ 1,150,533</u>	<u>\$ 1,193,807</u>	<u>\$ 5,704,036</u>	<u>\$ 5,425,456</u>

Revenues totaled \$3,272,926 and consisted primarily of taxes and charges for services in 2025. In 2024, revenues totaled \$2,624,049. Other revenues for fiscal years 2025 and 2024 include intergovernmental revenue of \$390,020 and \$301,918, respectively; charges for services of \$576,756 and \$493,684, respectively; and amounts received from other sources of \$783,415 and \$596,710, respectively.

Total expenses for fiscal years 2025 and 2024 were \$2,724,961 and \$2,343,722, respectively, with the increase primarily a result of increasing public safety and transportation expense, as well as the continued development of the Town's water utility system.

Analysis of General Fund, Infrastructure Fund and Impact Fee Fund

The Town has three governmental funds, the General Fund, Infrastructure Fund and Impact Fee Fund, which are reported in the Fund Financial Statements. The focus of the General Fund is to provide information on near-term inflows and outflows of cash and the balance available. The unreserved fund balance serves as a measure of the resources available for spending for the next fiscal year. The General Fund had a positive fund balance of \$2,127,965 in 2025 and \$2,027,941 in 2024. The Infrastructure Fund had a positive fund balance of \$195,160 in 2025 and positive fund balance of \$172,546 in 2024. The Impact Fee Fund had a positive fund balance of \$356,662 in 2025 and positive fund balance of \$195,077 in 2024.

Analysis of Water Fund

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water operations at the end of the year amounted to a net position of \$343,797. The change in net position for the water fund was \$226,111.

General Fund Budgetary Highlights

Differences between the budget and actual results are included on page 14 of the accompanying financial statements. Some of the more significant variances are discussed below:

Revenue - Year-to-date general fund revenues were more than the final budget by \$117,501 for fiscal year ended 2025, primarily due to favorable variances in interest revenues and tax revenues.

Expenditures - Expenditures were \$53,160 greater than budgeted in 2025, primarily due to various departments exceeding budget as a result of increased grant or other unexpected activity.

Capital Assets and Long-Term Liabilities

Capital Assets - As of September 30, 2025 and 2024, the Town had \$5,647,571 and \$5,280,928, respectively, invested in equipment, buildings, construction in progress, land and improvements.

Long-Term Liabilities - As of September 30, 2025 and 2024, the Town had \$153,333 and \$78,197 in accrued compensated absences outstanding. The Town's full-time employees accumulate annual leave based upon length of employment.

Long-term liabilities also includes the net pension liability of \$1,201,800 in 2025 and \$1,353,922 in 2024 for the Town's participation in the Florida Retirement System, a cost-sharing multiple employer retirement plan.

For more detailed information regarding the Town's capital assets and long-term liabilities, please refer to the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

1. The average unemployment rate for Lake County area is 4.5% at year-end. This is compared to 3.9% for the state and 4.4% for the nation.
2. Inflation nationally as indicated by the consumer price index was 3.0% at September 2025.

All these factors were considered in preparing the Town budget for the 2025-2026 year. The 2026 Town's total general fund budget of \$2,483,500, included a millage rate of 6.9000.

Requests for Information - This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the:

Clerk of the Town of Astatula
25009 County Road 561
Astatula, Florida 34705
Telephone: (352) 742-1100

TOWN OF ASTATULA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,045,653	\$ 356,350	\$ 2,402,003
Receivables	34,338	29,387	63,725
Due from other governments	167,412	-	167,412
Restricted assets:			
Cash and cash equivalents	879,751	-	879,751
Capital assets:			
Nondepreciable	214,088	-	214,088
Depreciable, net	2,750,880	806,736	3,557,616
Total assets	<u>\$ 6,092,122</u>	<u>\$ 1,192,473</u>	<u>\$ 7,284,595</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 490,219</u>	<u>\$ -</u>	<u>\$ 490,219</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 446,611	\$ 20,790	\$ 467,401
Customer deposits	718	21,150	21,868
Due to other governments	38	-	38
Noncurrent liabilities:			
Due within one year:			
Compensated absences	38,333	-	38,333
Due in more than one year:			
Compensated absences	115,000	-	115,000
Net pension liability	1,201,800	-	1,201,800
Total liabilities	<u>\$ 1,802,500</u>	<u>\$ 41,940</u>	<u>\$ 1,844,440</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 226,338</u>	<u>\$ -</u>	<u>\$ 226,338</u>
NET POSITION			
Net investment in capital assets	\$ 2,964,968	\$ 806,736	\$ 3,771,704
Restricted for:			
Capital improvements	356,662	-	356,662
Building department	327,929	-	327,929
Infrastructure	195,160	-	195,160
Unrestricted	708,784	343,797	1,052,581
Total net position	<u>\$ 4,553,503</u>	<u>\$ 1,150,533</u>	<u>\$ 5,704,036</u>

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

**TOWN OF ASTATULA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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	\$ 570,728	\$ 13,409	\$ -	\$ -	\$ (557,319)	\$ -	\$ (557,319)
Public safety	1,402,414	284,393	-	188,932	(929,089)	-	(929,089)
Physical environment	334,957	225,987	896	-	(108,074)	-	(108,074)
Transportation	256,308	-	73,509	-	(182,799)	-	(182,799)
Culture and recreation	35,429	9,032	-	41,778	15,381	-	15,381
Total governmental activities	<u>2,599,836</u>	<u>532,821</u>	<u>74,405</u>	<u>230,710</u>	<u>(1,761,900)</u>	<u>-</u>	<u>(1,761,900)</u>
Business-type activities:							
Water utility	125,125	337,360	-	13,876	-	226,111	226,111
Total business-type activities	<u>125,125</u>	<u>337,360</u>	<u>-</u>	<u>13,876</u>	<u>-</u>	<u>226,111</u>	<u>226,111</u>
Total primary government	<u>\$ 2,724,961</u>	<u>\$ 870,181</u>	<u>\$ 74,405</u>	<u>\$ 244,586</u>	<u>\$ (1,761,900)</u>	<u>\$ 226,111</u>	<u>\$ (1,535,789)</u>
General revenues:							
Property taxes					945,022	-	945,022
Sales and use taxes					146,713	-	146,713
Franchise and utility taxes					195,385	-	195,385
Public service taxes					245,981	-	245,981
Infrastructure surtax					256,628	-	256,628
Other taxes					1,595	-	1,595
State revenue sharing					123,575	-	123,575
Other intergovernmental revenues					50,607	-	50,607
Investment earnings (loss)					83,395	-	83,395
Miscellaneous revenues					34,853	-	34,853
Total general revenues					<u>2,083,754</u>	<u>-</u>	<u>2,083,754</u>
Change in net position					321,854	226,111	547,965
Net position - beginning of year					4,231,649	924,422	5,156,071
Net position - end of year					<u>\$ 4,553,503</u>	<u>\$ 1,150,533</u>	<u>\$ 5,704,036</u>

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

**TOWN OF ASTATULA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>General</u>	<u>Infrastructure</u>	<u>Impact Fee</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,420,090	\$ 148,652	\$ 356,662	\$ 2,925,404
Receivables	34,338	-	-	34,338
Due from other governments	120,904	46,508	-	167,412
Total Assets	<u><u>\$ 2,575,332</u></u>	<u><u>\$ 195,160</u></u>	<u><u>\$ 356,662</u></u>	<u><u>\$ 3,127,154</u></u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 446,611	\$ -	\$ -	\$ 446,611
Due to other governments	38	-	-	38
Customer deposits	718	-	-	718
Total liabilities	<u><u>447,367</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>447,367</u></u>
FUND BALANCES				
Restricted for:				
Capital improvements	-	-	356,662	356,662
Building department	327,929	-	-	327,929
Infrastructure	-	195,160	-	195,160
Assigned to:				
ARPA transition projects	1,044,280	-	-	1,044,280
Unassigned	755,756	-	-	755,756
Total fund balances	<u><u>2,127,965</u></u>	<u><u>195,160</u></u>	<u><u>356,662</u></u>	<u><u>2,679,787</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 2,575,332</u></u>	<u><u>\$ 195,160</u></u>	<u><u>\$ 356,662</u></u>	<u><u>\$ 3,127,154</u></u>

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

**TOWN OF ASTATULA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Fund balances - total governmental funds		\$ 2,679,787
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Total governmental capital assets	4,746,780	
Less: Accumulated depreciation	(1,781,812)	2,964,968

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the Town's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(1,201,800)	
Deferred outflows related to pensions	490,219	
Deferred inflows related to pensions	(226,338)	(937,919)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:

Compensated absences	(153,333)	(153,333)
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Net position of governmental activities		\$ 4,553,503
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The accompanying notes to financial statements are an integral part of this statement.

TOWN OF ASTATULA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Infrastructure	Impact Fee	Total Governmental Funds
Revenues				
Taxes	\$ 1,266,107	\$ 256,628	\$ -	\$ 1,522,735
Licenses, permits, and fees	471,206	-	161,585	632,791
Intergovernmental	390,020	-	-	390,020
Charges for services	239,396	-	-	239,396
Fines and forfeitures	8,572	-	-	8,572
Miscellaneous	128,176	-	-	128,176
Total revenues	<u>2,503,477</u>	<u>256,628</u>	<u>161,585</u>	<u>2,921,690</u>
Expenditures				
Current:				
General government	501,256	2,025	-	503,281
Public safety	1,278,465	11,566	-	1,290,031
Physical environment	279,940	-	-	279,940
Transportation	231,517	-	-	231,517
Parks and recreation	21,870	-	-	21,870
Capital outlay	90,405	220,423	-	310,828
Total expenditures	<u>2,403,453</u>	<u>234,014</u>	<u>-</u>	<u>2,637,467</u>
Net change in fund balances	<u>100,024</u>	<u>22,614</u>	<u>161,585</u>	<u>284,223</u>
Fund balances, beginning of year	2,027,941	172,546	195,077	2,395,564
Fund balances, end of year	<u><u>\$ 2,127,965</u></u>	<u><u>\$ 195,160</u></u>	<u><u>\$ 356,662</u></u>	<u><u>\$ 2,679,787</u></u>

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

**TOWN OF ASTATULA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net change in fund balances - total governmental funds	\$ 284,223
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 outlay expenditures	310,828
Depreciation expense	(250,770)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	52,709
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:	
Change in compensated absences liability	(75,136)
Change in net position of governmental activities	<u>\$ 321,854</u>

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

TOWN OF ASTATULA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,194,866	\$ 1,194,866	\$ 1,266,107	\$ 71,241
Licenses, permits, and fees	447,000	447,000	471,206	24,206
Intergovernmental	353,904	353,904	390,020	36,116
Charges for services	279,806	279,806	239,396	(40,410)
Fines and forfeitures	3,400	3,400	8,572	5,172
Interest revenues	107,000	107,000	128,176	21,176
Total revenues	<u>2,385,976</u>	<u>2,385,976</u>	<u>2,503,477</u>	<u>117,501</u>
Expenditures				
Current:				
General government:				
Legislative	16,800	16,800	16,821	(21)
Executive	330,793	330,793	295,981	34,812
Administration	24,200	24,200	52,832	(28,632)
Legal	45,900	45,900	72,691	(26,791)
Grants & special projects	12,600	12,600	67,423	(54,823)
Contingency and other	191,957	191,957	395	191,562
Public safety:				
Police	1,103,914	1,103,914	1,211,093	(107,179)
Code enforcement	203,892	203,892	117,434	86,458
Physical environment	222,515	222,515	279,940	(57,425)
Transportation	88,600	107,600	262,249	(154,649)
Parks and recreation	90,122	90,122	26,594	63,528
Total expenditures	<u>2,331,293</u>	<u>2,350,293</u>	<u>2,403,453</u>	<u>(53,160)</u>
Net change in fund balances	<u>54,683</u>	<u>35,683</u>	<u>100,024</u>	<u>64,341</u>
Fund balances, beginning of year	2,027,941	2,027,941	2,027,941	-
Fund balances, end of year	<u><u>\$ 2,082,624</u></u>	<u><u>\$ 2,063,624</u></u>	<u><u>\$ 2,127,965</u></u>	<u><u>\$ 64,341</u></u>

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

TOWN OF ASTATULA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - INFRASTRUCTURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 230,000	\$ 230,000	\$ 256,628	\$ 26,628
Total revenues	<u>230,000</u>	<u>230,000</u>	<u>256,628</u>	<u>26,628</u>
Expenditures				
Current:				
General government	35,526	35,526	21,599	13,927
Public safety	184,474	184,474	212,415	(27,941)
Physical environment	40,000	40,000	-	40,000
Parks and recreation	25,000	25,000	-	25,000
Total expenditures	<u>285,000</u>	<u>285,000</u>	<u>234,014</u>	<u>50,986</u>
Net change in fund balances	<u>(55,000)</u>	<u>(55,000)</u>	<u>22,614</u>	<u>77,614</u>
Fund balances, beginning of year	172,546	172,546	172,546	-
Fund balances, end of year	<u><u>\$ 117,546</u></u>	<u><u>\$ 117,546</u></u>	<u><u>\$ 195,160</u></u>	<u><u>\$ 77,614</u></u>

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

TOWN OF ASTATULA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2025

	<u>Water</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 356,350
Accounts receivable, net	29,387
Total current assets	<u>385,737</u>
Noncurrent assets:	
Capital assets, net	<u>806,736</u>
Total noncurrent assets	<u>806,736</u>
Total assets	<u><u>\$ 1,192,473</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 20,790
Customer deposits	21,150
Total liabilities	<u><u>\$ 41,940</u></u>
NET POSITION	
Net investment in capital assets	\$ 806,736
Unrestricted	<u>343,797</u>
Total net position	<u><u>\$ 1,150,533</u></u>

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

TOWN OF ASTATULA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Water</u>
Operating revenues	
Charges for services	\$ 337,360
Total operating revenues	<u>337,360</u>
Operating expenses	
Contract services	39,048
Other operating expenses	51,130
Depreciation and amortization	34,947
Total operating expenses	<u>125,125</u>
Operating income (loss)	<u>212,235</u>
Capital grants and contributions	13,876
Change in net position	<u>226,111</u>
Net position , beginning of year	924,422
Net position , end of year	<u><u>\$ 1,150,533</u></u>

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

**TOWN OF ASTATULA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Water</u>
Cash flows from operating activities	
Cash received from customers	\$ 295,575
Cash paid to suppliers	(120,598)
Net cash provided by operating activities	<u>174,977</u>
Cash flows from capital and related financing activities	
Impact fees	13,876
Acquisition of capital assets	(55,815)
Net cash provided by (used in) capital and related financing activities	<u>(41,939)</u>
Net increase in cash and cash equivalents	<u>133,038</u>
Cash and cash equivalents, beginning of year	223,312
Cash and cash equivalents, end of year	<u><u>\$ 356,350</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 212,235
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	34,947
Changes in assets and liabilities:	
Accounts receivable	(26,635)
Accounts payable and accrued liabilities	(30,420)
Deposits	(5,150)
Unearned revenue	(10,000)
Net cash provided by operating activities	<u><u>\$ 174,977</u></u>
Cash and cash equivalents classified as:	
Unrestricted	\$ 356,350
Restricted	-
Total cash and cash equivalents	<u><u>\$ 356,350</u></u>

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

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) Summary of Significant Accounting Policies:

The financial statements of the Town of Astatula, 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 municipal corporation created by the Laws of Florida, located in Lake County. The Town was created by House Bill 480 in 1927. The legislative branch of the Town is composed of an elected five-member Town Council consisting of the Mayor and four council members. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed Town Clerk.

The accompanying financial statements present the financial position and results of operations 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 and fund financial statements**—The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the Town's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds – Balance Sheet and the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

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

(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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Town reports the following major governmental funds:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town are financed through revenues received by the General Fund.

The **Infrastructure Fund** is a special revenue fund which accounts for the financial resources related to the development and maintenance of the Town's infrastructure management system.

The **Impact Fee Fund** is a special revenue fund which accounts for the financial resources related to the impact fees collected by the Town.

The Town reports the following as a major proprietary fund:

The **Water Fund** accounts for the activities of the Town's water utility system.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The Town uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. Prior to September 1st, the Town Clerk submits a preliminary budget to the Town Council for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the Town Council, as needed.
- iii. A general summary of the budget and notice of public hearing is published in a local newspaper.
- iv. Prior to October 1st, the budget is legally enacted through passage of a resolution.
- v. The Town Council, by ordinance, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Council.
- vi. The Town Clerk may make transfers within a department as long as the total budget for the department is not increased. Transfers of appropriations between departments require the approval of the Council. The Town's Ordinance establishes the level at which expenditures may not exceed appropriations at the fund level.
- vii. Every appropriation lapses at the close of the fiscal year.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

The budgets for governmental funds that were either adopted or amended during the year by the Town Council were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general and infrastructure funds have legally adopted budgets. Total expenditures in the general fund exceeded final budget by \$53,160 related to invoices received past the statutory deadline for budget amendments.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(g) **Deposits and investments**—The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value, where applicable. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. There was no allowance for uncollectible accounts as of September 30, 2025. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	7 – 40 years
Equipment	3 – 20 years
Infrastructure	7 – 40 years
Vehicles	5 – 10 years

(j) **Compensated absences**—It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and a portion of sick pay is accrued when incurred in the government-wide financial statements based on amounts that are payable at termination or expected to be used. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Town implemented the provisions of GASB Statement No. 101 in the current year.

(k) **Long-term obligations**—In the government-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. Debt issuance costs are expensed when paid.

(l) **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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (6). In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 only item in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (6).

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts the Town intends to use for a specific purpose as expressed at the highest level of decision making authority by the Town Council.

Assigned – amounts the Town intends to use for a specific purpose. Intent can be expressed by Town Council or by an official or body which the Council delegates authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For spendable resources, it is the Town’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

(n) **Property taxes**—Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount periods	November – February
No discount period	March
Delinquent date	April 1

(o) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

(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) **Deposits and Investments:**

The Town, for accounting and investment purposes, maintains noninterest-bearing banking accounts for substantially all Town funds. Additional accounts are held for various other purposes, or to segregate cash balances for amounts which are restricted or held on behalf of others. State statutes authorize the Town to invest excess funds in time deposits, or obligations of the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2025, all Town deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

All of the Town's deposits are held with public depositories and as of September 30, 2025, the Town's deposits and investments were not subject to any substantial interest rate, credit, or concentration risks.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Capital Assets:

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

<i>Governmental activities:</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 206,588	\$ -	\$ -	\$ 206,588
Construction in progress	7,500	-	-	7,500
Total assets not being depreciated	<u>214,088</u>	<u>-</u>	<u>-</u>	<u>214,088</u>
Capital assets being depreciated:				
Buildings and improvements	1,891,576	-	-	1,891,576
Equipment	1,381,664	278,211	-	1,659,875
Infrastructure	948,624	32,617	-	981,241
Total assets being depreciated	<u>4,221,864</u>	<u>310,828</u>	<u>-</u>	<u>4,532,692</u>
Less: accumulated depreciation	<u>(1,531,042)</u>	<u>(250,770)</u>	<u>-</u>	<u>(1,781,812)</u>
Total capital assets being depreciated, net	<u>2,690,822</u>	<u>60,058</u>	<u>-</u>	<u>2,750,880</u>
Governmental activities capital assets, net	<u>\$ 2,904,910</u>	<u>\$ 60,058</u>	<u>\$ -</u>	<u>\$ 2,964,968</u>
<i>Business-type activities:</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment	\$ 1,250	\$ 4,694	\$ -	\$ 5,944
Infrastructure	843,726	51,121	-	894,847
Total assets being depreciated	<u>844,976</u>	<u>55,815</u>	<u>-</u>	<u>900,791</u>
Less: accumulated depreciation	<u>(59,108)</u>	<u>(34,947)</u>	<u>-</u>	<u>(94,055)</u>
Total capital assets being depreciated, net	<u>785,868</u>	<u>20,868</u>	<u>-</u>	<u>806,736</u>
Business-type activities capital assets, net	<u>\$ 785,868</u>	<u>\$ 20,868</u>	<u>\$ -</u>	<u>\$ 806,736</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 64,507
Public safety	92,193
Transportation	25,494
Culture and recreation	13,559
Physical environment	<u>55,017</u>
Total depreciation expense - governmental activities	<u>\$ 250,770</u>

All business-type activities depreciation expense was charged to the water function.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(5) Long-Term Liabilities:

For the fiscal year ended September 30, 2025, a summary of the long-term liability transactions for the Town is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences (net change)	\$ 78,197	\$ 75,136	\$ -	\$ 153,333	\$ 38,333
Total long-term liabilities	<u>\$ 78,197</u>	<u>\$ 75,136</u>	<u>\$ -</u>	<u>\$ 153,333</u>	<u>\$ 38,333</u>

(6) Florida Retirement System:

Plan Description and Administration

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined benefit public employee retirement system which covers all of the Town's eligible employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Town are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Florida Retirement System: (Continued)

Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Florida Retirement System: (Continued)

Contributions

The Town participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2025</u>	<u>After June 30, 2025</u>
Regular Class	13.63%	14.03%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2025, actual contributions made for Town employees participating in FRS and HIS were as follows:

Town Contributions – FRS	\$ 188,333
Town Contributions – HIS	15,540
Employee Contributions – FRS	23,310

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

At September 30, 2025, the Town reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 978,939
HIS	222,861
Total	<u>\$ 1,201,800</u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and June 30, 2024, the Town's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2025</u>	<u>2024</u>
FRS	0.003154294%	0.002847171%
HIS	0.001738734%	0.001683236%

For the plan year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 152,307
HIS	17,438
Total	<u>\$ 169,745</u>

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Florida Retirement System: (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,561	\$ -	\$ 1,330	\$ (354)
Changes of assumptions	113,680	-	1,973	(53,904)
Net difference between projected and actual investment earnings	-	(163,444)	-	(185)
Change in proportionate share	172,225	(8,451)	36,479	-
Contributions subsequent to measurement date	55,603	-	4,368	-
Total	<u>\$ 446,069</u>	<u>\$ (171,895)</u>	<u>\$ 44,150</u>	<u>\$ (54,443)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2026	\$ 208,393	\$ (310)	\$ 208,083
2027	24,268	(3,856)	20,412
2028	(745)	(3,600)	(4,345)
2029	(13,345)	(3,390)	(16,735)
2030	-	(3,505)	(3,505)
Thereafter	-	-	-
	<u>\$ 218,571</u>	<u>\$ (14,661)</u>	<u>\$ 203,910</u>

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Florida Retirement System: (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.2%
Fixed income	29.0%	5.5%
Global equities	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 1,921,153	\$ 978,939	\$ 189,001
HIS	5.20%	251,312	222,861	199,000

(7) Other Post-Employment Benefits (OPEB):

Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, was issued June 2015 and was effective for the year ending September 30, 2018. The Town did not implement GASB 75 and did not record any net OPEB obligation in previous years. Therefore, there was no impact on net position in the governmental activities.

TOWN OF ASTATULA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(8) 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 for which the Town carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

(9) Commitments and Contingencies:

The Town is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2025. The outcomes of established claims are included in these financial statements. In the opinion of the Town's legal counsel, no legal proceedings are pending or threatened against the Town which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(10) 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:

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.

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.

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.

TOWN OF ASTATULA, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.003154294%	0.284717113%	0.254359000%	0.240319100%	0.002172734%	0.002392898%	0.002331442%	0.002162630%	0.002105403%	0.001927551%
Proportionate share of the net pension liability	\$ 978,939	\$ 1,101,420	\$ 1,013,540	\$ 894,180	\$ 164,125	\$ 1,037,117	\$ 802,916	\$ 651,395	\$ 622,764	\$ 486,708
Covered payroll	777,008	712,539	611,776	530,831	468,565	440,725	415,046	357,718	327,344	286,890
Proportionate share of the net pension liability as a percentage of covered payroll	125.99%	154.58%	165.67%	168.45%	35.03%	235.32%	193.45%	182.10%	190.25%	169.65%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.001738734%	0.168323611%	0.154381500%	0.145629200%	0.001323268%	0.001269588%	0.001240749%	0.001094982%	0.000943934%	0.001179170%
Proportionate share of the net pension liability	\$ 222,861	\$ 252,502	\$ 245,178	\$ 154,245	\$ 162,319	\$ 155,015	\$ 138,827	\$ 115,894	\$ 101,508	\$ 99,089
Covered payroll	777,008	712,539	611,776	530,831	468,565	440,725	415,046	357,718	327,344	286,890
Proportionate share of the net pension liability as a percentage of covered payroll	28.68%	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	31.01%	34.54%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

TOWN OF ASTATULA, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	For the Fiscal Year Ended September 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Contractually required contribution	\$ 205,913	\$ 129,893	\$ 125,133	\$ 105,315	\$ 87,480	\$ 79,505	\$ 72,292	\$ 61,633	\$ 54,809	\$ 47,006
Contributions in relation to the contractually required contribution	205,913	129,893	125,133	105,315	87,480	79,505	72,292	61,633	54,809	47,006
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 827,086	\$ 575,154	\$ 602,626	\$ 546,720	\$ 468,565	\$ 440,725	\$ 415,046	\$ 357,718	\$ 327,344	\$ 286,890
Contributions as a percentage of covered payroll	24.90%	22.58%	20.76%	19.26%	18.67%	18.04%	17.42%	17.23%	16.74%	16.38%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 16,542	\$ 11,503	\$ 10,471	\$ 9,076	\$ 7,953	\$ 7,316	\$ 6,890	\$ 5,938	\$ 5,024	\$ 4,358
Contributions in relation to the contractually required contribution	16,542	11,503	10,471	9,076	7,953	7,316	6,890	5,938	5,024	4,358
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 827,086	\$ 575,154	\$ 602,626	\$ 546,720	\$ 468,565	\$ 440,725	\$ 415,046	\$ 357,718	\$ 327,344	\$ 286,890
Contributions as a percentage of covered payroll	2.00%	2.00%	1.74%	1.66%	1.70%	1.66%	1.66%	1.66%	1.53%	1.52%

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

The Honorable Mayor and Town Council
Town of Astatula, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, and each major fund of the *Town of Astatula, Florida*, (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 7, 2026.

As discussed in Note 7 to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities has not been determined.

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 an opinion on the effectiveness of Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Astatula'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 in the letter titled Management's Response to Auditor's Comments, as listed in the table of contents. The Town'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 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.

McDiarmid Davis

Orlando, Florida
August 7, 2026

MANAGEMENT LETTER

Honorable Mayor and Town Council
Town of Astatula, Florida

Report on the Financial Statements

We have audited the financial statements of the *Town of Astatula, Florida*, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated August 7, 2026.

As discussed in Note 7 to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities has not been determined.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 7, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken on comments and recommendations from the preceding annual financial audit report, except as noted below:

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2023-24 FY Finding No.	2022-23 FY Finding No.
2025-001	2024-002	N/A

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the *Town of Astatula, Florida* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *Town of Astatula, Florida* 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 noted the following recommendation:

2025-001-Financial Reporting

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 yearend to ensure stakeholders receive accurate and timely information. This delay hampers the Town's ability to provide timely and reliable financial information for accounting and budget purposes. We recommend the Town continue to improve on the yearend financial reporting process to ensure timely completion.

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 did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

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 have 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, the Town council, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

McDiarmid Davis

Orlando, Florida
August 7, 2026



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

The Honorable Mayor and Town Council
Town of Astatula, Florida

We have examined Town of Astatula's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

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

McDermitt Davis

Orlando, Florida
August 7, 2026

MANAGEMENT'S RESPONSE

2025-001 Financial Reporting

The Town agrees with this comment and notes stability related to financial reporting was achieved during fiscal year 2026 through the hiring of a new Town Clerk and continued engagement with a CPA firm for municipal financial support services. This comment is expected to be rectified with the fiscal year 2026 audit.