CITY OF EVERGLADES
CITY, FLORIDA

SEPTEMBER 30, 2025

FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS

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Independent Auditor's Report

Honorable Mayor and City Council
City of Everglades City, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and business-type activities of the City of Everglades City, Florida, (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Required Supplementary Information, continued

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statement of revenues, expenses and changes in net position - proprietary fund - utility is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining statement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 2, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in consideration the City's internal control over financial reporting and compliance.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 2, 2026

City of Everglades City, Florida
Management's Discussion and Analysis
September 30, 2025

The discussion and analysis of the City of Everglades City's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities and deferred inflows of resources at September 30, 2025 by $20,450,877 (net position).
- The City's total net position increased by $1,187,542 from the previous year.
- As of September 30, 2025, the City's governmental fund reported ending fund balance of $1,564,303. This is a decrease of $38,081.
- The City's total long-term liabilities increased $213,093 during the current fiscal year.
- Total revenues decreased $3,261,485 in comparison to prior year
- Total expenses decreased $446,159 in comparison to prior year

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's financial statements. This report also includes other supplementary information in addition to the financial statements themselves.

The Statement of Net Position (page 9) and The Statement of Activities (page 10) provide information about the activities of the City as a whole and present a longer term view of the City's finances. The statements separate governmental from business-type activities, but both are measured and reported using the economic resources measurement focus and the full accrual basis of accounting.

The governmental fund financial statements begin on page 11. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliation on pages 12 and 14 that convert this data to an economic resources measurement focus and the accrual basis of accounting for use in the financial (GASB) statements. The Governmental Accounting Standards Board Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

THE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. For purposes of these statements, governmental activities are measured and reported using the economic resources measurement focus and the accrual basis of accounting.

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

THE FINANCIAL STATEMENTS, CONTINUED

The Statement of Net Position and the Statement of Activities, Continued

The statement of activities presents information showing how the City's net position changed during fiscal year 2024-2025. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Tthese financial statements distinguish the primary types of functions of the City as defined as:

Governmental activities - Most of the City's basic services are reported here, including public works, community development, parks, and general administration. Major revenues supporting these activities are property taxes, utility and gas taxes, charges for services, franchise fees, with lesser revenues from building permits, fees, grants, and rentals and leases.

Business-Type activities - The City operates a Sewer and Water Treatment Plant. Revenues are derived from user fees (charges for services).

Fund Financial Statements

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

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 can be found beginning on page 18.

Required Supplementary Information

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and accompanying footnotes. This information is called required supplementary information (RSI) and includes this analysis, the MD&A; budgetary comparisons; and post employment benefits (OPEB) other than pension schedules.

THE CITY AS A WHOLE

The City's combined net position as of September 30, 2025 was $20,450,877. The City's combined revenues, including contributions, grants, charges for services and taxes were $5,380,696. Total expenses, citywide were $4,193,154.

NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 1,706,138	$ 1,802,206	$ 3,165,645	$ 3,471,418	$ 4,871,783	$ 5,273,624
Capital assets	1,513,252	1,059,869	17,825,537	16,778,771	19,338,789	17,838,640
Total assets	3,219,390	2,862,075	20,991,182	20,250,189	24,210,572	23,112,264
Liabilities						
Other liabilities	34,149	54,242	341,181	595,489	375,330	649,731
Non-current liabilities	376,772	321,897	2,899,907	2,731,721	3,276,679	3,053,618
Total liabilities	410,921	376,139	3,241,088	3,327,210	3,652,009	3,703,349
Deferred inflows of resources	107,686	145,580	-	-	107,686	145,580
Total liabilities and deferred inflows of resources	518,607	521,719	3,241,088	3,327,210	3,759,695	3,848,929
Net Position:						
Net investment in capital assets	1,513,252	1,059,869	16,491,966	15,387,880	18,005,218	16,447,749
Restricted for:						
Infrastructure	3,500	181,018	654,890	946,261	658,390	1,127,279
Debt service	-	-	768,554	623,056	768,554	623,056
Unrestricted	1,184,031	1,099,469	(165,316)	(34,218)	1,018,715	1,065,251
Net position	$ 2,700,783	$ 2,340,356	$ 17,750,094	$ 16,922,979	$ 20,450,877	$ 19,263,335

The largest portion of the City's net position (88%) reflects its investment in capital assets (land, buildings, plant and equipment) less outstanding debt used to acquire those assets. The City uses those assets to provide services to citizens, consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net position is subject to external restrictions on how it may be used. The remaining balance, unrestricted net position, may be used to meet the City's ongoing obligations to citizens and creditors.

THE CITY AS A WHOLE, CONTINUED

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	$ 24,856	$ 25,597	$ 2,381,108	$ 2,147,753	$ 2,405,964	$ 2,173,350
Grants and contributions	415,142	136,606	1,129,449	4,801,672	1,544,591	4,938,278
General Revenues:						
Property taxes	877,853	746,028	-	-	877,853	746,028
Franchise fees	73,227	103,561	-	-	73,227	103,561
Utility and gas tax	141,326	136,124	-	-	141,326	136,124
Rental income	94,235	90,106	-	-	94,235	90,106
Other income	193,624	261,778	49,876	192,956	243,500	454,734
Total revenues	1,820,263	1,499,800	3,560,433	7,142,381	5,380,696	8,642,181
Expenses:						
General government	797,030	841,896	-	-	797,030	841,896
Public safety	203,867	158,917	-	-	203,867	158,917
Human services	18,329	20,880	-	-	18,329	20,880
Transportation	203,941	145,562	-	-	203,941	145,562
Culture & recreation	236,669	173,070	-	-	236,669	173,070
Water & sewer	-	-	2,733,318	3,298,988	2,733,318	3,298,988
Total expenses	1,459,836	1,340,325	2,733,318	3,298,988	4,193,154	4,639,313
Increase in net position	360,427	159,475	827,115	3,843,393	1,187,542	4,002,868
Net position - beginning	2,340,356	2,180,881	16,922,979	13,079,586	19,263,335	15,260,467
Net position - ending	$ 2,700,783	$ 2,340,356	$ 17,750,094	$ 16,922,979	$ 20,450,877	$ 19,263,335

Total Primary Government revenues decreased by $3,261,485 or 37.7% from the prior year. Total Governmental Activities increased $320,463 or 21.4%. The Business-type Activities decreased $3,581,948 or 50.2%.

Total Primary Government expenses decreased by $446,159 or 9.6% from the prior year. Total Governmental Activities increased $119,511 or 8.9%. The Business-type Activities decreased $565,670 or 17.1%.

THE CITY AS A WHOLE, CONTINUED

Capital Assets

The City's capital assets as of September 30, 2025 reflect an investment of $19,338,789 net of accumulated depreciation.

CAPITAL ASSETS AT YEAR END

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	$ 231,383	$ 231,383	$ 405,378	$ 405,378	$ 636,761	$ 636,761
Construction in progress	167,561	-	1,199,741	872,642	1,367,302	872,642
Buildings	340,363	340,363	10,186,047	9,782,113	10,526,410	10,122,476
Improvements other than buildings	1,173,189	832,560	-	5,550	1,173,189	838,110
Infrastructure	1,091,928	1,091,928	10,479,307	9,862,011	11,571,235	10,953,939
Equipment & furniture	245,483	185,823	1,650,120	1,367,434	1,895,603	1,553,257
Vehicles	23,715	75,115	60,314	48,835	84,029	123,950
Accumulated depreciation	(1,760,370)	(1,697,303)	(6,155,370)	(5,565,192)	(7,915,740)	(7,262,495)
Total capital assets	$ 1,513,252	$ 1,059,869	$ 17,825,537	$ 16,778,771	$ 19,338,789	$ 17,838,640

For additional information regarding capital assets refer to note 4 on pages 23-24.

Debt

As of September 30, 2025, the City had $748,230 in bonds payable and $2,097,712 in notes payable in the business-type activities. This is an increase of $131,190 compared to the prior year.

For additional information regarding debt refer to note 6 on pages 25-27.

Economic Outlook

The following factors were considered when next year's budget (2025-2026) was prepared:

- Property values increased by $7,775,267 or 5.92% to $139,044,987 in 2025-26 compared to 2024-25.

- The City assessed a millage rate of 6.6558. This is expected to generate $925,456 in Ad valorem tax revenue. The City's total budget is $31,810,672. The General Fund budget is $16,459,686 and the Proprietary Fund budget is $15,350,986.

BASIC
FINANCIAL STATEMENTS

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

	Primary Government		
ASSETS	Governmental	Business-Type	
Current assets:	Activities	Activities	Total
Cash & cash equivalents	$ 1,339,816	$ 2,862,417	$ 4,202,233
Cash restricted for infrastructure	3,500	-	3,500
Accounts receivable	199,095	276,516	475,611
Lease receivable	130,331	-	130,331
Prepaid expenses	33,396	26,712	60,108
Other current assets	-	-	-
Total current assets	1,706,138	3,165,645	4,871,783
Noncurrent assets:			
Capital assets:			
Land	231,383	405,378	636,761
Construction in process	167,561	1,199,741	1,367,302
Capital assets being depreciated	2,874,678	22,375,788	25,250,466
Less: accumulated depreciation	(1,760,370)	(6,155,370)	(7,915,740)
Total noncurrent assets	1,513,252	17,825,537	19,338,789
Total assets	3,219,390	20,991,182	24,210,572
LIABILITIES			
Current liabilities:			
Accounts payable	23,966	50,831	74,797
Accrued expenses	6,683	3,521	10,204
Customer security deposits	3,500	53,098	56,598
Interest payable	-	102,122	102,122
Notes payable due within one year	-	101,609	101,609
Bonds payable due within one year	-	30,000	30,000
Noncurrent liabilities:			
Notes payable due in more than one year	-	1,996,103	1,996,103
Bonds payable due in more than one year	-	718,230	718,230
Total OPEB liability	376,772	185,574	562,346
Total liabilities	410,921	3,241,088	3,652,009
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to leases	107,686	-	107,686
Total liabilities & deferred inflows of resources	518,607	3,241,088	3,759,695
NET POSITION			
Net investment in capital assets	1,513,252	16,491,966	18,005,218
Restricted for:			
Infrastructure	3,500	654,890	658,390
Debt service	-	768,554	768,554
Unrestricted	1,184,031	(165,316)	1,018,715
Total net position	$ 2,700,783	$ 17,750,094	$ 20,450,877

The accompanying notes are an integral and essential part of these financial statements.

City of Everglades City, Florida
Statement of Activities
For the fiscal year ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities						
General government	$ 797,030	$ 56	$ 247,575	$ (549,399)	$ -	$ (549,399)
Public safety	203,867	-	167,567	(36,300)	-	(36,300)
Human services	18,329	-	-	(18,329)	-	(18,329)
Transportation	203,941	14,800	-	(189,141)	-	(189,141)
Culture & recreation	236,669	10,000	-	(226,669)	-	(226,669)
Total governmental activities	1,459,836	24,856	415,142	(1,019,838)	-	(1,019,838)
Business-type activities						
Water & sewer	2,733,318	2,381,108	1,129,449	-	777,239	777,239
Total primary government	$4,193,154	$2,405,964	$ 1,544,591	$ (1,019,838)	$ 777,239	$ (242,599)

	Governmental Activities	Business-Type Activities	Total
General revenues			
Property taxes	$ 877,853	$ -	$ 877,853
Franchise fees, licenses & permits	73,227	-	73,227
Unrestricted state shared revenues	81,762	-	81,762
Gas taxes	35,474	-	35,474
Other taxes	105,852	29,690	135,542
Lease & interest revenue	42,992	-	42,992
Rental revenue	94,235	-	94,235
Donations	17,944	19,289	37,233
Settlements	42,564	-	42,564
Miscellaneous revenue	8,362	897	9,259
Total general revenues	1,380,265	49,876	1,430,141
Changes in net position	360,427	827,115	1,187,542
Net position - beginning October 1, 2024	2,340,356	16,922,979	19,263,335
Net position - ending September 30, 2025	$ 2,700,783	$17,750,094	$20,450,877

The accompanying notes are an integral and essential part of these financial statements.

City of Everglades City, Florida
Balance Sheet - Governmental Fund
September 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	$ 1,339,816
Cash restricted for infrastructure	3,500
Lease receivable	130,331
Accounts receivable	199,095
Prepaid expenses	33,396
Total assets	$ 1,706,138
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE	
LIABILITIES	
Accounts payable	$ 23,966
Accrued expenses	6,683
Deposits	3,500
Total liabilities	34,149
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to leases	107,686
Total deferred inflows of resources	107,686
FUND BALANCE	
Nonspendable	33,396
Restricted	3,500
Unassigned	1,527,407
Total fund balances	1,564,303
Total liabilities, deferred inflows of resources & fund balances	$ 1,706,138

The accompanying notes are an integral and essential part of these financial statements.

City of Everglades City, Florida
Reconciliation of the Governmental Balance Sheet To the Statement of Net Position
September 30, 2025

Total governmental fund balance		$ 1,564,303
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 are therefore not reported on the balance sheet:		
Capital assets not being depreciated:		
Land		231,383
Construction in progress		167,561
Capital assets being depreciated:		
Building, Improvements, Infrastructures, Equipment, and Vehicles	$ 2,874,678	
Less: Accumulated Depreciation	(1,760,370)	1,114,308
Long-term liabilities are not due and payable in the current period and are therefore not reported on the balance sheet:		
Other post-employment benefits	(376,772)	(376,772)
Net Position		$ 2,700,783

The accompanying notes are an integral and essential part of these financial statements.

City of Everglades City, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the fiscal year ended September 30, 2025

	General Fund
REVENUES	
Taxes	$ 1,100,941
Intergovernmental	415,142
Franchise fees, licenses, & permits	73,227
Donations	17,944
Rental	94,235
Lease & interest	42,992
Other revenues	75,782
Total revenues	1,820,263
EXPENDITURES	
Current	
Personal services	512,818
Operating expenditures	772,298
Capital outlay	573,228
Total expenditures	1,858,344
Net change in fund balance	(38,081)
Fund balance - October 1, 2024	1,602,384
Fund balance - September 30, 2025	$ 1,564,303

The accompanying notes are an integral and essential part of these financial statements.

City of Everglades City, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the fiscal year ended September 30, 2025

Net change in fund balance for governmental funds		$ (38,081)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, gains and losses on the disposition of capital assets are recorded on the statement of activities but not in the statement of revenues expenditures and changes in fund balance.		
Capital outlay expenditure	$ 573,228	
Loss on sale of assets	(7,914)	
Depreciation expense	(111,931)	453,383
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.		
Increase in OPEB expense		(54,875)
Change in net position of governmental activities		$ 360,427

The accompanying notes are an integral and essential part of these financial statements.

City of Everglades City, Florida
Statement of Net Position - Proprietary Fund - Utility
September 30, 2025

	Business-Type Activities
ASSETS	
Current Assets	
Cash and cash equivalents	$ 2,862,417
Accounts receivable	276,516
Prepaid expenses	26,712
Total current Assets	3,165,645
Noncurrent/capital assets	
Land	405,378
Construction in progress	1,199,741
Buildings	10,186,047
Improvements other than buildings	-
Infrastructure/utility system	10,479,307
Machinery & equipment	1,650,120
Vehicles	60,314
Less: accumulated depreciation	(6,155,370)
Total noncurrent assets	17,825,537
Total assets	20,991,182
LIABILITIES & NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	50,831
Accrued expenses	3,521
Interest & loan fees payable	102,122
Customer security deposits	53,098
Current portion of notes payable	101,609
Current portion of bonds payable	30,000
Total current liabilities	341,181
Noncurrent liabilities	
Long term portion of notes payable	1,996,103
Long term portion of bonds payable	718,230
Total OPEB liability	185,574
Total noncurrent liabilities	2,899,907
Total liabilities	3,241,088
NET POSITION	
Net investment in capital assets	16,491,966
Restricted for:	
Infrastructure	654,890
Debt service	768,554
Unrestricted	(165,316)
Total net position	$ 17,750,094

The accompanying notes are an integral and essential part of these financial statements.

City of Everglades City, Florida
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund - Utility
For the fiscal year ended September 30, 2025

	Business-Type Activities
OPERATING REVENUES	
Charges for services	$ 2,381,108
Total operating revenue	2,381,108
OPERATING EXPENSES	
Personal services	375,200
Insurance	102,315
Contractual services	453,715
Materials & supplies	501,068
Depreciation	590,502
Utilities	92,545
Repairs & maintenance	422,424
Total operating expenses	2,537,769
Operating income (loss)	(156,661)
NON-OPERATING REVENUES (EXPENSES)	
Interest revenue	897
Donations	19,289
Intergovernmental grants	1,129,449
Impact fee revenue	21,090
Settlement	8,600
Loss on disposal of capital assets	(5,226)
Interest expense	(190,323)
Total non-operating revenues	983,776
CHANGE IN NET POSITION	827,115
NET POSITION - BEGINNING OF THE YEAR	16,922,979
NET POSITION - END OF THE YEAR	$ 17,750,094

City of Everglades City, Florida
Statement of Cash Flows - Proprietary Fund - Utility
For the fiscal year ended September 30, 2025

	Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers & agencies	$ 2,796,281
Cash payments to suppliers for goods & services	(1,815,234)
Cash payments to employees for services	(348,172)
Customer deposits received	364
Net cash provided by operating activities	633,239
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from intergovernmental agencies	1,129,449
Cash received from other sources	48,979
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of capital assets	(1,642,494)
Principal paid on debt	(123,328)
Interest & fiscal charges paid	(190,323)
Proceeds from loan	254,518
Net cash used in noncapital & capital financing activities	(523,199)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	897
Net cash provided by investing activities	897
NET INCREASE IN CASH & CASH EQUIVALENTS	110,937
CASH & CASH EQUIVALENTS, OCTOBER 1, 2024	2,751,480
CASH & CASH EQUIVALENTS, SEPTEMBER 30, 2025	$ 2,862,417

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating income (loss)	$ (156,661)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	590,502
Decrease in accounts receivable	415,173
Decrease in prepaid expenses	1,537
Decrease in other current assets	-
Decrease in accounts payable	(341,675)
Increase in accrued expenses	20
Increase in interest and loan fees payable	96,951
Increase in customer deposits	364
Change in OPEB liability	27,028
Net cash provided by operating activities:	$ 633,239

The accompanying notes are an integral and essential part of these financial statements.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2025

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Everglades City, Florida (the "City"), was incorporated as the Town of Everglades in 1923 pursuant to Chapter 9751 Laws of Florida. The Charter of the Town of Everglades was abolished in 1953 and replaced by Chapter 29068 Laws of Florida, Acts of 1953 creating the City of Everglades City. The City is governed by an elected Mayor and an elected five-member City Council, and provides the following services: recreation, public safety, streets and roads, planning and zoning, water and sewer services and general and administrative services.

Governmental Accounting Standards Board (GASB) Statement No. 14, Financial Reporting Entity , requires the financial statements of the City (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, there are no component units required to be included in the City's financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. Governmental activities, which are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees, charges for services, and grant funds. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 City 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 and claims and judgments, are recorded only when payment is due.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Property taxes, franchise fees, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Major Funds

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary utility fund is charges to customers for services. Operating expenses 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 non-operating revenues and expenses. Series 2002 $1,148,230 Revenue Bond debt service is included in the proprietary fund and used to account for the accumulation of resources for, and the payment of, the principal and interest on bond.

Net Position

Net position of the government-wide financial statements are categorized as follows:

Net investment in capital assets	Capital assets net of accumulated depreciation and reduced by the outstanding balance of the loan payable that is attributable to the acquisition, construction or improvement of capital assets.
Restricted	Restricted net position has constraints placed on the uses of resources by state statute, City land development code, debt covenants and contributors.
Unrestricted	Net position that has not been reported in any other category.

Accounts Receivable

No allowance for losses on uncollectible accounts has been recorded since the City considers all amounts to be fully collectible.

Capital Assets

Capital assets, which include land, construction in progress, property, plant, equipment and infrastructure assets (i.e., roads, bridges, sidewalks and similar items), are reported in the applicable column in the government-wide financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, Continued

Capital assets are defined by the City as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects after constructed. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Asset	Years
Building	15 - 40
Improvements other than buildings	15 - 30
Infrastructure	25 - 50
Machinery, equipment & vehicles	5 - 40

Long-term Obligations

Long-term obligations consist of revenue bonds and notes payable reported in the proprietary fund. These obligations are reported as liabilities in the proprietary fund statement of net position. Interest accrued on long-term obligations is amortized over the applicable period.

Fund Balances

The governmental fund financial statements fund balance is reported in five classifications.

Nonspendable	Prepaid expenses represent fund balance amounts that are not in spendable form.
Restricted	Restricted fund balances have constraints placed on the uses of resources by state statute, City land development code, debt covenants and contributors.
Committed	Committed fund balances are classified as such as a result of City Council taking formal action and adopting an ordinance which can only be modified or rescinded by subsequent formal action. An ordinance is the City's highest level of decision-making authority. The City does not have any committed fund balance.
Assigned	Assigned fund balances are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City approves the disaster and operating reserves during the adoption of the City's budget.
Unassigned	Fund balance that has not been reported in any other classification.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balances, Continued

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the City to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

The following procedures are used by the City in establishing the budgetary data reflected in the non-GAAP City-wide budget vs. actual schedule. The City prepares its budget at the entity wide level which combines both the general and business-type funds.

1. During the summer, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance required by City Charter and a resolution required by the State of Florida.
4. Budget amounts, as shown in the budget vs. actual schedule are as originally adopted, and/or as amended, if applicable, by the City Council.
5. The level of control for appropriations is exercised at the functional level.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is, at present, not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

NOTE 2 - CASH AND CASH EQUIVALENTS

At September 30, 2025, the carrying amount of the City's deposits was $4,205,733 and the bank balance was $4,243,447. These deposits were entirely covered by Federal Deposit Insurance or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280).

Florida Statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, obligations of the U.S. Government and governmental agencies unconditionally guaranteed by the U.S. Government. The City's investment policy permits the investment in investment savings accounts and certificates of deposit with state-certified, qualified public depositories. The City held no investments at year-end or any other time during the fiscal year.

The restricted asset of the general fund was comprised of cash restricted for infrastructure. The cash balance at September 30, 2025 was $3,500.

NOTE 3 - PROPERTY TAXES

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Collier County, Florida, Tax Collector's Office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services and general obligation debt service for the fiscal year ended September 30, 2025 was $6.9333 per $1,000 of assessed property value. Property tax revenue is recognized currently in the fiscal year for which the taxes are levied. Unpaid taxes become delinquent and a lien is placed on the property. The past due tax certificates are sold at public auction and the proceeds thus collected are remitted to the City.

July 1	Assessment roll validated
September 30	Millage ordinance approved and taxes levied following certification of assessment roll
October 1	Beginning of fiscal year for which tax is to be levied
November 1	Tax bills rendered and due
November 1 - March 1	Property taxes due with various discounts
April 1	Taxes delinquent
May 31	Tax certificates sold by Collier County

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in general capital assets follows:

Governmental Activities:	Balance Oct. 1, 2024	Additions	Deletions	Balance Sept. 30, 2025
Capital assets not being depreciated:				
Land	$ 231,383	$ -	$ -	$ 231,383
Construction in progress	-	167,561	-	167,561
Total capital assets not being depreciated:	231,383	167,561	-	398,944
Capital assets being depreciated:				
Buildings	340,363	-	-	340,363
Improvements other than buildings	832,560	346,007	(5,378)	1,173,189
Infrastructure	1,091,928	-	-	1,091,928
Equipment & furniture	185,823	59,660	-	245,483
Vehicles	75,115	-	(51,400)	23,715
Total capital assets being depreciated:	2,525,789	405,667	(56,778)	2,874,678
Less: Accumulated depreciation				
Buildings	(340,360)	-	-	(340,360)
Improvements other than buildings	(346,393)	(56,070)	1,434	(401,029)
Infrastructure	(846,243)	(27,298)	-	(873,541)
Equipment & furniture	(106,917)	(24,560)	-	(131,477)
Vehicles	(57,390)	(4,003)	47,430	(13,963)
Total accumulated depreciation	(1,697,303)	(111,931)	48,864	(1,760,370)
Total capital assets being depreciated, net	828,486	293,736	(7,914)	1,114,308
Capital Assets, Net	$ 1,059,869	$ 461,297	$ (7,914)	$ 1,513,252

NOTE 4 - CHANGES IN CAPITAL ASSETS, CONTINUED

Business-Type Activities	Balance Oct. 1, 2024	Additions	Deletions	Adjustments	Balance Sept. 30, 2025
Capital assets not being depreciated:					
Land	$ 405,378	$ -	$ -	$ -	$ 405,378
Construction in progress	872,642	1,299,368	-	(972,269)	1,199,741
Total capital assets not being depreciated:	1,278,020	1,299,368	-	(972,269)	1,605,119
Capital assets being depreciated:					
Buildings	9,782,113	24,950	-	378,984	10,186,047
Improvements other than buildings	5,550	-	(5,550)	-	-
Infrastructure	9,862,011	24,011	-	593,285	10,479,307
Equipment & furniture	1,367,434	282,686	-	-	1,650,120
Vehicles	48,835	11,479	-	-	60,314
Total capital assets being depreciated:	21,065,943	343,126	(5,550)	972,269	22,375,788
Less: Accumulated depreciation					
Buildings	(69,732)	(197,452)	-	-	(267,184)
Infrastructure	(4,462,934)	(312,278)	324	-	(4,774,888)
Equipment & furniture	(1,021,862)	(73,386)	-	-	(1,095,248)
Vehicles	(10,664)	(7,386)	-	-	(18,050)
Total accumulated depreciation	(5,565,192)	(590,502)	324	-	(6,155,370)
Total capital assets being depreciated, net	15,500,751	(247,376)	(5,226)	972,269	16,220,418
Capital Assets, Net	$ 16,778,771	$ 1,051,992	$ (5,226)	$ -	$ 17,825,537

Depreciation expense was charged to programs of the City as follows:

	Amount
Governmental activities	
General government	$ 12,615
Culture & recreation	35,668
Transportation	63,648
Total depreciation expense	$ 111,931
Business-type activities:	
Water	$ 171,832
Sewer	418,670
Total depreciation expense	$ 590,502

NOTE 5 - RENTAL AGREEMENTS

The City is the lessor of approximately 80 marina boat dock slips and excess office and recreation space under short term lease agreements. The lease agreements expire every six months. Total revenue generated from property rentals for the year ended September 30, 2025 was $94,235.

NOTE 6 - LONG TERM DEBT

Changes in bond indebtedness and notes payable of the City for the year ended September 30, 2025 are summarized below:

	Governmental Activities	Business-Type Activities			
	OPEB Payable	OPEB Payable	Revenue Bonds	Notes Payable	Total
Debt payable at October 1, 2024	$ 321,897	$ 158,546	$ 777,230	$ 1,937,522	$ 3,195,195
Debt issued	-	-	-	254,518	254,518
Debt retired	-	-	(29,000)	(94,328)	(123,328)
Additions	54,875	27,028	-	-	81,903
Deductions	-	-	-	-	-
September 30, 2025	$ 376,772	$ 185,574	$ 748,230	$ 2,097,712	$ 3,408,288
Short term portion	$ -	$ -	$ 30,000	$ 101,609	

Revenue Bonds

$1,148,230 Water and Sewer Revenue Bonds, Series 2002, interest payable at 4.625%, due annually on January 1, principal amounts varying through 2042, collateralized by a lien on gross revenues derived from the municipal water and sewer system and a portion of the City's share of State revenue sharing trust funds.	$ 748,230
Total Business-Type Revenue Bonds	$ 748,230

The related bond resolutions established certain accounts and determined the order in which revenue is to be deposited into those accounts. The purpose of the accounts, in order of priority of revenue transfers, is as follows:

Sinking Fund Account - Deposit monthly amounts necessary to fund the principal and interest coming due each year in January.

Reserve Account - Deposit monthly and maintain sufficient amounts in the Reserve Fund such that at all times the balance will be no less than an amount equal to the maximum stated reserve requirement.

Remaining Monies - Any monies remaining, after the transfers to the previously mentioned accounts, may be used by the City in any manner provided by law.

NOTE 6 - LONG TERM DEBT, CONTINUED

Notes Payable

$614,293, decreased to $589,116 in September 2015, loan from the Florida Department of Environmental Protection in conjunction with a grant in the amount of $2,617,079 of which $2,027,963 is structured as debt forgiveness, excluding capitalized interest and loan service fees. These funds are to be utilized for the final design of the well field and water plant improvements, permitting and conversion of two exploratory drinking water wells into production wells, including instrumentation and controls, the construction of well pumps and pipeline to connect the new wells with the existing water treatment plant. An amendment to the original loan agreement was effective in fiscal years 2012, 2014 and 2015.	$ 394,869
$161,706 loan from the Florida Department of Environmental Protection in April 2016 in conjunction with a grant in the amount of $338,294. These funds are to be utilized for the construction of the wastewater plant.	150,343
$120,233, loan from the Florida Department of Environmental Protection reduced from $601,166 in March 2016 in conjunction with a grant in the amount of $142,326, reduced to $44,957 in September 2015. These funds are to be utilized for the construction of the wastewater collection, transmission and treatment facility. An amendment to the original loan agreement was effective in fiscal year 2016.	40,129
$1,358,147, State Revolving Fund loan from the Florida Department of Environmental Protection was obtained in connection with a $4,728,768 grant for construction of the wastewater collection, transmission, and treatment facility. The loan was authorized for up to $1,182,192 in February 2023, with an additional $1,050,000 authorized in October 2023, of which $1,368,338 had been drawn. The loan bears interest at a fixed rate of 0.69% and requires semiannual payments of $27,536 including principal and interest, beginning September 15, 2025.	1,368,338
$507,300, settlement payable, to Veolia Water North America-South, LLC on November 5, 2019, for services rendered in 2017. Monthly payments of $5,950.41 for eight years at 3.00% interest.	144,033
Total Business-Type Notes Payable	$ 2,097,712

NOTE 6 - LONG TERM DEBT, CONTINUED

The annual requirements to amortize all debts outstanding as of September 30, 2025 are as follows:

	Business-Type Activities			
Year Ending	Revenue Bonds		Notes Payable	
September 30,	Principal	Interest	Principal	Interest
2026	$ 30,000	$ 34,606	$ 101,609	$ 25,919
2027	32,000	33,218	105,226	23,169
2028	33,000	31,738	62,926	21,159
2029	35,000	30,212	77,076	20,216
2030	36,000	28,593	78,135	19,204
2031-2035	207,000	116,279	407,273	80,171
2036-2040	258,000	63,832	419,163	52,282
2041-2045	117,230	8,161	340,738	25,264
2046-2050	-	-	261,962	13,401
2051-2055	-	-	243,604	4,221
Total	$ 748,230	$ 346,639	$ 2,097,712	$ 285,006

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS

The City's Other Post Employment Benefit Plan (Plan) is a single-employer defined benefit plan that covers eligible retired employees of the City. The Plan, which is administered by the City, and required by Florida Statute 112.0801, Group insurance; participation by retired employees, allows employees who retire and meet retirement eligibility requirements, spouses, and dependents to continue medical insurance coverage as a participant in the City's plan. The City allows retirees who retire and meet retirement eligibility requirements, spouses, and dependents to continue pharmacy, dental and/or vision insurance as well. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust, as no assets are accumulated. The contributions, if any, made to the program are assumed to be the benefits paid to retirees and administrative expenses.

GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in financial statements prepared using the economic resources measurement focus and accrual basis of accounting. For the City, this information, including OPEB expense of $81,903 is included in the government-wide financial statements. There were no OPEB expenditures recognized in the fund financial statements under the modified accrual method for the year ended September 30, 2025.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Employees Covered by Benefit Terms:
At October 1, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	-
Inactive Plan Members Covered Spouses	-
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Plan Active Members	6
Total	6

Benefits Provided:
All retirees may elect coverage in the health, pharmacy, dental and/or vision plans offered by the City. They must contribute 100% of the active premium rates. Spouse and dependent coverage is available as well at the active premium rates.

The City's total OPEB liability was calculated using the Alternative Measurement Method (AMM) permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members.

The Alternative Measurement Method involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that the determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

Total OPEB Liability
The measurement date is September 30, 2025.
The measurement period for the OPEB expense was October 1, 2024 to September 30, 2025.
The reporting period is October 1, 2024 through September 30, 2025.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2023 using the following actuarial assumptions:

Age Adjustment Factor	0.8017414
Average Retirement Age	65
Employer Future Premium Contribution	Remain a level % of the total cost over time
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Discount Rate	4.90%
Projected Salary Increases	3.16%
Amortization Period	20
Percentage Participation	100%
Total OPEB Liability and Annually Determined Contribution	Calculated using the AMM in accordance with GASB methodolog
Mortality Table	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
Turnover Assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement
Payroll Growth Assumption Source	The average annual percentage change in the Consumer Price Index - Urban Wage Earners and Clerical Workers CPI-W from 2016 to 2024.
Healthcare Cost Trend Source	Consistent with the Getzen Model promulgated by the Society of Actuaries for use in long-term trend projection.
Discount Rate	Given the City's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 4.90%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.
Eligibility	65 is the minimum age before retirement (termination) with minimum of 8 required years of service. Benefit pays secondary to Medicare for both early (pre-65) and regular retirees (65 and over).

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Changes in Total OPEB Liability

Reporting Period Ending September 30, 2024	$ 480,443
Changes for the year:	
Service cost	44,963
Interest	20,018
Economic/Demographic Gains or (Losses)	98,154
Changes of Assumptions or Inputs	(81,232)
Net Changes	81,903
Reporting Period Ending September 30, 2025	$ 562,346

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:

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

	1% Decrease 3.90%	Current Discount Rate 4.90%	1% Increase 5.90%
Total OPEB Liability	$ 636,208	$ 562,346	$ 501,012

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$ 486,649	$ 562,346	$ 653,552

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City will recognize OPEB expense of $81,903. On September 30, 2025, the City did not report Deferred Outflows of Resources or Deferred Inflows of Resources related to OPEB, in accordance with the AMM GASB methodology.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The City is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency and which may result in disallowed expenditures/expense amounts. These amounts, if any, constitute a contingent liability of the City. Accordingly, such liabilities are not reflected within the general-purpose financial statements. The City does not believe the effects of grant-related contingent liabilities, if any, will be material to the financial statements.

The Florida Department of Environmental Protection (DEP) filed a civil lawsuit naming the City as the defendant on November 24, 2015 for negligence related to the Wastewater and Drinking Water Condition of the City, State of Florida Department of Environmental Protection v. Everglades City Case Number 11-2015-CA-002134-0001-XX. On January 21, 2016, a clerk's default was entered against the City. The amended complaint, filed February 17, 2017 asserts the following counts and related penalties, fines and costs: Count One- Petition for Enforcement of Consent Order, fines of up to $1,000 per day since June 3, 2013; Count Two-Operating without a Permit, fines of up to $10,000 per day since July 5, 2015; Count Three- Drinking Water Violations, fines of up to $10,000 per day since December 5, 2014; and Count Four- Wastewater Violations, fines of up to $10,000 per day since April 1, 2016; attorney's fees, department costs, and investigative costs. On April 28, 2017, the DEP moved for a default judgment against the City. The City answered on June 28, 2017; however, the Court entered a clerk's default. The City, along with the DEP filed a joint motion to set aside the default and, on August 17, 2017, the Court granted an Order setting aside judicial default. The City settled with the DEP and entered into a Consent Final Judgment on July 25, 2018.

Since reaching an agreement with the DEP, the City has violated the Consent Final Judgment, as indicated by the DEP; a notice of failure was provided to the City on September 30, 2019; however, no additional action has been taken by the DEP. The potential liability to the City, which includes fines, attorney's fees, department costs, and investigative costs can not be reasonably estimated, but is probable. The City does not anticipate a resolution to the case in the near future. Settlement of this matter at some point is highly likely.

NOTE 9 - RISK MANAGEMENT

The City participates in the Florida Municipal Insurance Trust Fund, a program sponsored and administered by the Florida League of Cities. It provides the following types of insurance: General Liability, Automobile, Property and Workers' Compensation. The Florida Municipal Insurance Trust (FMIT) represents a large number of cities and government agencies in the formation of a "self-insurance" pool for both general liability and workers' compensation protection.

NOTE 10 - LEASE RECEIVABLE

The City is a lessor for noncancellable leases of land and a commercial dock.

Effective as of October 1, 2021, the City entered into a ten year lease as a Lessor for the use of a dock. An initial lease receivable was recorded in the amount of $143,508. As of September 30, 2025, the value of the lease receivable is $105,947. The lessee is required to make semi-annual payments of $6,000 with an annual increase of $1,200 in rent payments. The lease has an interest rate of 3.419%. The value of the deferred inflow of resources as of September 30, 2025 was $86,105, and the City recognized lease revenue of $18,274 during the fiscal year.

Effective as of October 1, 2021, the City entered into a 59 month lease as a Lessor for the use of a tower. An initial lease receivable was recorded in the amount of $117,714. As of September 30, 2025, the value of the lease receivable is $24,383. The lessee is required to make monthly payments of $2,000 with an annual 3% increase in rent payments. The lease has an interest rate of 0.515%. The value of the deferred inflow of resources as of September 30, 2025 was $21,581, and the City recognized lease revenue of $24,719 during the fiscal year.

NOTE 11 - HURRICANE IRMA

On September 10, 2017, Hurricane Irma made landfall in the City of Everglades City. As a result of this event, the City suffered damages to various buildings and infrastructure. Total insurance claims for the City were $2.442 million for Hurricane related damages to real and personal property. The City is responsible for a deductible of $213,075. The City paid $73,075 in deductible costs in fiscal year 2018 and the remaining $140,000 in fiscal year 2019. In addition to the harm to City owned property, many citizens had extensive damages to their residential and commercial properties. The cost of the cleanup effort is partially reimbursable by the Federal Emergency Management Agency (FEMA) and the State of Florida Department of Emergency Management (FDEM). The amount of total cost of the clean up and repair effort was $1,791,443. The process of applying for and receiving reimbursement will continue into 2026. As of September 30, 2025, the City has received $1,277,537 from FEMA and $90,951 from FDEM and expects to receive the remaining obligated funds by September 30, 2026. The City is responsible for 2.18% in matching funds in the amount of $39,044. The City expended $219,207 in costs related to Hurricane Irma repairs for the year ended September 30, 2025

NOTE 12 - HURRICANE IAN

On September 28, 2022, Hurricane Ian made landfall along the Southwest Coast of Florida. Everglades City was impacted by this storm with 6-7 feet of storm surge. The City sustained damages to City properties, and infrastructure including the Fire Station, Community Center, City Hall, McLeod Park, Wastewater Treatment Facility and roads. In addition to the harm to City owned property, many citizens had extensive damages to their residential and commercial properties. The cost of the cleanup effort is partially reimbursable by the Federal Emergency Management Agency (FEMA) and the State of Florida Department of Emergency Management (FDEM). In December 2022, the City hired Tetra Tech, Inc to provide recovery consulting support for this storm. The City worked with FEMA and Tetra Tech Inc. to obligate projects for the identified damage inventory. FEMA has obligated $706,245 for 13 projects. As of September 30, 2025, the City has received $367,275 from FEMA and $17,579 from FDEM and expects to receive the remaining obligated funds by September 30, 2026. The City incurred $9,938 in costs related to Hurricane Ian repairs for the year ended September 30, 2025.

NOTE 13 - HURRICANE MILTON

On October 9, 2024, Hurricane Milton passed off the coast of Southwest Florida. Everglades City was impacted by this storm with 3-4 feet of storm surge. The City sustained damages to City properties, and infrastructure including the Fire Station, McLeod Park, Wastewater Collection System and roads. In addition to the harm to City owned property, many citizens had extensive damages to their residential and commercial properties. The cost of the cleanup effort is partially reimbursable by the Federal Emergency Management Agency (FEMA) and the State of Florida Department of Emergency Management (FDEM). In November 2024, the City hired Tetra Tech, Inc to provide recovery consulting support for this storm. The City worked with FEMA and Tetra Tech Inc. to obligate projects for the identified damage inventory. FEMA has obligated $341,398 for 6 projects. As of September 30, 2025, the City has received $209,645 from FEMA and $25,502 from FDEM and expects to receive the remaining obligated funds by September 30, 2026. The City incurred $51,956 in costs related to Hurricane Milton repairs for the year ended September 30, 2025.

NOTE 14 - SUBSEQUENT EVENTS

Pursuant to the provisions set forth in GASB Statement No. 56, "Subsequent Events," management has considered subsequent events through June 2, 2026, which is the date that the financial statements were available to be issued and determined that there were no events to report.

REQUIRED SUPPLEMENTARY INFORMATION

City of Everglades City, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
For the fiscal year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 910,093	$ 877,853	$ 877,853	$ -
Franchise fees	45,000	42,458	42,458	-
Gas tax	36,574	35,474	35,474	-
Local business tax	3,250	2,590	2,590	-
State communications service tax	17,234	17,249	17,249	-
Utility tax	86,500	103,262	103,262	-
Licenses and permits	7,000	6,600	6,600	-
Intergovernmental revenues	13,296,649	503,825	503,825	-
Charges for services	24,680	24,856	24,856	-
Miscellaneous	122,505	206,096	206,096	-
Total revenues	14,549,485	1,820,263	1,820,263	-
EXPENDITURES				
Current				
General government	792,387	647,310	622,310	25,000
Public Safety	238,125	213,867	203,867	10,000
Human services	32,148	32,148	18,329	13,819
Transportation	212,909	212,909	203,941	8,968
Culture & recreation	213,594	246,669	236,669	10,000
Capital	13,319,593	593,228	573,228	20,000
Total expenditures	14,808,756	1,946,131	1,858,344	87,787
Net change in fund balance	(259,271)	(125,868)	(38,081)	87,787
Fund balance - October 1, 2024	1,602,384	1,602,384	1,602,384	-
Fund balance - September 30, 2025	$ 1,343,113	$ 1,476,516	$ 1,564,303	$ 87,787

City of Everglades City, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Proprietary Fund, Non-GAAP
For the fiscal year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES				
Utility service tax	$ 84,000	$ 85,909	$ 85,909	$ -
Licenses and permits	-	21,090	21,090	-
Intergovernmental revenue	10,450,159	1,129,449	1,129,449	-
Charges for services	2,241,885	2,295,199	2,295,199	-
Miscellaneous revenues	30	28,786	28,786	-
Total revenues	12,776,074	3,560,433	3,560,433	-
EXPENDITURES				
Current				
General government	60,500	10,467	465	10,002
Physical environment	1,531,414	1,944,774	1,919,774	25,000
Debt service	265,751	215,323	190,323	25,000
Capital expenditures	10,937,829	1,672,494	1,642,494	30,000
Total expenditures	12,795,494	3,843,058	3,753,056	90,002
Net change in fund balance	$ (19,420)	$ (282,625)	(192,623)	$ (90,002)
GAAP Reconciliation:				
Less: Capital expenditures			1,642,494	
Loss on disposal of capital assets			(5,226)	
Depreciation			(590,502)	
OPEB expense			(27,028)	
Excess of revenues over expenditures			827,115	
Beginning net position			16,922,979	
Ending net position			$ 17,750,094	

City of Everglades City, Florida
Schedule of Changes in Total OPEB Liability and Related Ratios

For the last seven fiscal years ended September 30,

Total OPEB Liability Change

Measurement Date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Service cost	$ 44,963	$ 13,822	$ -	$ 4,826	$ 3,226
Interest	20,018	9,522	2,179	2,798	1,481
Changes of assumptions	(81,232)	17,536	40,490	(42,658)	(196)
Economic/demographic changes	98,154	220,577	40,370	51,995	51,897
Net Change in Total OPEB Liability	81,903	261,457	83,039	16,961	56,408
Total OPEB Liability - Beginning	480,443	218,986	135,947	118,986	62,578
Total OPEB Liability - Ending	$ 562,346	$ 480,443	$ 218,986	$ 135,947	$ 118,986
Covered employee payroll	$ 561,761	$ 532,454	$ 529,111	$ 478,328	$ 412,224
Total OPEB liability as a percentage of covered employee payroll	100.10%	90.23%	41.39%	28.42%	28.86%

Measurement Date	9/30/2020	9/30/2019	9/30/2018
Service cost	$ 14,376	$ 8,061	$ 6,227
Interest	9,606	8,148	4,740
Changes of assumptions	3,607	79,812	(18,808)
Economic/demographic changes	(311,771)	63,878	70,360
Net Change in Total OPEB Liability	(284,182)	159,899	62,519
Total OPEB Liability - Beginning	346,760	186,861	124,342
Total OPEB Liability - Ending	$ 62,578	$ 346,760	$ 186,861
Covered employee payroll	$ 359,839	$ 332,531	$ 408,273
Total OPEB liability as a percentage of covered employee payroll	17.39%	104.28%	45.77%

City of Everglades City, Florida
Combining Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund - Utility
For the fiscal year ended September 30, 2025

	Water	Sewer	Total Proprietary Fund
OPERATING REVENUES			
Charges for services	$ 1,258,889	$ 1,122,219	$ 2,381,108
Total operating revenue	1,258,889	1,122,219	2,381,108
OPERATING EXPENSES			
Personal services	225,445	149,755	375,200
Insurance	78,893	23,422	102,315
Contractual services	160,362	293,353	453,715
Materials and supplies	167,421	333,647	501,068
Depreciation	171,831	418,671	590,502
Utilities	47,980	44,565	92,545
Repairs and maintenance	242,906	179,518	422,424
Total operating expenses	1,094,838	1,442,931	2,537,769
Operating income	164,051	(320,712)	(156,661)
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	429	468	897
Donations	19,289	-	19,289
Intergovernmental grants	5,967	1,123,482	1,129,449
Impact fee revenue	10,260	10,830	21,090
Settlement	8,600	-	8,600
Loss on disposal of capital assets	(5,226)	-	(5,226)
Interest expense	(12,412)	(177,911)	(190,323)
Total non-operating revenues (expenses)	26,907	956,869	983,776
Change in net position	190,958	636,157	827,115
Net position, beginning October 1, 2024	6,057,350	10,865,629	16,922,979
Net position, ending September 30, 2025	$ 6,248,308	$ 11,501,786	$ 17,750,094

The accompanying notes are an integral and essential part of these financial statements.

ASHLEY & BROWN SMITH
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and City Council
City of Everglades City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities of the City of Everglades City, Florida (the "City") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 2, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* .

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 2, 2026

ASHLEY & BROWN SMITH
CERTIFIED PUBLIC ACCOUNTANTS

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Management Letter

Honorable Mayor and City Council
City of Everglades City, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Everglades City, Florida (the "City"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 2, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 2, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City had no component units as of September 30, 2025.

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City'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 that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 2, 2026

ASHLEY & BROWN SMITH
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Examination Report

Honorable Mayor and City Council
City of Everglades City, Florida

We have examined the City of Everglades City, Florida's (the "City's") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025.

Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

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

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 2, 2026