TOWN OF HOWEY-IN-THE-HILLS, FLORIDA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

MAYOR AND TOWN COUNCIL
As of Financial Statement Date

Graham Wells
Mayor

Tim Everline
Mayor Pro Tem

David Miles
Councilor

Reneé Lannaman
Councilor

Jon Arnold
Councilor

APPOINTED OFFICIALS

Town Manager
Sean O'Keefe

Town Clerk
John Brock

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council,
Town of Howey-in-the-Hills, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Howey-in-the-Hills, 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 as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, 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 Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Town's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
June 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of Howey-in-the-Hills, Florida (the Town) offers the readers of these basic financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2025. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The Town encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section.

Financial Highlights

- The total assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$11,498,619 (net position). Of this amount, \$1,308,265 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net position increased by \$661,562 in fiscal year 2025. Net position of the Town's governmental activities (General, Major special revenue, nonmajor special revenue funds) decreased by \$(507,923), while net position of its business-type activities (Sewer and Stormwater funds) increased by \$1,305,501.

- The Town's governmental funds reported a combined ending fund balance of \$2,484,543 at the end of the current fiscal year, which increased by \$507,923 in comparison to the \$1,976,620 reported at the end of the prior fiscal year. Approximately \$1,137,558 of this amount or 37% is available for spending at the Town's discretion (unassigned fund balance).

- At the end of the 2025 fiscal year, unassigned fund balance for the General Fund was \$1,137,558, or 38% of the total fiscal year 2025 General Fund expenditures and transfers out of \$3,023,741.

- The Town's total long-term debt obligations decreased by \$274,201 during the fiscal year, due to scheduled current-year principal maturities/reductions on a note payable. The Town's combined long-term commitment for compensated absences totaled \$85,886 at year-end.

Overview of the Financial Statements

The Town's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, including notes to the financial statements, and 3) required supplementary information, including various pension-related schedules.

Management's discussion and analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the Town's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, as well as other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the Town. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Town's overall financial status, including its governmental activities and its business-type activities. These statements report information about the Town using full accrual accounting methods, and an economic resources focus, as utilized by similar business activities in the private sector. Information concerning the Town's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported.

However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the Town government and report the Town's operations in more detail than the government-wide financial statements. The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the Town's water utility system. Fiduciary fund statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others (like the retirement plan for the Town's police officers), to whom the resources in question belong.

The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Town's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information that further explains and supports the information in the financial statements. This section also contains budgetary comparisons for the Town's governmental fund activities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The basic financial statements of the Town include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of its fiscal year, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.

- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the Town's net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government services, public safety and building inspection, public works, and recreation and leisure services. The business-type activities of the Town include its water, sewer, and stormwater drainage systems.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 15 and 17.

The Town maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, water impact fees fund, parks impact fees fund, infrastructure surtax fund, and building services fund, all of which are considered to be major funds.

Proprietary Funds. Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The Town's three enterprise funds (water, wastewater and stormwater) are the only items included in the business-type activities presented in the government-wide statements. Since the accounting for these operations is similar to that provided in the government-wide financial statements, the fund financial statements provide limited supplemental information in more detail, such as cash flows data. The basic proprietary fund financial statements can be found on pages 19 to 20 of this report.

Financial Analysis of the Town as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the Town's combined total assets exceeded liabilities (net position) by $11,498,619 at the end of 2025, compared to $10,837,057 at the end of 2024. This represents a total increase of $661,562 or 6.1% over the amount reported at the end of the prior fiscal year.

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	$ 3,528,123	$ 2,765,336	$ 348,436	$ 1,023,454	$ 3,876,559	$ 3,788,790
Capital assets	4,126,314	5,501,905	5,191,606	3,326,330	9,317,920	8,828,235
Total assets	$ 7,654,437	$ 8,267,241	$ 5,540,042	$ 4,349,784	$ 13,194,479	$ 12,617,025
DEFERRED OUTFLOWS	$ 509,463	$ 153,240	$ -	$ -	$ 509,463	$ 153,240
LIABILITIES						
Current liabilities	$ 339,555	$ 136,161	$ 328,290	$ 332,664	$ 667,845	$ 468,825
Noncurrent liabilities:	55,818	158,712	869,540	980,408	925,358	1,139,120
Total liabilities	$ 395,373	$ 294,873	$ 1,197,830	$ 1,313,072	$ 1,593,203	$ 1,607,945
DEFERRED INFLOWS	$ 612,120	$ 325,262	$ -	$ -	$ 612,120	$ 325,262
NET POSITION						
Net investment in capital assets	$ 4,077,591	$ 5,388,385	$ 4,211,198	$ 2,228,874	$ 8,288,789	$ 7,617,259
Restricted	1,810,848	2,089,782	66,091	-	1,876,939	2,089,782
Unrestricted	1,267,968	322,179	64,923	807,838	1,332,891	1,130,017
Total net position	$ 7,156,407	$ 7,800,346	$ 4,342,212	$ 3,036,712	$ 11,498,619	$ 10,837,058

*Prior year restatements of beginning fund balance in the current year financial statements have not been reflected in the above prior year amounts.

The most significant component of the Town's net position (approximately 72%) is, by far, its investment in capital assets (land, buildings and equipment), less any related debt used to acquire or construct those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (17%) represents resources that are subject to external restrictions on how they may be used. Consequently, the remaining 11% of unrestricted net position, represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, and totaled $1,332,891 at year-end, compared to $1,130,017 in 2024.

Changes in Net Position. While the statement of net position shows a snapshot of the Town's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2025, total revenues were $5,876,232 compared to $6,182,442 in the prior year. Approximately 28% of the Town's revenue came from property taxes, 16% from other taxes, 41% came from fees charged for services, and most of the remaining revenue included state, federal and other financial assistance, as well as other miscellaneous revenues including state revenue sharing.

During 2025, expenses were $5,122,193 as opposed to $4,882,275 in the prior year, for an increase of approximately 5%. Town-wide, general government expenses account for approximately 42% of the Town's expenses and public safety expenses account for approximately 13% of the Town's expenses, and utility and wastewater utility expenses were approximately 35%. The other functions, including the, building department, physical environment, public works, and culture and recreation in total were approximately 12% of expenses relative to the Town as a whole.

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	$ 1,624,192	$ 1,376,679	$ -	$ -	$ 1,624,192	$ 1,376,679
Other taxes	962,738	762,590	-	-	962,738	762,590
Charges for services	1,024,102	787,143	1,360,007	1,644,327	2,384,109	2,431,470
Intergovernmental and grants	601,641	1,253,691	-	-	601,641	1,253,691
Other revenues	168,220	308,349	42,855	49,662	211,075	358,011
Total revenues	4,380,893	4,488,452	1,402,862	1,693,989	5,783,755	6,182,441
EXPENSES						
General government	933,520	758,077	-	-	933,520	758,077
Public safety	1,872,295	1,746,428	-	-	1,872,295	1,746,428
Building	-	140,593	-	-	-	140,593
Physical environment	6,947	188,104	-	-	6,947	188,104
Public works	93,009	-	-	-	93,009	-
Culture and recreation	355,539	307,126	-	-	355,539	307,126
Sewer, stormwater, wastewater	-	-	1,832,205	1,709,810	1,832,205	1,709,810
Interest expense	1,013	2,945	27,665	29,190	28,678	32,135
Total expenses	3,262,323	3,143,273	1,859,870	1,739,000	5,122,193	4,882,273
Transfers	(1,762,509)	-	1,762,509	-	-	-
Change in net position	(643,939)	1,345,179	1,305,501	(45,011)	661,562	1,300,168
Net position, beginning of year	7,800,346	6,455,167	3,036,711	3,081,723	10,837,057	9,536,890
Net position, end of year	$ 7,156,407	$ 7,800,346	$ 4,342,212	$ 3,036,712	$ 11,498,619	$ 10,837,058

*Prior year restatements of beginning fund balance in the current year financial statements have not been reflected in the above prior year amounts.

Governmental Activities

Revenues for the Town's governmental activities totaled $4,380,893 in 2025. This represents a decrease of approximately $108,000, or 2% compared to last year's reported revenues of $4,488,452.

Governmental activities expenses totaled $3,262,323 which represents an increase from the prior year's total of $3,143,273 of approximately $119,000, which was primarily due timing differences of one-time expenditures.

Business-Type Activities

The major source of operating revenues for the Town's business-type activities is charges for services (water, wastewater, and stormwater), which during the year decreased to a total of $1,360,007, or approximately $284,000 less than charges for services of $1,644,327 in 2024. This decrease resulted primarily due to moving the garbage collection function from business to government activities.

Total operating expenses of the water, wastewater, and stormwater utility funds in 2025 totaled $1,832,205, compared to $1,709,810 in 2024, an increase of approximately $122,000.

In fiscal year 2025, $1.7 million of capital assets were transferred from the City's governmental activities to the business-type activities related to completed assets (Wells #5 and #6) in the water fund.

Financial Analysis of the Town's Funds

As stated previously, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Town completed the year, its governmental funds reported a combined fund balance of $2,484,543, which was an increase of $507,923 compared with the amount reported last year.

The general fund is the chief operating fund of the Town. As of September 30, 2025, the unassigned fund balance in the general fund totaled $1,137,558. This unassigned fund balance represents approximately 39% of the Town's general spending requirements experienced during 2025, and provides a buffer to ensure the liquidity of the Town's expenditures.

The Parks Impact Fees Fund is a special revenue fund which was established to separately account for the impact fees activities within the Town for the purpose of expanding recreational infrastructure. At the end of 2025, there was a fund balance (deficit) of $(202,359), compared to $(31,025) at the end of the prior year.

The Water Impact Fees Fund is a special revenue fund which was established to separately account for the impact fees activities within the Town for the purpose of expanding drinking water plant infrastructure. At the end of 2025, there was a fund balance of $337,864, compared to $347,161 at the end of the prior year.

The Infrastructure Surtax Fund is a special revenue fund which was established to separately account for Town activities as they relate to tax revenues restricted for capital infrastructure growth and development. At the end of 2025, there was a fund balance of $299,159, compared to $391,867 at the end of the prior year.

The Building Services Fund is a special revenue fund which was established to separately account for the Town Florida building code revenues and expenditures. At the end of 2025, there was a fund balance of $417,092, compared to $414,886 at the end of the prior year.

Proprietary Funds. The Town's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Utility Fund at the end of the year amounted to $11,177 which is a decrease of approximately $787,000 compared with last year's reported amount of $798,716. This decrease is due to two changes; first, the garbage collection function was moved from this fund to the General Fund in fiscal year 2025; second, large expenditures related to the construction of the new Water Treatment Plant #3 were paid out of this fund.

Unrestricted net position of the newly created Wastewater Fund at the end of the year amounted to $41,850. Previously, wastewater activity was tracked in the Utility Fund.

General Fund Budgetary Highlights

Actual earned revenues were approximately $200,000 more than the amounts budgeted to be received during the year in the Town's General Fund, primarily due to vacant positions, garbage fees revenues, projects not completed, higher taxes, licenses, fees and permits than budgeted. Actual expenditures incurred were $710,486 less than budgeted.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2025, the Town had a variety of gross investments in a broad range of capital assets, including land, buildings, park facilities, equipment, and infrastructure. See Note (6) for further information on the Town's capital assets.

Long-Term Debt. The Town has one revenue note payable totaling $1,014,801 at September 30, 2025, compared to $1,142,897 in total long-term debt one year earlier. More detailed information about the Town's long-term debt is presented in Note (8) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Many factors are considered each year by the Town Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, competitive pay and benefit costs for employees, and inflation rates.

- The most recent estimates available for unemployment data in Howey-in-the-Hills, Lake County, and the State of Florida are compiled by the Florida Department of Commerce. This agency estimates a countywide unemployment rate of 4.5% at the end of September 2025, which is 0.8% higher than the 3.7% rate experienced one year earlier.

- Property tax revenue in fiscal year 2026 is expected to be higher compared to the property taxes collected in fiscal year 2025, primarily as a result of rising property values and the addition of new townhouse units the prior year in the Venezia development.

- The fiscal year 2026 budgets utilized the prior year's final adopted budgets and the Town's actual financial results as the baseline from which priority setting and decisions were made to formulate the new budgets. The final budget was further modified to reflect changing revenue projections and anticipated changes in expenditure trends.

- Inflationary trends for Lake County are consistent with those trends experienced at the state and national levels.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Finance Department, Town of Howey-in-the-Hills, Florida, 101 N. Palm Ave., Howey-In-The-Hills, FL 34737

BASIC FINANCIAL STATEMENTS

These basic financial statements contain Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and cash equivalents	$ -	$ 64,238	$ 64,238
Investments	22,338	-	22,338
Receivables, net	142,661	206,456	349,117
Leases receivable	227,648	-	227,648
Due from other governments	233,629	-	233,629
Net pension asset	483,683	-	483,683
Restricted assets:			
Equity in pooled cash	2,418,164	77,742	2,495,906
Capital assets:			
Capital assets, not being depreciated	959,236	568,090	1,527,326
Other capital assets, net of depreciation	3,167,078	4,623,516	7,790,594
Total assets	$ 7,654,437	$ 5,540,042	$ 13,194,479
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	$ 509,463	$ -	$ 509,463
Total deferred outflows	$ 509,463	$ -	$ 509,463
LIABILITIES			
Accounts payable and accrued liabilities	$ 278,601	$ 100,289	$ 378,890
Customer deposits	1,058	86,587	87,645
Retainage payable	14,330	-	14,330
Accrued interest payable	-	11,651	11,651
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	11,254	120,085	131,339
Compensated absences	34,312	9,678	43,990
Due in more than one year:			
Bonds and notes payable, net	23,139	860,323	883,462
Compensated absences	32,679	9,217	41,896
Total liabilities	$ 395,373	$ 1,197,830	$ 1,593,203
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	$ 391,624	$ -	$ 391,624
Deferred inflows related to leases	220,496	-	220,496
Total deferred inflows	$ 612,120	$ -	$ 612,120
NET POSITION			
Net investment in capital assets	$ 4,077,591	$ 4,211,198	$ 8,288,789
Restricted for:			
Debt service	-	66,091	66,091
Capital projects	299,159	-	299,159
Public safety	673,683	-	673,683
Physical environment	354,323	-	354,323
Pension benefits	483,683	-	483,683
Unrestricted	1,267,968	64,923	1,332,891
Total net position	$ 7,156,407	$ 4,342,212	$ 11,498,619

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
General government	$ 933,520	$ 10,482	$ -	$ -	$ (923,038)	$ -	$ (923,038)
Public safety	1,872,295	591,542	-	80,875	(1,199,878)	-	(1,199,878)
Physical environment	6,947	7,240	6,688	-	6,981	-	6,981
Public works	93,009	401,234	171,520	86,242	565,987	-	565,987
Culture and recreation	355,539	13,604	-	-	(341,935)	-	(341,935)
Interest on long-term debt	1,013	-	-	-	(1,013)	-	(1,013)
Total governmental activities	3,262,323	1,024,102	178,208	167,117	(1,892,896)	-	(1,892,896)
Business-type activities:							
Water	1,594,249	1,056,451	-	-	-	(537,798)	(537,798)
Wastewater	261,706	303,556	-	-	-	41,850	41,850
Stormwater	3,915	-	-	-	-	(3,915)	(3,915)
Total business-type activities	1,859,870	1,360,007	-	-	-	(499,863)	(499,863)
Total primary government	$ 5,122,193	$ 2,384,109	$ 178,208	$ 167,117	(1,892,896)	(499,863)	(2,392,759)
General revenues:							
Property taxes					1,624,192	-	1,624,192
Sales taxes					328,158	-	328,158
Other taxes					4,978	-	4,978
Franchise fees and utility taxes					629,602	-	629,602
State revenue sharing					197,687	-	197,687
Other intergovernmental revenues					58,629	-	58,629
Investment earnings (loss)					76,348	24,954	101,302
Miscellaneous revenues					91,872	17,901	109,773
Transfers					(1,762,509)	1,762,509	-
Total general revenues and transfers					1,248,957	1,805,364	3,054,321
Change in net position					(643,939)	1,305,501	661,562
Net position - beginning					7,800,346	3,036,711	10,837,057
Net position - ending					$ 7,156,407	$ 4,342,212	$ 11,498,619

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General	Parks Impact Fees Fund	Water Impact Fees Fund	Infrastructure Surtax Fund	Building Services Fund	Nonmajor Governmenatal Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and cash equivalents	$ 1,097,449	$ -	$ 337,864	$ 282,993	$ 428,118	$ 271,740	$ 2,418,164
Investments	22,338	-	-	-	-	-	22,338
Receivables, net	142,661	-	-	-	-	-	142,661
Due from other governments	185,217	-	-	40,792	-	7,620	233,629
Leases receivable	227,648	-	-	-	-	-	227,648
Advances to other funds	202,359	-	-	-	-	-	202,359
Total assets	$ 1,877,672	$ -	$ 337,864	$ 323,785	$ 428,118	$ 279,360	$ 3,246,799
LIABILITIES							
Accounts payable and accrued liabilities	$ 280,397	$ -	$ -	$ -	$ 10,026	$ 2,538	$ 292,961
Customer deposits	28	-	-	-	1,000	-	1,028
Advances from other funds	-	202,359	-	-	-	-	202,359
Total liabilities	280,425	202,359	-	-	11,026	2,538	496,348
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to unavailable revenue	17,014	-	-	24,626	-	3,772	45,412
Deferred inflows related to leases	220,496	-	-	-	-	-	220,496
Total deferred inflows of resources	237,510	-	-	24,626	-	3,772	265,908
FUND BALANCES							
Nonspendable:							
Advances to other funds	202,359	-	-	-	-	-	202,359
Restricted for:							
Capital projects	-	-	-	299,159	-	-	299,159
Public safety	-	-	-	-	417,092	256,591	673,683
Physical environment	-	-	337,864	-	-	16,459	354,323
Assigned to:							
Subsequent year's budget	19,820	-	-	-	-	-	19,820
Unassigned	1,137,558	(202,359)	-	-	-	-	935,199
Total fund balances	1,359,737	(202,359)	337,864	299,159	417,092	273,050	2,484,543
Total liabilities and fund balances	$ 1,877,672	$ -	$ 337,864	$ 323,785	$ 428,118	$ 279,360	$ 3,246,799

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balances - total governmental funds		$ 2,484,543
Amounts reported for governmental activities in the statement of activities 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	6,975,934	
Less: accumulated depreciation	(2,849,620)	4,126,314
On the governmental fund statements, a net pension liability (asset) 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 (asset) of the defined benefit pension plans is reported as a noncurrent liability (asset). Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension asset	483,683	
Deferred outflows related to pensions	509,463	
Deferred inflows related to pensions	(391,624)	601,522
Because certain shared state revenues are collected more than 30 days after the close of the Town's fiscal year end, by internal policy they are not considered as "available" revenues in the governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.		45,412
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, deferred outflows, and other debt-related deferred charges consist of the following:		
Bonds and notes payable	(34,393)	
Compensated absences	(66,991)	(101,384)
Net position of governmental activities		$ 7,156,407

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

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

	General	Parks Impact Fees Fund	Water Impact Fees Fund	Infrastructure Surtax Fund	Building Services Fund	Nonmajor Governmenatal Funds	Total Governmental Funds
Revenues							
Taxes	$ 2,029,764	$ -	$ -	$ 223,729	$ -	$ 59,017	$ 2,312,510
Licenses, fees, and permits	499,857	1,242	3,151	-	96,879	1,323	602,452
Intergovernmental	504,509	-	86,242	-	-	20,358	611,109
Charges for services	665,052	-	-	-	-	-	665,052
Fines and forfeitures	8,596	-	-	-	-	-	8,596
Investment income (loss)	36,239	-	12,603	8,798	12,243	6,465	76,348
Miscellaneous	54,504	-	-	-	-	-	54,504
Total revenues	3,798,521	1,242	101,996	232,527	109,122	87,163	4,330,571
Expenditures							
Current:							
General government	902,560	-	-	-	-	-	902,560
Public safety	1,302,944	-	-	-	106,256	1,790	1,410,990
Physical environment	338,342	-	-	-	-	-	338,342
Public works	-	-	-	-	-	63,363	63,363
Culture and recreation	262,215	-	-	-	-	-	262,215
Capital outlay	195,346	172,576	111,293	325,235	-	32,273	836,723
Debt service:							
Principal retirement	21,333	-	-	-	648	-	21,981
Interest and fiscal charges	1,001	-	-	-	12	-	1,013
Total expenditures	3,023,741	172,576	111,293	325,235	106,916	97,426	3,837,187
Excess (deficiency) of revenues over expenditures	774,780	(171,334)	(9,297)	(92,708)	2,206	(10,263)	493,384
Other financing sources (uses)							
Proceeds from sale of capital assets	14,539	-	-	-	-	-	14,539
Total other financing sources (uses)	14,539	-	-	-	-	-	14,539
Net change in fund balances	789,319	(171,334)	(9,297)	(92,708)	2,206	(10,263)	507,923
Fund balances, beginning of year	570,418	(31,025)	347,161	391,867	414,886	283,313	1,976,620
Fund balances, end of year	$ 1,359,737	$ (202,359)	$ 337,864	$ 299,159	$ 417,092	$ 273,050	$ 2,484,543

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

TOWN OF HOWEY-IN-THE-HILLS, 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	$ 507,923
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	836,723
Depreciation expense	(386,780)
Net book value of capital assets disposed	(9,629)
Assets transferred to busines-type activities	(1,762,509)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	21,981
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds (reduction in delinquent taxes).	
Change in deferred outflows related to unavailable revenues	45,412
Governmental funds report contributions to defined benefit pension and OPEB plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future total OPEB/net pension liability. Also included in expense in the statement of activities are amounts required to be amortized in future years related to pensions and OPEB.	
Change in net pension liability and deferred inflows/outflows related to pensions	120,989
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. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in compensated absences liability	(18,049)
Change in net position of governmental activities	$ (643,939)

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds			
			Nonmajor Fund	
	Water Fund	Wastewater Fund	Stormwater Fund	Total
ASSETS				
Equity in pooled cash and cash equivalents	$ 9,246	$ 43,096	$ 11,896	$ 64,238
Accounts receivable, net	156,901	49,555	-	206,456
Total current assets	166,147	92,651	11,896	270,694
Noncurrent assets:				
Restricted cash	77,742	-	-	77,742
Capital assets:				
Construction in progress	568,090	-	-	568,090
Building and improvements	11,998	-	-	11,998
Infrastructure	7,073,804	-	123,094	7,196,898
Machinery and equipment	397,258	-	-	397,258
Accumulated depreciation and amortization	(2,916,701)	-	(65,937)	(2,982,638)
Total capital assets, net	5,134,449	-	57,157	5,191,606
Total noncurrent assets	5,212,191	-	57,157	5,269,348
Total assets	$ 5,378,338	$ 92,651	$ 69,053	$ 5,540,042
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	$ 69,142	$ 31,147	$ -	$ 100,289
Customer deposits	66,933	19,654	-	86,587
Compensated absences	9,678	-	-	9,678
Payable from restricted assets:				
Current maturities on long-term debt	120,085	-	-	120,085
Accrued interest payable	11,651	-	-	11,651
Total current liabilities	277,489	50,801	-	328,290
Noncurrent liabilities:				
Bonds and notes payable, net	860,323	-	-	860,323
Compensated absences	9,217	-	-	9,217
Total noncurrent liabilities	869,540	-	-	869,540
Total liabilities	$ 1,147,029	$ 50,801	$ -	$ 1,197,830
NET POSITION				
Net investment in capital assets	$ 4,154,041	$ -	$ 57,157	$ 4,211,198
Restricted for debt service	66,091	-	-	66,091
Unrestricted	11,177	41,850	11,896	64,923
Total net position	$ 4,231,309	$ 41,850	$ 69,053	$ 4,342,212

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds			
			Nonmajor Fund	
	Water Fund	Wastewater Fund	Stormwater Fund	Total
Operating revenues				
Charges for services	$ 1,056,451	$ 303,556	$ -	$ 1,360,007
Total operating revenues	1,056,451	303,556	-	1,360,007
Operating expenses				
Personal services	787,719	-	-	787,719
Operating expenses	563,141	261,706	-	824,847
Depreciation	215,724	-	3,915	219,639
Total operating expenses	1,566,584	261,706	3,915	1,832,205
Operating income (loss)	(510,133)	41,850	(3,915)	(472,198)
Nonoperating revenues (expenses)				
Interest earnings	24,954	-	-	24,954
Miscellaneous income	17,901	-	-	17,901
Interest and amortization expense	(27,665)	-	-	(27,665)
Total nonoperating revenues (expenses)	15,190	-	-	15,190
Income (loss) before contributions and transfers	(494,943)	41,850	(3,915)	(457,008)
Transfers in	1,762,509	-	-	1,762,509
Change in net position	1,267,566	41,850	(3,915)	1,305,501
Net position, beginning of year	2,963,743	-	72,968	3,036,711
Net position, end of year	$ 4,231,309	$ 41,850	$ 69,053	$ 4,342,212

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds			
			Nonmajor Fund	
	Water Fund	Wastewater Fund	Stormwater Fund	Total
Cash flows from operating activities				
Cash received from customers	$ 999,383	$ 273,655	$ -	$ 1,273,038
Cash paid to employees	(798,883)	-	-	(798,883)
Cash paid to suppliers	(595,797)	(230,559)	-	(826,356)
Other receipts	17,901	-	-	17,901
Net cash provided by (used in) operating activities	(377,396)	43,096	-	(334,300)
Cash flows from noncapital financing activities				
Transfers from other funds	1,762,509	-	-	1,762,509
Net cash provided by (used in) noncapital financing activities	1,762,509	-	-	1,762,509
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(2,084,915)	-	-	(2,084,915)
Principal payments of long-term debt	(117,046)	-	-	(117,046)
Principal payments of SBITAs	(2,778)	-	-	(2,778)
Interest paid	(29,055)	-	-	(29,055)
Net cash provided by (used in) capital and related financing activities	(2,233,794)	-	-	(2,233,794)
Cash flows from investing activities				
Interest received	24,954	-	-	24,954
Net cash provided by (used in) investing activities	24,954	-	-	24,954
Net change in cash and cash equivalents	(823,727)	43,096	-	(780,631)
Cash and cash equivalents, beginning of year	910,715	-	11,896	922,611
Cash and cash equivalents, end of year	$ 86,988	$ 43,096	$ 11,896	$ 141,980
Cash and cash equivalents classified as:				
Unrestricted	$ 9,246	$ 43,096	$ 11,896	$ 64,238
Restricted	77,742	-	-	77,742
Total cash and cash equivalents	$ 86,988	$ 43,096	$ 11,896	$ 141,980
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	$ (510,133)	$ 41,850	$ (3,915)	$ (472,198)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	215,724	-	3,915	219,639
Gain on disposition of capital assets	17,901	-	-	17,901
Changes in assets and liabilities:				
Accounts receivable	(56,058)	(49,555)	-	(105,613)
Accounts payable and accrued liabilities	(32,656)	31,147	-	(1,509)
Customer deposits	(1,010)	19,654	-	18,644
Compensated absences	(11,164)	-	-	(11,164)
Net cash provided by (used in) operating activities	$ (377,396)	$ 43,096	$ -	$ (334,300)

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 26,374
Investments, at fair value	
Municipal bonds	527,485
Equities	2,475,883
Real estate funds	267,039
Total assets	$ 3,296,781
NET POSITION	
Restricted for pensions	$ 3,296,781

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension Trust Fund
Additions	
Contributions:	
Employer	$ 166,293
Plan members	29,673
State - insurance premium taxes	37,986
Total contributions	233,952
Investment earnings (loss)	
Interest and dividends	252,281
Net investment income (loss)	252,281
Total additions	486,233
Deductions	
Benefit payments and refunds	81,279
Administrative expenses	20,971
Total deductions	102,250
Change in net position	383,983
Net position restricted for pensions, beginning of year	2,912,798
Net position restricted for pensions, end of year	$ 3,296,781

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

(1) Summary of Significant Accounting Policies:

The financial statements of the Town of Howey-in-the-Hills, Florida (the Town), have been prepared in conformance 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 and the Town has adopted the GASB Codification. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town was incorporated in 1925, under the State of Florida Laws, Chapter 10675. The Town operates under a Town Council form of government and provides, under the administration of an appointed Town Manager, the following services: general government, public safety, public works, physical environment, and culture and recreation.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust fund. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise 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. Indirect costs are included in the program expense reported for individual functions and activities. 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues and shared state revenues (sales tax, etc.) to be available if they are collected within 30 days of the end of the current fiscal period. The Town considers other reoccurring revenue to be available if they are collected within 90 days of the end of the current fiscal period. Grant and similar revenues are recognized when the related expenditure is incurred.

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, pension and other postemployment benefits, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

General Fund—The General Fund is the Town's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.

Water Impact Fees Fund—The Water Impact Fees Fund accounts for the impact fees activities within the Town for the purpose of expanding public utility infrastructure.

Parks Impact Fees Fund—The Parks Impact Fees Fund accounts for the impact fees activities within the Town for the purpose of expanding new parks and amenities.

Infrastructure Surtax Fund—The Infrastructure Surtax Fund accounts for the activities as they relate to tax revenues restricted for capital infrastructure growth and development of the Town.

Building Services Fund—The Building Services Fund to account for activities as they relate to Florida building code revenues for the Town.

The Town reports the following major proprietary funds:

Water Utility Fund—The Water Utility Fund accounts for the operation of the Town's water utility system.

Wastewater Fund—The Wastewater Fund accounts for the operation of the Town's wastewater utility system.

Additionally, the Town reports the following fiduciary fund type:

Police Pension Trust Fund—Accounts for the activities of the pension plan provided to the Town's police officers.

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

As a general rule, the effect of the Town's interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's water and wastewater functions and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. 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.

(d) **Budget information—**Annual operating budgets are adopted by the Town for the General Fund and the Enterprise Funds, which are prepared on a basis consistent with generally accepted accounting principles. Amendments may be made to the budgets during the year as approved by the Town Council. The Town follows State guidelines in filing and submitting their budgets. Appropriations are legally controlled at the department level. Unexpended portions of budget categories lapse at year end.

The adoption of the budget by the Town Council constitutes the legal appropriation of the amounts specified therein as expenditures from the appropriate governmental fund. A department budget cannot be exceeded unless the Town Council has approved a supplemental appropriation, by motion, at a public meeting. The Town Manager may authorize a budget adjustment among the various line items within a department, as long as the total budget for the department does not change.

(e) **Deposits and investments—**The Town's cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

Investments are carried at a mixture of fair value measurement and amortized cost because certain investments meet GASB Statement No. 31, as amended by GASB Statement No. 79 Certain External Investment Pools and Pool Participants, which establishes criteria for external investment pools to qualify for making the election to measure all of their investments at amortized cost for financial reporting purposes. The Town's investments in the Florida PRIME are similar to money market funds in which units are owned in the fund rather than the underlying investments, and they are reported at amortized cost.

There are no limitations or restrictions on withdrawals from the Florida PRIME. In the occurrence of an event that has a material impact on the liquidity or operations of the PRIME, the fund's executive director may limit contributions to or withdrawals from the PRIME for a period of 48 hours. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the Florida PRIME.

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

(f) **Property taxes**—The assessment of all properties and the collection of all property taxes are made through the County Property Appraiser and County Tax Collector. General property taxes are recorded as received, in cash, which approximates taxes levied less discounts for the current year.

Taxes are levied on November 1 of each year. All taxes become delinquent on April 1 of the following year. Discounts are allowed for early payment. On or prior to June 1, certificates bearing interest are sold for all uncollected real property taxes. Unsold certificates are held by the County.

(g) **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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are reported net of an allowance for doubtful accounts, where appropriate. Unbilled utility service receivables are recorded at year-end. They are calculated by pro-rating cycle billings subsequent to year-end according to the number of days included in the current fiscal year.

(h) **Leases**— The Town leases space on a water tower and related ground space to T-Mobile USA, Inc. (formerly SprintCom, Inc.) for the operation of a telecommunications facility located at 316 W. Grant Street. The original lease agreement was executed on May 31, 2001, and provides for an initial five-year term with multiple renewal options. In May 2025, the lease was amended to extend the agreement through May 30, 2031, with five additional five-year renewal options available to the lessee. The lease requires monthly rental payments of $3,386 that are subject to annual increases of three percent. During the fiscal year ended September 30, 2025, the Town recognized a lease receivable of $227,648 and deferred inflows related to this lease in the amount of $220,496.

(i) **Inventories and prepaid items**—All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(j) **Restricted assets**—Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayments, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants

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

(k) **Capital assets**—Capital assets, which include land, construction in progress, buildings, improvements other than buildings, infrastructure, machinery and equipment, and right to use leased assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 (amount not rounded) and an estimated useful life in excess of one year. Other than right to use leased assets, such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10 – 50 years
Improvements other than buildings	15 – 50 years
Furniture, machinery and equipment	3 – 15 years
Right-to-use leased assets	2 - 5 years

(l) **Compensated absences**—The Town reports compensated absences, consisting of both accrued vacation and sick leave, in the applicable governmental or business-type activity columns in the governmental-wide financial statements. The portion of employee payroll costs paid subsequent to year-end attributable to services performed prior to year-end and accumulated unpaid vacation, sick-leave, and personal leave is recorded and recognized as a current liability. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability. In the fund financial statements, government funds report only the compensated absence liabilities that have been matured.

(m) **Long-term obligations**—In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

(n) **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:

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Council are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Town Council itself or though delegation of this responsibility to the Town Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is generally the practice of the Town to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the Town's practice to use committed resources first, then assigned, and then unassigned as needed.

(o) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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. The Town presents a deferred outflow of resources related to its pension liability. Deferred outflows related to pensions are discussed further in Note (10).

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

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. Items in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (10) and deferred inflows of resources related to leases, as discussed in Note (1)(h).

(p) **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.

(q) **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.

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

(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) **Cash Deposits and Investments:**

The Town's investments follow the investment rules as defined in Florida Statute 215.418, which authorizes municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government, U.S. Government Instrumentalities, State of Florida Local Government Surplus Funds Trust Fund, and mutual funds investing in U.S. Government securities.

The Town has not adopted a separate investment policy. The basic allowable investment instruments are as follows:

The Local Government Surplus Funds Trust Fund (SBA) or other state sponsored funds – The State Board of Administration (SBA) pools investments for local governments while providing safety and liquidity.

(3) **Cash Deposits and Investments:** (Continued)

The State Board of Administration's (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME) is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The Town has reported its investment in Florida Prime as amortized cost for financial reporting purposes. The Florida PRIME is rated by Standard & Poor's and has a rating at September 30, 2025 of AAAm. The weighted average days to maturity of Florida PRIME at September 30, 2025 is 47 days.

Deposits include cash on hand and amounts held in the Town's demand accounts. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Any balance in excess of FDIC insurance is covered by collateral held by the Town's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act (the Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

The Town measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

As of September 30, 2025, the Town's governmental and business-type investment portfolio was composed of the following investments:

Investment Type	Credit Quality Rating (S&P)	Carrying Value	Weighted Average Investment Maturities (in Years)		Fair Value Hierarchy
			Less Than 1	1 – 5	Classification
Florida PRIME	AAAm	$ 22,338	$ 22,338	-	N/A
Total Portfolio		$ 22,338	$ 22,338	$ -	

(3) **Cash Deposits and Investments:** (Continued)

Interest Rate Risk: Interest rate exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Town's investment within the Florida Municipal Investment Trust and SBA are exposed to interest rate risk.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Town's portfolio is held entirely with public depositories and is invested in SBA funds, as described above.

Concentration of Credit Risk: The Town places no limit on the amount the Town may invest in any one issuer.

Custodial Credit Risk—Investments: In the case of investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town generally utilizes third party custodians to help manage custodial credit risk.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy does not permit general obligations issued by a foreign government and is, therefore, not exposed to foreign currency risk.

Pension Plan

The Town is a participating employer in the Florida Municipal Pension Trust Fund (FMPTF), which is administered by the Florida League of Cities, Inc. The Town's pension plan assets are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT), which is an external investment pool. The fair value of the position in the pool is equal to the value of the Town's beneficial interest in the pool's portfolio. The pool is not registered with the Securities and Exchange Commission.

The Town categorizes the fair value measurement of its investments based on the hierarchy established by GASB Statement No. 72 Fair Value Measurement and Application. The hierarchy has three levels based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Town uses quoted prices provided by FMIvT for its pension trust fund. The following chart shows the Town pension funds cash and investment accounts by investment portfolios and their respective maturities (in years):

	Fair Value	Weighted Average Maturity (years)	Credit Rating Range (Moody's)	Fair Value Hierarchy Classification
Cash and cash equivalents	$ 26,374	N/A	N/A	N/A
FMIvT Bond pooled fund	527,485	7.10	AAf/S4	Level 2
FMIvT Core pooled fund	487,924	5.76	NR	Level 3
FMIvT SMID stock pooled fund	431,878	N/A	NR	Level 2
FMIvT Large cap value pooled fund	837,383	N/A	NR	Level 2
FMIvT International stock pooled fund	718,698	N/A	NR	Level 2
FMIvT Real estate pooled fund	267,039	N/A	NR	Level 3
Total Portfolio	$ 3,296,781			

(3) **Cash Deposits and Investments:** (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the Pension Plans require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2025, the weighted average maturity in years for each investment type is included in the preceding table.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The ratings of the investments held at year end are shown above.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Police Pension Plan policy states that if five (5) percent or more of the total assets of the portfolio are invested with one issuer, an additional disclosure is required. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements. There were no individual investments that represent five (5) percent or more, at September 30, 2025, that met the criteria for disclosure.

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

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

(4) **Receivables:**

The Town's receivables consisted of the following at September 30, 2025:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	$ 147,436	$ (4,775)	142,661
Total – Governmental Activities	147,436	(4,775)	142,661
Business-Type Activities:			
Water Utility Fund	$ 179,378	$ (22,477)	$ 156,901
Wastewater Utility Fund	49,555	-	49,555
Totals – Business-Type Activities	228,933	(22,477)	206,456
Totals	$ 376,369	$ (27,252)	$ 349,117

In addition to accounts receivable, the Town also recorded $233,629 in grant and tax revenues due from other governments at September 30, 2025.

(5) Interfund Loans, Advances, Fees, and Transfers:

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. As of September 30, 2025, there were no short-term interfund receivable and payable balances for the primary government. The primary government reported an outstanding advance to the Park Impact Fee Fund from the General Fund in the amount of $202,359.

For the year ended September 30, 2025, individual fund transfers to and from other funds for the primary government were comprised of the following:

	Transfer From	Transfer To
Governmental Activities:		
Government-wide	$ 1,762,509	$ -
Business Type Activities:		
Utility Fund	-	1,762,509
Totals – All Funds	$ 1,762,509	$ 1,762,509

Transfers were used to record the transfer of capital assets between funds to reflect the activities of the funds benefiting from and responsible for those assets.

(6) **Capital Assets:**

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

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 377,790	$ -	$ -	$ 377,790
Construction in progress	2,128,797	215,158	(1,762,509)	581,446
Total assets not being depreciated	2,506,587	215,158	(1,762,509)	959,236
Capital assets being depreciated:				
Building and Improvements	1,317,054	-	-	1,317,054
Infrastructure	2,362,848	537,250	-	2,900,098
Machinery and equipment	1,782,692	84,315	(67,461)	1,799,546
Right to use lease	133,760	-	(133,760)	-
Right to use SBITA	31,884	-	(31,884)	-
Total assets being depreciated	5,628,238	621,565	(233,105)	6,016,698
Less accumulated depreciation for:				
Building and Improvements	(462,048)	(43,599)	-	(505,647)
Infrastructure	(897,033)	(115,930)	-	(1,012,963)
Machinery and equipment	(1,171,220)	(227,251)	67,461	(1,331,010)
Right to use lease	(82,299)	-	82,299	-
Right to use SBITA	(20,320)	-	20,320	-
Total accumulated depreciation	(2,632,920)	(386,780)	170,080	(2,849,620)
Total capital assets being depreciated, net	2,995,318	234,785	(63,025)	3,167,078
Governmental activities capital assets, net	$ 5,501,905	$ 449,943	$ (1,825,534)	$ 4,126,314

(6) **Capital Assets:** (Continued)

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 261,682	$ 306,408	$ -	$ 568,090
Total assets not being depreciated	261,682	306,408	-	568,090
Capital assets being depreciated:				
Building and Improvements	11,998	-	-	11,998
Infrastructure	5,418,389	1,803,815	(25,306)	7,196,898
Machinery and equipment	397,258	-	-	397,258
Total assets being depreciated	5,827,645	1,803,815	(25,306)	7,606,154
Less accumulated depreciation for:				
Building and Improvements	(8,411)	(431)	-	(8,842)
Infrastructure	(2,450,531)	(200,999)	-	(2,651,530)
Machinery and equipment	(306,750)	(15,516)	-	(322,266)
Right to use lease	(5,390)	(2,693)	8,083	-
Less: accumulated depreciation	(2,771,082)	(219,639)	8,083	(2,982,638)
Total capital assets being depreciated, net	3,056,563	1,584,176	(17,223)	4,623,516
Business-type activities capital assets, net	$ 3,318,245	$ 1,890,584	$ (17,223)	$ 5,191,606

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	$ 15,456
Public safety	188,621
Building	62,047
Physical environment	28,258
Culture and recreation	92,398
Total depreciation expense - governmental activities	$ 386,780
Business-type activities:	
Water Utility	$ 215,724
Stormwater Utility	3,915
Total depreciation expense - business-type activities	$ 219,639

(7) **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.

(7) **Commitments and Contingencies:** (Continued)

Further, the Town receives financial assistance from federal, state, and local agencies in the form of operating and capital grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Disallowed claims, if any, resulting from such audits, may become liabilities of the Town. However, in the opinion of management, disallowed claims, if any, will not have a material effect on the Town's financial statements.

(8) **Long-Term Liabilities:**

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Loans:					
Lake County equipment loan	$ 45,443	$ -	$ (11,050)	$ 34,393	$ 11,254
Leases:					
Police equipment	53,396	-	(53,396)	-	-
SBITAs:					
SBITA payable	10,931	-	(10,931)	-	-
Compensated absences	48,942	18,049	-	66,991	34,312
Governmental activities – Total long-term liabilities	$ 158,712	$ 18,049	$ (75,377)	$ 101,384	$ 45,566
Business-type activities:					
Loans:					
Series 2013 SRF Loan	1,097,454	-	(117,046)	980,408	120,085
SBITAs:					
SBITA payable	2,777	-	(2,777)	-	-
Compensated absences	30,059	-	(11,164)	18,895	9,678
Business-type activities – Total long-term liabilities	$ 1,130,290	$ -	$ (130,987)	$ 999,303	$ 129,763

Compensated absences are presented on a net basis, reflecting the net change in the liability.
Notes and obligations under lease payable in the Town's governmental activities at September 30, 2025, were comprised of the following obligations:

A police radios loan from Lake County, was issued in October 2018 in the amount of $105,983. The Note proceeds were used to finance the cost of police radios for the Town Police department. The loan bore an original interest rate of 2.8%, but was renegotiated in 2020 at 1.85%, and is payable annually on the first day of each fiscal year commencing October 1, 2018 through October 1, 2027.

The original amount of the note issued and outstanding at year-end is as follows:

	Interest Rates and Dates	Maturity	Original Amount	Outstanding Balance
Governmental activities:				
Police Radios Loan	1.85% (10/1)	10/1/2027	$ 105,983	$ 34,393

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

Annual debt service requirements to maturity for the Town's governmental activities loan payable is as follows:

	Principal	Interest	Total
2026	$ 11,256	$ 636	$ 11,892
2027	11,462	428	11,890
2028	11,675	216	11,891
Total	$ 34,393	$ 1,280	$ 35,673

Notes and obligations under loans payable in the Town's business-type activities at September 30, 2025, were comprised of the following obligations:

During the year ended September 30, 2009, the Town executed an agreement with the Florida Department of Environmental Protection (FDEP) to borrow up to $240,000, at an interest rate of 2.71% through the State Revolving Fund (SRF) loan program, for the purpose of financing planning and construction costs involved in major utility system expansion and improvements. During the fiscal year 2011 and 2013, the total amount awarded was increased by $2,228,699, as well as the interest rate being renegotiated to 2.12% in fiscal year 2013. The revised total amount awarded is $2,301,053. The loan is payable semi-annually on April 15th and October 15th. The loan will have semi-annual payments of $72,315 each year until all amounts due under the agreement have been fully paid. The amount of the loan issued and outstanding at year-end is as follows.

The original amount of the note issued and outstanding at year-end is as follows:

	Interest Rates and Dates	Maturity	Original Amount	Outstanding Balance
Governmental activities:				
Utility System Revenue Note Series 2013	2.12% (4/15 and 10/15)	10/15/2032	$ 2,301,053	$ 980,408

Annual debt service requirements to maturity for the Town's business-type activities note payable is as follows:

	Principal	Interest	Total
2026	$ 120,085	$ 24,545	$ 144,630
2027	123,203	21,426	144,629
2028	126,403	18,226	144,629
2029	129,687	14,942	144,629
2030	133,057	11,572	144,629
2031-2035	347,973	13,601	361,574
Total	$ 980,408	$ 104,312	$ 1,084,720

(9) **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; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high-deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

During the fiscal year ended September 30, 2025, the Town has participated in the Florida League of Cities, which is a not-for-profit corporation, for self-insurance program for workers' compensation, general and auto liability, and property insurance.

Annually, participants in this program are billed for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program.

(10) **Pension Plan:**

Town-Sponsored Defined Benefit Pension Plan

Plan Description and Administration

The Town sponsors a public employee retirement system administered by the Town Pension Board of Trustees. The System administers the Police Officers' Retirement Plan (the Plan), an employee contributory single-employer defined benefit pension plan. Members of the Plan include all sworn police officers, The Plan is maintained as a Pension Trust Fund and reported as a fiduciary fund of the Town. The Council has the authority to establish and amend plan benefits.

Benefits Provided

Officers attaining the age of 55 who have completed 10 or more years of creditable service or attaining the age of 52 who have completed 25 years of creditable service are entitled to monthly benefits of 3 percent of their average final compensation times years of credited service. The plan permits early retirement at the completion of 10 years of contributing service and attaining the age of 50. Active officers who retire disabled with disability that occurs in the line of duty and have 10 years of credited and contributing service shall receive the greater of 42 percent of average financial compensation or the accrued benefit actuarially reduced. Disability benefits are paid for 10 years certain and life or until recovery from disability.

If a non-vested active officer dies before retirement eligibility, his or her beneficiary receives a refund of the officer's contributions to the Plan. If the officer dies prior to retirement but has at least 10 years of contributing service, his or her beneficiary is entitled to either early or normal retirement benefits.

(10) **Pension Plan:** (Continued)

Employees Covered

The Plan has contracted with an actuary to provide an actuarial valuation of the plan as of October 1 of each year.

Current membership in the Town Police Pension Plan was composed of the following at October 1, 2024:

	Town Police Pension Plan
Active participants	10
Inactive members entitled to future benefits	3
Inactive members currently receiving benefits	4
Total current membership	17

The Town does not issue audited stand-alone financial statements for the Plan. Therefore, the provisions of GASB Statement No.67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No.25* have been incorporated to these financial statements in the paragraphs below and Required Supplementary Information section.

Financial Statements

The financial statements of the plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Town's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. The Town's single-employer pension plan does not issue stand-alone financial statements.

Contributions

Town Contributions to the Town's pension plan for the year ended September 30, 2025, were $204,279.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established by the Pension Board of Trustees. The Plan currently has all of its funds invested through the Florida Municipal Pension Trust Fund (FMPTF). The investment policy may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Overall asset allocation targets are reviewed on an annual basis.

(10) **Pension Plan:** (Continued)

The following was the asset allocation policy and the best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation at September 30, 2025:

Asset Class	Target Allocation	Expected Long-Term Real Return
Core Bonds	15%	1.60%
Core Plus	15%	2.10%
U.S. Large Cap Equity	25%	4.60%
U.S. Small Cap Equity	14%	5.50%
Foreign Equity	21%	6.70%
Core Real Estate Fund	10%	5.00%
	100%	4.38%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the pension plan at September 30, 2025, were as follows:

	Town Police Pension Plan
Total pension liability	$ 2,625,223
Plan fiduciary net position	(3,108,906)
Net pension liability (asset)	$ (483,683)
Plan fiduciary net position as percentage of total pension liability	118.42%

The total pension liability was determined by actuarial valuation as of October 1, 2024 and measurement dates of September 30, 2025, using the following actuarial assumptions to all measurement periods.

	Town Police Pension Plan
Inflation	2.75%
Salary increases	4.00%
Investment rate of return	6.00%
Mortality table	MP - 2021

Concentration:

Governmental entities need to disclose the concentration of credit risk with a single issuer. If 5.00% or more of the total assets of the portfolio are invested with one issuer, an additional disclosure is required.

(10) **Pension Plan:** (Continued)

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements. There were no individual investments that represent 5.00% or more, at September 30, 2025, that met the criteria for disclosure.

Discount rate:

The discount rate used to measure the total pension liability was 6.00% per annum. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability:

The changes in net pension liability (asset) for the year ended September 30, 2025, is as follows:

	Police Pension Plan		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (asset) (a – b)**
Beginning Balance	$ 2,260,243	$ 2,912,798	$ (652,555)
Changes for year:			
Service cost	175,616	-	175,616
Interest	150,590	173,107	(22,517)
Demographic experience	30,665	-	30,665
Differences between expected/actual experience	-	-	-
Changes of assumptions	277,263	-	277,263
Contributions – employer	-	204,279	(204,279)
Contributions – employee	-	29,673	(29,673)
Net investment income	-	79,173	(79,173)
Benefit payments, including refunds	(269,154)	(269,154)	-
Administrative expenses	-	(20,970)	20,970
Net changes	364,980	196,108	168,872
Ending Balance	$ 2,625,223	$ 3,108,906	$ (483,683)

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

The following presents the net pension liability of the Town calculated using the selected discount rate, as well as what the Town's net pension liability (NPL) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	Current Discount Rate	**NPA with 1% Decrease**	**NPA at Current Discount Rate**	**NPA with 1% Increase**
Net Pension Liability (asset)	6.00%	$ (149,162)	$ (483,683)	$ (760,946)

(10) **Pension Plan:** (Continued)

For the year ended September 30, 2025, the annual-money weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the Town recognized pension expense of $83,290 for this plan. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 162,844	$ 130,217
Changes of assumptions	250,266	4,105
Net different between projected and actual investment earnings	96,353	257,302
	$ 509,463	$ 391,624

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:

	Year Ending September 30:
2026	$ 4,001
2027	(53,561)
2028	(38,321)
2029	22,332
2030	38,145
Thereafter	145,223

(11) **Defined Contribution Retirement Plans:**

For employees who do not qualify for the Police Pension Plan, the Town offers a deferred compensation plan created in accordance with Section 457, Internal Revenue Code. During the year ended September 30, 2025, employer contributions of $56,634 were made to the 457 plan. GASB Statement No. 32 eliminates the requirement that the Town report the assets of Internal Revenue Code, Section 457, plans on the statement of net position.

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

Town does not provide postemployment healthcare benefits. Retirees may elect to continue coverage under the Town's health insurance plan in accordance with Florida Statutes, and they are required to pay the full cost of coverage. No retirees who are eligible for continuation of coverage have elected it in past year. This past experience is taken as a reasonable representation and expectation of future events. Given the information provided, an Election at Retirement assumption of 0% would be used in a valuation producing no liability for the Town. If an active employee should elect coverage continuation in the future, then the existence of an OPEB liability and need for an actuarial valuation would be considered.

(13) **Fund Balance Deficits:**

As of September 30, 2025, the Parks Impact Fees Fund, a major special revenue fund, reported a deficit fund balance of $(202,359). The deficit is attributable primarily to park improvement expenditures and other program costs incurred prior to the collection of sufficient impact fees revenues. These expenditures were financed through an advance from the General Fund. The Town expects future impact fee collections to be used to repay the advance and reduce the deficit fund balance.

(14) **Subsequent Events:**

The Town has evaluated subsequent events for potential recognition and disclosure through June 16, 2026, which is the date the financial statements were complete in a form and format that complies with GAAP and approvals necessary for issuance had been obtained. Subsequent to year-end, the Town entered into a Revenue Note, Series 2026, in an amount not to exceed $6,000,000 to finance the Town's North Wells and Water Treatment Project. The Town also entered into a $250,000 line of credit agreement. As of June 16, 2026, no amounts had been drawn under either borrowing arrangement.

(15) **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 fiscal years subsequent to September 30, 2025, 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 (GASB 104) amends GASB Statement No. 62 regarding the disclosure of a government’s vulnerability to risks related to certain concentrations and constraints that limit its ability to acquire resources or control spending. The provisions for GASB 104 are effective for fiscal years beginning after June 15, 2025

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 (GASB 105) clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements. The provisions of GASB 105 are effective for fiscal years beginning after June 15, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HOWEY-IN-THE-HILLS, 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	$ 1,932,787	$ 1,932,787	$ 2,036,606	$ 103,819
Licenses, fees, and permits	332,999	332,999	499,857	166,858
Intergovernmental	464,171	486,492	514,681	28,189
Charges for services	226,634	602,859	665,052	62,193
Fines and forfeitures	10,800	10,800	8,596	(2,204)
Investment income	80,010	26,226	36,239	10,013
Miscellaneous	214,300	225,300	54,504	(170,796)
Total revenues	3,261,701	3,617,463	3,815,535	198,072
Expenditures				
Current:				
General government	1,116,424	1,414,319	902,560	511,759
Public safety	1,369,387	1,356,387	1,302,944	53,443
Physical environment	460,327	593,933	338,342	255,591
Public works	107,910	-	-	-
Culture and recreation	286,618	297,617	262,215	35,402
Capital outlay	31,111	71,971	195,346	(123,375)
Debt service:				
Principal retirement	-	-	21,333	(21,333)
Interest and fiscal charges	-	-	1,001	(1,001)
Total expenditures	3,371,777	3,734,227	3,023,741	710,486
Excess (deficiency) of revenues over expenditures	(110,076)	(116,764)	791,794	908,558
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	14,539	14,539
Total other financing sources (uses)	-	-	14,539	14,539
Net change in fund balances	(110,076)	(116,764)	806,333	923,097
Fund balances, beginning of year	570,418	570,418	570,418	-
Fund balances, end of year	$ 460,342	$ 453,654	$ 1,376,751	$ 923,097

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - WATER IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Licenses, fees, and permits	$ 15,750	$ 15,750	$ 3,151	$ (12,599)
Intergovernmental	-	86,241	86,242	1
Investment income	-	12,296	12,603	307
Total revenues	15,750	114,287	101,996	(12,291)
Expenditures				
Current:				
Culture and recreation	15,750	28,046	-	28,046
Capital outlay	-	86,241	111,293	(25,052)
Total expenditures	15,750	114,287	111,293	2,994
Net change in fund balances	-	-	(9,297)	(9,297)
Fund balances, beginning of year	347,161	347,161	347,161	-
Fund balances, end of year	$ 347,161	$ 347,161	$ 337,864	$ (9,297)

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PARKS IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	**Final**	**Actual**	
Revenues				
Licenses, fees, and permits	$ 5,000	$ 5,000	$ 1,242	$ (3,758)
Miscellaneous	250,000	250,000	-	(250,000)
Total revenues	255,000	255,000	1,242	(253,758)
Expenditures				
Current:				
Culture and recreation	200,000	200,000	-	200,000
Capital outlay	-	-	172,576	(172,576)
Debt service:				
Principal retirement	44,800	44,800	-	44,800
Interest and fiscal charges	12,300	12,300	-	12,300
Total expenditures	257,100	257,100	172,576	84,524
Net change in fund balances	(2,100)	(2,100)	(171,334)	(169,234)
Fund balances, beginning of year	(31,025)	(31,025)	(31,025)	-
Fund balances, end of year	$ (33,125)	$ (33,125)	$ (202,359)	$ (169,234)

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	$ 266,578	$ 212,110	$ 248,355	$ 36,245
Investment income	-	7,680	8,798	1,118
Total revenues	266,578	219,790	257,153	37,363
Expenditures				
Current:				
Capital outlay	266,578	326,578	325,235	1,343
Total expenditures	266,578	326,578	325,235	1,343
Net change in fund balances	-	(106,788)	(68,082)	38,706
Fund balances, beginning of year	391,867	391,867	391,867	-
Fund balances, end of year	$ 391,867	$ 285,079	$ 323,785	$ 38,706

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUILDING SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	**Final**	**Actual**	
Revenues				
Licenses, fees, and permits	$ 106,500	$ 106,500	$ 96,879	$ (9,621)
Investment income	-	11,528	12,243	715
Total revenues	106,500	118,028	109,122	(8,906)
Expenditures				
Current:				
General government	106,500	-	-	-
Public safety	-	118,028	106,256	11,772
Debt service:				
Principal retirement	-	-	648	(648)
Interest and fiscal charges	-	-	12	(12)
Total expenditures	106,500	118,028	106,916	11,112
Net change in fund balances	-	-	2,206	2,206
Fund balances, beginning of year	414,886	414,886	414,886	-
Fund balances, end of year	$ 414,886	$ 414,886	$ 417,092	$ 2,206

BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(1) An annual budget is prepared for all governmental funds of the Town of Howey-in-the-Hills, Florida. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP). The Town's budgetary basis generally includes the recognition of expenditures when encumbrances are charged against appropriations and revenues when they become measurable and available. Formal budgetary integration is employed as a management control device for all funds. The General Fund's budgetary comparison schedule, as well as the major special revenue funds as notes in Note (1)(c), are presented in this report is included as the required supplementary information following the financial statements to demonstrate compliance with the adopted budget.

Budgets are adopted by the Town Council pursuant to Town Charter using the following procedures:

- On or before July 1st, the Town Manager shall receive each department's budget request by July 1st.
- Budget workshop sessions are scheduled by the Town Council, as needed.
- A general summary of the budget and notice of public hearing is made available to the public.
- Prior to October 1st, the budget is legally enacted through passage of a resolution.
- The Town Council, by resolution, 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.
- The Town Manager must approve all inter-departmental budget amendments and/or appropriations transfers.
- The Town Council must approve any increases to the total budget expenditures by fund.
- The Town Council shall review rates charged for water, wastewater, and stormwater services provided by the Town and shall make such adjustments as the Council considers necessary to adequately fund the operations of the Town's utility system
- Budgetary control is exercised at the fund level.
- Every appropriation will lapse at the close of the fiscal year.

Budgetary integration is established in the accounting records for management control purposes at the object of expenditure level; however, the Town Charter establishes the level at which expenditures may not legally exceed the total Town-wide appropriations. Therefore, the Town Manager may, at any time, transfer appropriation amounts between line items, expenditure classifications, and departments without formal approval by Town Council. However, any revisions that increase the total appropriations at the fund level of the Town must be approved through amendment by the Town Council.

(2) Open purchase orders and other commitments are recognized as expenditures in the period in which the actual goods or services are received and a liability is incurred. Encumbrances (e.g., purchase order, contracts) outstanding at year end for unfulfilled obligations are cancelled and reappropriated in the succeeding year's budget. Accordingly, there were no encumbrances outstanding at year end.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION PLAN FOR POLICE OFFICERS
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year Ending September 30,	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Total Pension Liability										
Service cost	$ 175,616	$ 122,034	$ 92,729	$ 89,607	$ 67,402	$ 79,129	$ 79,129	$ 61,873	$ 61,873	$ 43,667
Interest	150,590	141,344	135,502	121,356	123,805	115,070	123,888	114,769	107,490	70,706
Difference between actual and expected experience	30,665	131,050	(106,741)	50,643	(129,762)	-	(273,146)	(24,948)	(32,313)	200,034
Changes of assumptions	277,263	-	-	-	(48,725)	-	-	-	48,246	264,972
Benefit payments including refunds of contribution	(269,154)	(68,770)	(62,610)	(62,610)	(67,987)	(52,990)	(52,946)	(54,670)	(79,800)	(77,149)
Net change in total pension liability	364,980	325,658	58,880	198,996	(55,267)	141,209	(123,075)	97,024	105,496	502,230
Total pension liability - beginning	2,260,243	1,934,585	1,875,705	1,676,709	1,731,976	1,590,767	1,713,842	1,616,818	1,511,322	1,009,092
Total pension liability - ending (a)	$ 2,625,223	$ 2,260,243	$ 1,934,585	$ 1,875,705	$ 1,676,709	$ 1,731,976	$ 1,590,767	$ 1,713,842	$ 1,616,818	$ 1,511,322
Total Fiduciary Net Position										
Contributions - employer	$ 204,279	$ 165,152	$ 122,869	$ 118,507	$ 130,249	$ 81,736	$ 106,904	$ 97,179	$ 81,225	$ 82,122
Contributions - employee	29,673	26,916	26,315	20,722	17,772	15,147	16,698	14,544	13,006	12,605
Net investment income	252,280	470,490	178,672	(315,550)	373,406	119,226	90,347	110,663	173,224	95,228
Benefit payments, including refunds of contribution	(269,154)	(68,770)	(62,610)	(62,610)	(67,987)	(64,734)	(52,946)	(54,670)	(79,800)	(77,149)
Administrative expense	(20,970)	(18,808)	(16,202)	(18,184)	(25,304)	(8,829)	(16,400)	(7,081)	(13,899)	(5,549)
Net change in plan fiduciary net position	196,108	574,980	249,044	(257,115)	428,136	142,546	144,603	160,635	173,756	107,257
Plan fiduciary net position - beginning	2,912,798	2,337,818	2,088,774	2,345,889	1,917,753	1,775,207	1,630,604	1,469,969	1,296,213	1,188,956
Plan fiduciary net position - ending (b)	$ 3,108,906	$ 2,912,798	$ 2,337,818	$ 2,088,774	$ 2,345,889	$ 1,917,753	$ 1,775,207	$ 1,630,604	$ 1,469,969	$ 1,296,213
Net pension liability (asset) - ending (a) - (b)	$ (483,683)	$ (652,555)	$ (403,233)	$ (213,069)	$ (669,180)	$ (185,777)	$ (184,440)	$ 83,238	$ 146,849	$ 215,109
Plan fiduciary net position as a percentage of the total pension liability	118.42%	128.87%	120.84%	111.36%	139.91%	110.73%	111.59%	95.14%	90.92%	85.77%
Covered payroll	$ 594,776	$ 516,796	$ 423,668	$ 382,668	$ 284,227	$ 330,473	$ 330,473	$ 265,367	$ 265,367	$ 220,740
Net pension liability (asset) as a percentage of covered payroll	-81.32%	-126.27%	-95.18%	-55.68%	-235.44%	-56.22%	-55.81%	31.37%	55.34%	97.45%

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
PENSION PLAN FOR POLICE OFFICERS
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	$ 166,880	$ 204,279	$ (37,399)	$ 594,776	34.35%
2024	139,640	165,152	(25,512)	516,796	31.96%
2023	100,313	122,869	(22,556)	423,668	29.00%
2022	75,433	118,507	(43,074)	382,668	30.97%
2021	81,044	130,249	(49,205)	284,227	45.83%
2020	53,355	81,736	(28,381)	330,473	24.73%
2019	58,177	106,904	(48,727)	330,473	32.35%
2018	100,555	97,179	3,376	265,367	36.62%
2017	89,926	81,225	8,701	265,367	30.61%
2016	77,216	82,122	(4,906)	220,740	37.20%

Notes to Schedule:

Valuation Date:	10/1/2024

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Aggregate
Amortization Method:	Level Dollar, Closed
Inflation:	2.75%
Investment Rate of Return:	6.00%
Retirement Age:	100% at Early Retirement Age
Mortality:	Society of Actuaries Pub-2010 General Retirees Headcount-Weighted Mortality setback one year with generational projection using scale MP-2021

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
SEPTEMBER 30, 2025
(UNAUDITED)

For the Year Ending September 30,	Pension Plan for Police Officers
2025	3.80%
2024	19.88%
2023	-22.79%
2022	30.09%
2021	52.00%
2020	6.06%
2019	4.82%
2018	7.64%
2017	7.04%
2016	8.18%

OTHER SUPPLEMENTARY INFORMATION

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Nonmajor Special Revenue Funds						Total
	Police Impact Fees Fund	Law Enforcement Trust Fund	Police Automation Fund	Special Law Enforcement Trust Fund	Transportation Fund	Tree Fund	Nonmajor Governmental Funds
ASSETS							
Equity in pooled cash and cash equivalents	$ 252,969	$ 1,126	$ 62	$ 2,434	$ 13,334	$ 1,815	$ 271,740
Due from other governments	-	-	-	-	7,620	-	7,620
Total assets	$ 252,969	$ 1,126	$ 62	$ 2,434	$ 20,954	$ 1,815	$ 279,360
LIABILITIES							
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ 2,538	$ -	$ 2,538
Total liabilities	-	-	-	-	2,538	-	2,538
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to unavailable revenues	-	-	-	-	3,772	-	3,772
FUND BALANCES							
Restricted for:							
Public safety	252,969	1,126	62	2,434	-	-	256,591
Physical environment	-	-	-	-	14,644	1,815	16,459
Total fund balances	252,969	1,126	62	2,434	14,644	1,815	273,050
Total liabilities and fund balances	$ 252,969	$ 1,126	$ 62	$ 2,434	$ 20,954	$ 1,815	$ 279,360

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

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Nonmajor Special Revenue Funds						Total
	Police Impact Fees Fund	Law Enforcement Trust Fund	Police Automation Fund	Special Law Enforcement Trust Fund	Transportation Fund	Tree Fund	Total Nonmajor Governmental Funds
Revenues							
Taxes	$ -	$ -	$ -	$ -	$ 59,017	$ -	$ 59,017
Licenses, fees, and permits	1,323	-	-	-	-	-	1,323
Intergovernmental	-	1,368	-	-	18,990	-	20,358
Investment income (loss)	6,465	-	-	-	-	-	6,465
Total revenues	7,788	1,368	-	-	78,007	-	87,163
Expenditures							
Current:							
Public safety	-	1,790	-	-	-	-	1,790
Public works	-	-	-	-	63,363	-	63,363
Capital outlay	32,273	-	-	-	-	-	32,273
Total expenditures	32,273	1,790	-	-	63,363	-	97,426
Net change in fund balances	(24,485)	(422)	-	-	14,644	-	(10,263)
Fund balances, beginning of year	277,454	1,548	62	2,434	-	1,815	283,313
Fund balances, end of year	$ 252,969	$ 1,126	$ 62	$ 2,434	$ 14,644	$ 1,815	$ 273,050

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

JAMESMOORE

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 Town Council,
Town of Howey-in-the-Hills, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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, each major fund, and the aggregate remaining fund information of the Town of Howey-in-the-Hills, 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 June 16, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below as item 2025-001 to be a material weakness:

> **2025-001 Reconciliation of Account Balances and Audit Adjustments –** Based on our audit procedures, we noted a significant amount of audit adjustments that were required to correct errors and to properly state account balances on an accrual basis. Without these adjustments and competent oversight, the statements would have been materially misstated. We recommend management consistently apply appropriate accounting principles to record all year-end accruals to ensure all accounts are properly reconciled at year-end in order to be able to prepare complete GAAP-compliant financial statements.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below as items 2025-002, 2025-003, 2025-004, and 2025-005, to be significant deficiencies.

2025-002 Journal Entry Segregation of Duties – During our testing of journal entries, we noted that entries are prepared and posted by the same employee without secondary review and approval resulting in no segregation of duties over journal entries. We recommend the Town ensure proper segregation of duties over journal entries are enforced, and that the person preparing entries is not the same who is approving and posting entries. If segregation of duties is not feasible due to staffing limitations, a mitigating control should be implemented whereby journal entries are reviewed and approved by an independent individual on a regular basis.

2025-003 Purchasing Card Segregation of Duties– During our testing of controls over Town purchase cards, we noted purchase cards which are held by department directors are being reconciled and approved by those same individual directors, resulting in no segregation of duties over purchasing card disbursements. We recommend the Town ensure proper segregation of duties over purchase cards are enforced, and that the person making purchases is not the same who is reconciling and approving the activity.

2025-004 Bank Reconciliation Preparation – During our testing of bank reconciliations, we noted that certain revenue accruals were included as deposits in transit in order to reconcile book and bank balances. Deposits in transit should represent actual cash receipts that have been recorded in the accounting records but have not yet been reflected on the bank statement. The inclusion of non-cash items as reconciling items resulted in bank reconciliations that did not accurately reflect cash balances at year-end. We recommend the Town strengthen its bank reconciliation procedures to ensure that reconciling items are limited to valid outstanding cash transactions and are supported by appropriate documentation.

2025-005 Inspection and Permit Fee Calculations – During our testing of the Town’s inspection and building permit fees, we noted in our sample of 10 items, that 3 selections were not properly calculated, and therefore incorrect amounts were being charged by the Town. We reviewed the differences with the Town, who agreed that there were errors made in the calculated fees charged. We recommend the Town ensure that proper rates are used, and that calculations are reviewed in some manner to ensure proper oversight.

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*. In connection with our audit, we noted the following instance of noncompliance:

2025-006 Debt Covenant Compliance – During our testing of debt compliance, we noted that the Town was not in compliance with the Ratio Coverage covenant related to its State Revolving Fund (SRF) loan. Specifically, the Town did not meet the required coverage ratio as of year-end. We recommend that the Town implement procedures to monitor compliance with all debt covenants throughout the year and perform the required calculations in a timely manner to identify and address any instances of noncompliance.

Management's Response to Findings

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 16, 2026

JAMESMOORE

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

To the Honorable Mayor and Town Council,
Town of Howey-in-the-Hills, Florida:

Report on the Financial Statements

We have audited the financial statements of Town of Howey-in-the-Hills, Florida (the Town), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 16, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

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

Prior Audit Findings

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

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 legal authority for the primary government and component units of the reporting entity is disclosed in Note 1 of the basic financial statements.

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 report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Town, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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 had the following recommendations:

> **2025-007 Completion of Qualified Public Depositor Report** – Chapter 280, *Florida Statutes* requires all public deposits to file an annual report of all public deposits with the Chief Financial Officer prior to November 30 for the preceding fiscal year. We noted this report was not filed timely for the fiscal year ended September 30, 2025, and recommend the Town ensure annual reporting is done timely to ensure all state protection relate to public deposits remains in effect.
>
> **2025-008 Unexpended Balance – Building Permits –** Section 553.80(7)(a) of Florida Statute limits the amount of unexpended building permit funds carried forward to future fiscal years to no more than the Town's average operating budget for enforcing the Florida Building Code for the previous four fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees. The Town's unexpended building permit funds at September 30, 2025, exceeded the Town's average operating budget for enforcing the Florida Building Code for the previous four fiscal years by approximately $9,000. The Town should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the Town to modify its subsequent fiscal year budget.

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 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 address 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.

Management's Response to Findings

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

Purpose of this Letter

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 16, 2026

JAMESMOORE

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and Town Council,
Town of Howey-in-the-Hills, Florida:

We have examined the Town of Howey-in-the-Hills, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2025. The Town's 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 responsibility is to obtain reasonable assurance by evaluating the Town's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the Town complied with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the Town's compliance based on our examination during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Town's compliance was not in accordance with the Statute in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of Town, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 16, 2026

From the Office of the Town Manager

June 16, 2026

Management Responses to Audit Findings

Finding 2025-001: Reconciliation of Account Balances and Audit Adjustments

Management Response:
Management concurs with the finding. During the fiscal year-end closing process, several audit adjustments were identified that were necessary to properly state account balances in accordance with generally accepted accounting principles (GAAP). The Town recognizes the importance of timely and accurate account reconciliations and accrual entries. Management will strengthen year-end closing procedures by implementing a comprehensive reconciliation checklist, enhancing review processes, and providing additional training to accounting personnel to ensure all material accruals and adjustments are identified and recorded prior to the audit. These measures are expected to improve the accuracy and completeness of the Town's financial statements.

Finding 2025-002: Journal Entry Segregation of Duties

Management Response:
Management concurs with the finding. Due to staffing limitations, complete segregation of duties over journal entry preparation, approval, and posting has not always been feasible. To mitigate this risk, management will implement a formal review and approval process whereby all non-routine journal entries will be reviewed and approved by an independent supervisory employee prior to posting whenever possible. In addition, periodic reviews of posted journal entries will be conducted and documented by management.

Finding 2025-003: Purchasing Card Segregation of Duties

Management Response:
Management concurs with the finding. The Town acknowledges that certain department directors currently reconcile and approve their own purchasing card activity. Effective immediately, purchasing card statements and supporting documentation will be reviewed and approved by an independent supervisor or designated management official who is not the cardholder. Management will also update purchasing card procedures to clearly define approval responsibilities and strengthen oversight controls.

Town of Howey-in-the-Hills

101 N. Palm Ave. • PO Box 128 • Howey-in-the-Hills, FL 34737 • Phone: (352) 324-2290 • Email: sokeefe@howey.org

Finding 2025-004: Bank Reconciliation Preparation

Management Response:
Management concurs with the finding. The Town acknowledges that certain non-cash revenue accruals were improperly included as deposits in transit during the bank reconciliation process. Management will revise reconciliation procedures to ensure that only valid outstanding cash transactions are included as reconciling items. Additional review procedures will be implemented to verify that all reconciling items are properly supported and accurately reflect cash activity. Staff responsible for bank reconciliations will receive additional training regarding proper reconciliation practices.

Finding 2025-005: Inspection and Permit Fee Calculations

Management Response:
Management concurs with the finding. The Town has reviewed the instances identified by the auditors and agrees that certain inspection and permit fees were incorrectly calculated. To address this issue, management will provide refresher training to personnel responsible for calculating fees, develop standardized calculation worksheets where applicable, and implement a secondary review process for permit and inspection fee calculations. These measures will help ensure fees are assessed accurately and consistently in accordance with the Town's adopted fee schedules.

Finding 2025-006 – Debt Covenant Compliance

Management Response:
Management concurs with the finding. During fiscal year 2025, the Town did not meet the required Ratio Coverage covenant associated with its State Revolving Fund (SRF) loan. The Town recognizes the importance of monitoring debt covenant compliance and maintaining adequate financial performance to satisfy all lender requirements. To address this matter, management will implement procedures to monitor debt covenant requirements throughout the fiscal year, including periodic calculation and review of all required financial ratios. Management will also incorporate debt covenant monitoring into its regular financial reporting process to ensure any potential compliance issues are identified and addressed in a timely manner.

Finding 2025-007 – Completion of Qualified Public Depositor Report

Management Response:
Management concurs with the finding. The annual Qualified Public Depositor Report for the fiscal year ended September 30, 2025, was not filed with the Chief Financial Officer by the required deadline of November 30. The delay resulted from an administrative oversight in the year-end reporting process. To prevent recurrence, the Town will implement a formal compliance calendar that identifies all required state reporting deadlines and assigns responsibility for preparation, review, and submission.

Finding 2025-008 – Unexpended Balance – Building Permits

Management Response:
Management concurs with the finding. As of September 30, 2025, the Town's unexpended building permit fund balance exceeded the limitation established by Section 553.80(7)(a), Florida Statutes, by approximately $9,000. Management will review building permit revenues, expenditures, and accumulated balances during the budget development process to ensure compliance with statutory requirements. The Town will evaluate options to reduce the excess balance, including adjusting future permit fees, utilizing eligible funds for building code enforcement activities, or providing fee reductions as permitted by law. Any necessary adjustments will be incorporated into the Town's subsequent fiscal year budget and financial planning processes

Sean O'Keefe

Sean O'Keefe
Town Manager