

**TOWN OF MARINELAND, FLORIDA
ANNUAL FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

**TOWN OF MARINELAND, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2025**

	Page(s)
Independent Auditors' Report	3
Management's Discussion and Analysis	6
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to Financial Statements	18
Required Budgetary Supplementary Schedules	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual	26
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual	27
Additional Elements of Report Prepared in Accordance with Government Auditing Standards, and the Rules of the Auditor General:	
Independent Accountant's Examination Report	29
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	30
Independent Auditor's Management Letter	32
Communication with those Charged with Governance	35
Schedule of Findings	38



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
the Town Commissioners,
Town of Marineland, Florida:

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Marineland, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

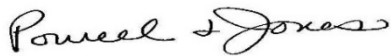
Required Supplementary Information

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, 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 September 25, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
September 25, 2026

**TOWN OF MARINELAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Within this section of the Town of Marineland's (the Town) annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2025. Please read this section in conjunction with the Town's financial statements which follow.

Financial Highlights

- As of September 30, 2025, the assets of the Town exceeded its liabilities by \$3.32 million (net position). The Town's net position increased by \$42,000 (or 1%) as a result of this year's operations.
- Unrestricted net position of \$222,000 represents the unrestricted portion available to maintain the Town's continuing obligations to its citizens and creditors.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. An evaluation of the overall economic health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants. Governmental activities include general government, transportation, culture and recreation, and economic environment.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds (and/or separate bank accounts) to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are required to be separately reported while all others are combined into a single, aggregated presentation. Presently, the Town has two funds. The General Fund encompasses the entirety of the Town's operations. The Community Redevelopment Agency Fund (CRA Fund), a component unit of the Town, is considered a special revenue fund. This fund receives an annual amount from Flagler County with a matching component from the Town of Marineland. This fund is used to redevelop the area within the city limits of the Town of Marineland in accordance with the community redevelopment plan.

Governmental funds

All of the Town's basic services are reported in governmental funds. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis of the Town as a Whole

The Town's net position increased by \$42,000 from the prior year. The capital assets are shown net of depreciation. The following table provides the details for the years ended September 30, 2025 and 2024:

	2025	2024
Current Assets	\$ 590,927	\$ 631,470
Lease Receivables	11,839	16,143
Capital Assets, net	2,773,567	2,810,737
Total Assets	3,376,333	3,458,350
Long-term Debt	-	15,416
Current Liabilities	42,672	147,336
Total Liabilities	42,672	162,752
Deferred Inflows of Resources	9,636	13,367
Net position:		
Net Investment in Capital Assets	2,773,567	2,773,415
Restricted	328,119	223,318
Unrestricted	222,339	285,498
Total Net Position	\$ 3,324,025	\$ 3,282,231

The lease receivable and the deferred inflows of resources are a result of implementing GASB 87 for accounting long-term leases. Note that 83% of the Town's net position is classified as investment in capital assets. The Town uses these capital assets to provide services to its citizens.

The following is a summary of the Town's increase in net position for the years ended September 30, 2025 and 2024:

	2025	2024
Revenues:		
Program revenues		
Charges for services	\$ 29,370	\$ 26,227
Operating grants	89,345	-
General revenues		
Taxes	200,597	187,283
Franchise Fees	21,379	22,081
Miscellaneous	12,299	7,279
Total revenues	<u>352,990</u>	<u>242,870</u>
Expenses:		
General Government	145,841	117,831
Transportation	17,754	17,354
Culture and Recreation	3,871	3,871
Economic Development	142,655	55,066
Interest on Long Term Debt	1,075	2,703
Total expenses	<u>311,196</u>	<u>196,825</u>
Change in net position	<u>\$ 41,794</u>	<u>\$ 46,045</u>

Financial Analysis of the Town's General Fund

The general fund is reported in the fund financial statements with a short-term, inflow and outflow of spendable resource focus. This information may be useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. At September 30, 2025, the General Fund reported an unassigned fund balance of \$164,000. This is unreserved, indicating availability for continuing Town service requirements.

General Fund Budgetary Highlights

Actual General Fund revenues exceeded the final budget by approximately \$100,000, primarily due to \$89,345 of unbudgeted intergovernmental grant revenue. The related grant-funded expenditures were likewise not included in the final budget.

The Town's actual expenditures exceeded the budgeted expenditures by \$117,000 because of the unanticipated reimbursable Marina repair expenses that were noted above as well as professional service expenses that were subsequently reimbursed for services that were not completed.

Capital Asset and Debt Administration

Capital asset activity during the year consisted of the Town incurring \$27,000 in costs related to infrastructure, fixtures, and improvements. These costs were capitalized on the government-wide statements and will be depreciated over the useful life of the asset.

As it pertains to debt administration for the audited period, the Town completely paid off its one outstanding debt in August 2025 (see the notes to the financial statements for further details).

Economic Environment and Next Year's Budgets and Rates

Local governments primarily rely on taxes and state shared revenues received from the State of Florida and a limited array of other taxes and fees to finance the governmental activities. The Town anticipates that these amounts will not change significantly.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town at 176 Marina Drive, St. Augustine, FL 32080-8619 or telephone (386) 232-8060.

**TOWN OF MARINELAND
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

**TOWN OF MARINELAND, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 564,670
Receivables, net	21,323
Prepays	4,934
Noncurrent assets:	
Lease receivable, non-current	11,839
Capital assets:	
Nondepreciable capital assets	1,251,757
Depreciable capital assets, net	1,521,810
Total assets	<u><u>\$ 3,376,333</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 31,887
Unearned revenue	10,785
Total liabilities	<u><u>42,672</u></u>
DEFERRED INFLOWS OF RESOURCES	<u>9,636</u>
Total deferred inflows of resources	<u><u>9,636</u></u>
NET POSITION	
Net investment in capital assets	2,773,567
Restricted for:	
Community redevelopment	328,119
Unrestricted	222,339
Total net position	<u><u>\$ 3,324,025</u></u>

See accompanying notes to the financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 145,841	\$ 2,211	\$ -	\$ -	\$ (143,630)
Economic environment	142,655	-	89,345	-	(53,310)
Transportation	17,754	-	-	-	(17,754)
Culture and recreation	3,871	27,159	-	-	23,288
Interest on long-term debt	1,075	-	-	-	(1,075)
Total governmental activities	<u>311,196</u>	<u>29,370</u>	<u>89,345</u>	<u>-</u>	<u>(192,481)</u>
Total primary government	<u>\$ 311,196</u>	<u>\$ 29,370</u>	<u>\$ 89,345</u>	<u>\$ -</u>	<u>(192,481)</u>
General revenues:					
Property taxes					194,965
Utility service taxes					5,632
Franchise Fees					21,379
Investment earnings					7,904
Miscellaneous revenues					4,395
Total general revenues					<u>234,275</u>
Change in net position					41,794
Net position - beginning of year (restated)					3,282,231
Net position - end of year					<u>\$ 3,324,025</u>

See accompanying notes to the financial statements.

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

	General Fund	Community Redevelopment Agency Fund	Total
ASSETS			
Cash and cash equivalents	\$ 240,037	\$ 324,633	\$ 564,670
Receivables, net	21,323	-	21,323
Lease receivable	11,839	-	11,839
Interfund receivables	-	3,486	3,486
Prepaid items	4,934	-	4,934
Total assets	<u>\$ 278,133</u>	<u>\$ 328,119</u>	<u>606,252</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 31,887	\$ -	\$ 31,887
Unearned revenue	10,785	-	10,785
Interfund payables	3,486	-	3,486
Total liabilities	<u>46,158</u>	<u>-</u>	<u>46,158</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	<u>9,636</u>	<u>-</u>	<u>9,636</u>
FUND BALANCES			
Restricted	-	328,119	328,119
Assigned	58,544	-	58,544
Unassigned	163,795	-	163,795
Total fund balances	<u>222,339</u>	<u>328,119</u>	<u>550,458</u>
Total liabilities, fund balances, and deferred inflows of resources	<u>\$ 278,133</u>	<u>\$ 328,119</u>	<u>\$ 606,252</u>

See accompanying notes to the financial statements.

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

Fund balances - Total Governmental Funds	\$ 550,458
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Amounts reported for governmental activities in the
Statement of activities are different because:

Capital assets of \$3,374,906, net of accumulated depreciation of \$601,339 are not financial resources and, therefore, are not reported in the funds	2,773,567
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Net position of Governmental Activities	<u>\$ 3,324,025</u>
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See accompanying notes to the financial statements.

TOWN OF MARINELAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Community Redevelopment Agency Fund	Total
Revenues			
Property taxes	\$ 138,040	\$ 56,925	\$ 194,965
Utility service taxes	5,632	-	5,632
Franchise fees	21,379	-	21,379
Licenses, permits and fees	2,211	-	2,211
Intergovernmental revenue	89,345	-	89,345
Lease rent	3,730	-	3,730
Marina net proceeds	23,429	-	23,429
Investment income	4,644	3,260	7,904
Miscellaneous	4,395	-	4,395
Total revenues	292,805	60,185	352,990
Expenditures			
Current:			
General government	99,435	46,406	145,841
Transportation	10,491	-	10,491
Economic development	89,345	-	89,345
Capital outlay			
Economic development	-	27,274	27,274
Debt service:			
Principal	37,322	-	37,322
Interest	1,075	-	1,075
Total expenditures	237,668	73,680	311,348
Excess (deficiency) of revenues over expenditures	55,137	(13,495)	41,642
Other financing sources			
Transfer in (out)	(76,716)	76,716	-
Total other financing uses	(76,716)	76,716	-
Net change in fund balances	(21,579)	63,221	41,642
Fund balances, beginning (restated)	243,918	264,898	508,816
Fund balances, ending	\$ 222,339	\$ 328,119	\$ 550,458

See accompanying notes to the financial statements.

**TOWN OF MARINELAND
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	\$ 41,642
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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	27,274
Depreciation expense	(64,444)

Repayment of debt 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	37,322
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Change in net position of governmental activities	\$ 41,794
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See accompanying notes to the financial statements.

**TOWN OF MARINELAND, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Town of Marineland (the Town) was incorporated as a municipality established under the laws of the State of Florida in 1940, as a political subdivision in Flagler County. The Town operates under a Mayor-Council form of government and provides services to its citizens including maintenance of streetlights and other general governmental activities, and operations of the marina.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the Town are discussed below.

Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. As defined by GASB, component units are legally separate entities that are included in the Town's reporting entity because of the significance of their operating or financial relationships with the Town.

Based on the aforementioned criteria, the Town has one component unit, the Community Redevelopment Agency (CRA). The CRA is a blended component unit of the Town and accordingly, is reported as part of the primary government. The activities of the CRA are accounted for in the Community Redevelopment Agency Special Revenue Fund.

The CRA, a component unit of the Town, which was established in 2000, is considered part of the primary government and is accounted for in a special revenue fund. For the current fiscal year, the CRA reported revenues in excess of \$100,000 on its redevelopment fund financial statements. Accordingly, pursuant to Section 163.387(8), Florida Statutes, the CRA is required to obtain a separate financial audit. The CRA's financial audit report accompanies the Town's annual financial report.

Basis of Presentation

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and the fund financial statements are required to categorize primary activities as either governmental or business type. The Town's transportation, cultural and recreation, economic development, and general government services are classified as governmental activities. The Town has no business-type activities.

Basic Financial Statements – Government-wide Statements

In the government-wide Statement of Net Position the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources, if any, to finance qualifying expenditures.

The government-wide Statement of Activities reports both gross and net cost of each of the Town's functions (general government, transportation, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines,

permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, transportation, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs by function are normally covered by general government revenues.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are required to be presented for governmental and proprietary activities. The Town has no proprietary activities. These statements are required to present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The Town currently has two funds for reporting purposes, the General Fund, and the Community Redevelopment Agency Fund.

General Fund

The General Fund is the general operating fund of the Town. This fund is used to account for all financial resources, not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Community Redevelopment Agency Fund

The Community Redevelopment Agency Fund (the CRA fund) is a special revenue fund that accounts for the general operations and the economic development activities of the Community Redevelopment Agency, a component unit.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government activities in the government-wide financial statements are reported using the economic resources measurement focus and on the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers taxes and licenses as available if collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are taxes and franchise fees.

Deposits and Investments

The cash balances consist of checking accounts, savings accounts, and money market accounts.

All monies collected by the Town are required to be deposited in accordance with the laws of the State of Florida. Section 218.415 (17), Florida Statutes, authorizes the Town to invest in the Local Government Surplus Funds Trust, direct obligations of the United States Government, obligations unconditionally guaranteed by the United States Government, time deposits and savings accounts of Florida Qualified Depositories, obligations of Federal Farm Credit Banks, and obligations of the Federal National Mortgage Association.

All cash deposits of the Town are covered by Federal depository insurance or by collateral held by the Town's custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of the FDIC coverage. The Florida Security for Public Deposits Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The Town has not adopted a formal deposit and investment policy that limits the Town's allowable deposits and investments.

Receivables

Receivables are recorded at their estimated net realizable value. Accordingly, they have been adjusted for all known doubtful accounts.

Capital Assets

Capital assets, which include property, plant, equipment, and furniture, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals or betterments are capitalized. Assets capitalized have an original cost of \$1,000 or more and an estimated useful life in excess of one year. Depreciation has been calculated on each class of property using the straight-line method. The estimated useful lives are as follows:

Buildings, Improvements and Infrastructure	25 - 40 years
Fixtures	10 - 15 years

Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and displayed in 3 components:

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net asset position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position as of September 30, 2025, represents the CRA Fund's net position less amount invested in capital assets, which totaled \$328,119.

Unrestricted net position – consist of all other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The Town’s policy is to consider restricted resources as expended whenever both restricted and unrestricted resources are available.

Fund Financial Statements

GASB statement No. 54 requires fund balance classifications in the following hierarchy:

Nonspendable fund balance – this classification represents amounts for inventory, prepaid expenses, property held for resale and long-term notes receivable. As of September 30, 2025, the nonspendable fund balance was \$0.

Restricted fund balance – this classification represents amounts restricted to specific purposes that are either externally imposed by creditors, grantors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. This definition is the same as the definition of restricted net assets used in government-wide financial reporting. Restricted fund balance as of September 30, 2025, represents \$328,119 restricted for economic development in the CRA Fund.

Committed fund balance – this classification represents amounts restricted for specific purposes by formal action of the government’s highest level of decision-making authority (i.e. ordinance).

Assigned fund balance – this classification represents amounts constrained by the government’s intent to be used for specific purposes but are neither restricted or committed (i.e. council vote or resolution). As of September 30, 2025, the balance of \$58,544 in assigned fund balance in the General Fund was for capital improvements.

Unassigned fund balance – This classification represents amounts that do not belong in any of the previous classifications, that is, the residual classification of the General Fund.

The Town considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for which any of those unrestricted fund balance classifications could be used.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The Town has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 25, 2026, the date the financial statements were available. No subsequent events have been disclosed.

NOTE 2 – DEFERRED INFLOWS OF RESOURCES

The deferred inflows of resources balance of \$9,636 as of September 30, 2025 is related to the lease receivable that was recognized in accordance with GASB 87, leases (See note 8).

NOTE 3 – BUDGET AND BUDGETARY ACCOUNTING

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

- In June, the Town Finance Director submits to the Town Council a proposed operating budget, for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in July-August to obtain taxpayer comments.
- In September, the final budget is legally enacted through passage of an ordinance.
- The Town Council must approve any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund.
- The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund present a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.
- Appropriations lapse at year-end.
- The fund total is considered the legal level of control.
- The effects of budget amendments, if any, have been applied to the final budgetary data.
- For the current fiscal year, the General Fund's actual expenditures were \$117,090 in excess of the final budgeted expenditures, this was due to the unanticipated reimbursable Marina repair expenses that were noted in the Town's Management Discussion and Analysis, as well as professional service expenses that were subsequently reimbursed for services that were not completed.

NOTE 4 – RISK MANAGEMENT

The Town has purchased insurance to limit the exposure of the following risks of loss: theft of, damage to and destruction of assets; disasters and injuries to employees. Commercial insurance has also been purchased by the Town to cover the risks of loss due to employee errors or omission. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 5 – PROPERTY TAX

The Flagler County Tax Collector bills and collects property taxes for the Town. Town property tax revenues are recognized when levied, to the extent that they result in current receivables.

Details of the Town's property tax calendar are presented below:

Lien Date	January 1
Levy Date	November 1
Installment Payments:	
1 st Installment	No later than July 10
2 nd Installment	No later than Sept. 30
3 rd Installment	No later than Dec. 31
4 th Installment	No later than March 31
Regular Payments:	
Discount Periods	November – February
No Discount Period	March
Delinquent Date	April 1

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the governmental activities for the year ended September 30, 2025, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Non-depreciable capital assets:				
Land	\$ 1,225,307	\$ -	\$ -	\$ 1,225,307
Construction in Progress	26,450	-	-	26,450
Total non-depreciable capital assets	<u>1,251,757</u>	<u>-</u>	<u>-</u>	<u>1,251,757</u>
Depreciable capital assets:				
Other Building and improvements	488,613	18,254	-	506,867
Marina Improvements	1,368,174	-	-	1,368,174
Infrastructure	224,402	3,500	-	227,902
Equipment, furniture, fixtures and vehicles	14,686	5,520	-	20,206
Total depreciable capital assets	<u>2,095,875</u>	<u>27,274</u>	<u>-</u>	<u>2,123,149</u>
Less accumulated depreciation	(536,895)	(64,444)	-	(601,339)
Total depreciable capital assets, net	<u>1,558,980</u>	<u>(37,170)</u>	<u>-</u>	<u>1,521,810</u>
Governmental activities				
Capital assets, net	<u>\$ 2,810,737</u>	<u>\$ (37,170)</u>	<u>\$ -</u>	<u>\$ 2,773,567</u>

For the year ended September 30, 2025, depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
Culture and Recreation	\$ 3,871
Economic Development	49,949
Transportation	7,263
Community Redevelopment Agency	3,361
Total depreciation expense - governmental activities	<u>\$ 64,444</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Town has an agreement with an unrelated third party for the management of the Town's marina operations. Terms of the agreement stipulate the Town will receive a percentage of the profits if the marina operations earn a specified amount, determined on a cumulative basis. For the year ended September 30, 2025, the Town earned \$18,000 as a result of this agreement. The initial agreement for the management of the marina was set for a ten-year period expiring in December 2024 and contained two options to renew for additional ten-year periods – the option to renew was exercised nearly two years early, in January 2023.

As of September 30, 2025, the Town has several grant commitments totaling over \$931,042 outstanding. These grants are to assist in financing phase 3 of the marina improvements project.

NOTE 8 – LEASE

The Town leases approximately 200 square feet of space at the marina to an unrelated third party for use as a concession operation. Under the terms of the lease agreement, the Town receives monthly lease payments of \$400. The original lease term was five years and expired on April 30, 2018, with two options to renew for additional five-year periods. In connection with the implementation of GASB Statement No. 87, Leases, effective October 1, 2021, the Town recognized a lease receivable and a related deferred inflow of resources using a discount rate of 3.50%. As of September 30, 2025, the Town reported a lease receivable of \$11,839 and a related deferred inflow of resources of \$9,636. During the year ended September 30, 2025, the Town received \$4,800 in lease payments and recognized \$3,730 in lease revenue and \$496 in interest income related to the lease. The following is a schedule of future minimum lease payments to be received under the terms of the lease as of September 30, 2025.

Year	Principal	Interest	Total
1	4,457	343	4,800
2	4,615	185	4,800
3	2,767	33	2,800
Total	<u>11,839</u>	<u>561</u>	<u>12,400</u>

NOTE 9 – LONG TERM DEBT

In November 2017, the Town entered into a \$1,000,000 grant anticipation revenue note from a local financial institution to provide funding for marina improvements. The Town is allowed to borrow up to \$1,000,000. The terms of the note originally included quarterly payments of \$6,919 including interest at 5.15% beginning May 1, 2018. Commencing on October 1, 2021, the interest rate was modified to the greater of 5.15% per annum or the Atlanta Federal Home Loan Bank Board five-year fixed rate credit plus 3.50% and the quarterly payment became \$5,845. The final payment was made on August 1, 2025. The following summarizes the long-term debt activity for the year ended September 30, 2025.

	Beginning Balance	Increase	Decrease	Ending Balance	Due within one year
Revenue Note, 2016 Series	\$ 37,322	\$ -	\$ (37,322)	\$ -	\$ -

REQUIRED BUDGETARY SUPPLEMENTAL SCHEDULES

TOWN OF MARINELAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
General Revenues				
Taxes				
Property	\$ 131,807	\$ 131,807	\$ 138,040	\$ 6,233
Utility service	6,158	6,158	5,632	(526)
Franchise Fees	22,000	22,000	21,379	(621)
Licenses, Permits and fees	2,750	2,750	2,211	(539)
Intergovernmental revenue	-	-	89,345	89,345
Lease Rent	4,800	4,800	3,730	(1,070)
Marina Net Proceeds	18,000	18,000	23,429	5,429
Investment income	5,000	5,000	4,644	(356)
Miscellaneous	2,400	2,400	4,395	1,995
Total revenues	<u>192,915</u>	<u>192,915</u>	<u>292,805</u>	<u>99,890</u>
EXPENDITURES				
General government	81,913	81,913	99,435	(17,522)
Transportation	10,665	10,665	10,491	174
Economic environment	-	-	89,345	(89,345)
Debt service:				
Principal	21,000	21,000	37,322	(16,322)
Interest	7,000	7,000	1,075	5,925
Total expenditures	<u>120,578</u>	<u>120,578</u>	<u>237,668</u>	<u>(117,090)</u>
Excess of revenues over expenditures	<u>72,337</u>	<u>72,337</u>	<u>55,137</u>	<u>(17,200)</u>
Other financing sources				
Transfers (out)	(72,337)	(72,337)	(76,716)	(4,379)
Total other financing sources (uses)	<u>(72,337)</u>	<u>(72,337)</u>	<u>(76,716)</u>	<u>(4,379)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(21,579)</u>	<u>(21,579)</u>
Fund balance, beginning	<u>243,918</u>	<u>243,918</u>	<u>243,918</u>	<u>-</u>
Fund balance, ending	<u>\$ 243,918</u>	<u>\$ 243,918</u>	<u>\$ 222,339</u>	<u>\$ (21,579)</u>

See accompanying notes.

TOWN OF MARINELAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 61,332	\$ 61,332	\$ 56,925	\$ (4,407)
Interest on Investments	-	-	3,260	3,260
Total revenues	<u>61,332</u>	<u>61,332</u>	<u>60,185</u>	<u>(1,147)</u>
EXPENDITURES				
General government	56,675	56,675	46,406	10,269
Capital outlay				
Economic Development	<u>361,232</u>	<u>361,232</u>	<u>27,274</u>	<u>333,958</u>
Total expenditures	<u>417,907</u>	<u>417,907</u>	<u>73,680</u>	<u>344,227</u>
Excess of revenues over expenditures	<u>(356,575)</u>	<u>(356,575)</u>	<u>(13,495)</u>	<u>343,080</u>
Other financing sources				
Transfers in	<u>72,337</u>	<u>72,337</u>	<u>76,716</u>	<u>4,379</u>
Total other financing sources (uses)	<u>72,337</u>	<u>72,337</u>	<u>76,716</u>	<u>4,379</u>
Net change in fund balances	<u>(284,238)</u>	<u>(284,238)</u>	<u>63,221</u>	<u>347,459</u>
Fund balance appropriated	284,238	284,238	-	(284,238)
Fund balance, beginning	<u>264,898</u>	<u>264,898</u>	<u>264,898</u>	<u>-</u>
Fund balance, ending	<u>\$ 264,898</u>	<u>\$ 264,898</u>	<u>\$ 328,119</u>	<u>\$ 63,221</u>

See accompanying notes.

**ADDITIONAL ELEMENTS OF REPORT PREPARED
IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS, AND THE RULES OF THE
AUDITOR GENERAL:**



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Honorable Mayor and Members of the Town Commission
Town of Marineland, Florida

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

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

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

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025.

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

Powell and Jones CPA
Lake City, Florida
September 25, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

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

To the Honorable Mayor and Town Commission
Town of Marineland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Town of Marineland, Florida, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Marineland, Florida's (the Town) basic financial statements, and have issued our report thereon dated September 25, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town's internal control over financial reporting (internal control) to determine the 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.

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

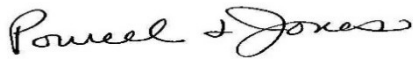
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified a deficiency in internal control, that we consider to be a significant deficiency that is reported as 2025-01 on the schedule of findings.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
September 25, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mayor and Town Commission
Town of Marineland, Florida
Marineland, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Marineland, Florida (the Town), as of and for the fiscal year ended September 30, 2025, and have issued our report, thereon dated September 25, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in those reports, which are dated September 25, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Corrective actions have been taken to address all findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town was established in 1940 under a charter in accordance with the Laws of Florida, Chapter 165 Florida

Statutes. The Town has one component unit, the Community Redevelopment Agency. This component unit was established on November 16, 2000 (and amended in May 2002) pursuant to Part III, Chapter 163, Florida Statutes, and the applicable resolution of the Town.

Financial Condition and Management

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

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

Section 10.554 (1) (i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have no recommendations.

Property Assessed Clean Energy Programs (PACE)

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, that 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.

As required by Section 218.39 (3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Town of Marineland Community Redevelopment Agency (the Agency) reported:

- a. The total number of district employees compensated in the last pay period of the Agency's fiscal year was 0. The Agency has no employees but receives administrative, engineering, and project management support from the Town staff.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Agency's fiscal year was 4.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$0.

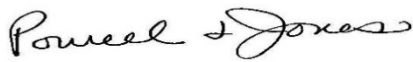
- d. All compensation earned or awarded to independent contractors, whether paid or accrued, regardless of contingency was \$46,406.
- e. Each construction project with total costs of at least \$65,000 approved by the Agency that is scheduled to begin on or after October 1 of the fiscal year being reported, together with total expenditures for such project - Underground Pipes/Mapping - \$100,000, Parking Lot - \$80,000, Opening up Beach Access - \$70,000, and Gazebo Upgrade - \$75,000
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes. There were no budget amendments in the reported year.

Additional Matters

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

Purpose of This Letter

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



Powell and Jones CPA
Lake City, Florida
September 25, 2026



204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 25, 2026

To the Honorable Mayor and Town Commission
Town of Marineland, Florida
Marineland, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Marineland, Florida (the Town) as of and for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 13, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended September 30, 2025. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the Town of Marineland's financial statements was:

Management's estimate of the useful lives of the fixed assets is based on historical data. We evaluated the key factors and assumptions used to develop the useful lives of the fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 25, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the government unit's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

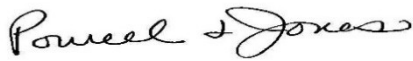
Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the council members and management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
September 25, 2026



SCHEDULE OF FINDINGS

Current Year Findings:

2025-01: Classification of Board Members for Payroll Tax Purposes

Criteria

Internal Revenue Code Section 3401(c) provides that an officer or elected official of a state or political subdivision is considered an employee for federal income tax withholding purposes. Internal Revenue Service guidance further provides that, in most cases, individuals serving as public officials are government employees. Examples of public officials include members of city councils and other governmental boards and commissions. Accordingly, compensation paid to public officials generally should be treated as employee compensation and reported on Form W-2 rather than as nonemployee compensation on Form 1099.

Condition

During our audit, we noted that the Town compensated members of its Board for services performed in their official capacities but treated the Board members as independent contractors. The compensation paid to the Board members was reported as nonemployee compensation on Forms 1099 rather than as employee wages on Forms W-2.

Cause

The Town has historically treated its Board members as independent contractors rather than employees for payroll and federal income tax reporting purposes.

Effect

As a result, compensation paid to Commission members was not reported in the manner generally required for public officials, and applicable payroll taxes may not have been properly withheld, reported, or remitted. The Town could be subject to additional taxes, interest, or penalties associated with the improper classification.

Recommendation

We recommend that the Town treat Commission members as employees for federal employment tax reporting purposes and process future compensation through the Town's payroll system. The Town should also determine whether any corrective action is necessary with respect to compensation reported in prior periods.

Client Response:

Management agrees with the finding. Beginning with the next applicable payroll period, the Town will transition Commission members from independent contractor status to the Town's payroll system. The Town will obtain the necessary payroll documentation from each Commission member and will report future compensation on Form W-2 in accordance with applicable federal requirements.

Prior Year Audit Findings:

2024-01: Status of Unspent Funds at Year End

Criteria: Section 163.387, Florida Statutes, requires that on the last day of a CRA's fiscal year, any moneys remaining in the CRA's Trust Fund after the payment of expenses pursuant to State law shall be administered through one of the following:

- Returned to each taxing authority which paid the increment in the proportion of the amount of the payment of such taxing authority bears to the total amount paid into the Trust Fund by all taxing authorities for that year.
- Used to reduce the amount of any indebtedness to which increment revenues are pledged
- Deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues were pledged.
- Appropriated to a specific development project pursuant to an approved community redevelopment plan.

Condition: Moneys remaining in the Agency Trust Fund on the last day of the Agency's prior fiscal year was \$284,238. Our review of the Agency records and discussions with Town personnel disclosed that the Agency included \$51,309 as a carryover in the following year's budget, which were less than the remaining balance of \$284,238. Also, while the projects in the current year budget were consistent with the prior year, it was not clear which projects were appropriated unused moneys from the previous year. As a result, the Agency did not demonstrate that the moneys remaining in the Agency Trust Fund was appropriated to a specific project or otherwise disposed of in accordance with State law.

Effect: By not maintaining adequate records to demonstrate that unused moneys were re-appropriated to specific projects in a subsequent year, there is an increased risk that the taxing authorities that contributed tax financing moneys to the Agency may not receive unused Agency moneys to which they are entitled pursuant to State law.

Recommendation: The Agency should maintain records evidencing that moneys remaining in Agency Trust Funds at the end of the fiscal year was either obligated for purposes authorized by State law or returned to the applicable taxing authorities that contributed tax financing moneys

The circumstances surrounding this finding are substantially improved by the town.