

**VILLAGE OF SEA RANCH LAKES, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025**

VILLAGE OF SEA RANCH LAKES, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

To the Council
Village of Sea Ranch Lakes, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Village of Sea Ranch Lakes, Florida (the "Village") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Village'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 the major fund of the Village as of September 30, 2025, and the respective changes in financial position thereof for the fiscal 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*, 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 Village 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

The Village's 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 Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Village'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 Village'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 budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c), but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2026, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Grau & Associates

March 5, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Sea Ranch Lakes, Florida (the "Village") provides a narrative overview of the Village's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the Village's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$3,405,742.
- The change in the Village's total net position in comparison with the prior fiscal year was \$203,931, an increase. The key components of the Village's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2025, the Village's governmental funds reported combined ending fund balances of \$2,476,684, an increase of \$214,827 in comparison with the prior fiscal year. A portion of total fund balance is restricted for road maintenance, and the remainder is unassigned fund balance which is available for spending at the Village's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual amount being 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 Village is improving or deteriorating.

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

The government-wide financial statements include all governmental activities that are principally supported by ad valorem taxes, intergovernmental revenues, license and permit fees, and franchise fees. The Village does not have any business-type activities. The functions/programs are: general government, public safety, and physical environment.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village has one fund category: governmental 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. Such information may be useful in evaluating a Village'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 Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains one governmental fund for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered a major fund.

The Village adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Village, assets exceeded liabilities at the close of the most recent fiscal year.

Key components of the Village's net position are reflected in the following table:

	NET POSITION SEPTEMBER 30,	
	2025	2024
Current and other assets	\$ 2,539,447	\$ 2,312,262
Capital assets, net of depreciation	1,480,401	1,572,663
Total assets	4,019,848	3,884,925
Current liabilities	62,763	50,405
Long-term liabilities	551,343	632,709
Total liabilities	614,106	683,114
Net position		
Net investment in capital assets	929,058	939,954
Restricted	76,062	76,062
Unrestricted	2,400,622	2,185,795
Total net position	\$ 3,405,742	\$ 3,201,811

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A portion of the Village's net position reflects its investment in capital assets (e.g. land, land improvements, infrastructure and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the Village's net position, if any, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Village's other obligations.

The Village's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which general revenues exceeded the cost of operations and depreciation expense.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2025	2024
Revenues:		
Program revenues		
Charges for services	\$ 193,584	\$ 211,585
General revenues		
Ad valorem taxes	2,279,681	1,945,322
Intergovernmental revenues	145,592	142,863
Franchise fees	76,726	74,769
Unrestricted investment earnings	108,604	99,120
Miscellaneous	10,295	9,826
Total revenues	2,814,482	2,483,485
Expenses:		
General government	318,461	292,190
Public safety	1,988,161	1,728,263
Physical environment	283,979	318,280
Interest	19,950	16,613
Total expenses	2,610,551	2,355,346
Change in net position	203,931	128,139
Net position - beginning	3,201,811	3,073,672
Net position - ending	\$ 3,405,742	\$ 3,201,811

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2025 was \$2,610,551. The costs of the Village's activities were primarily funded by program revenues and general revenues. Program revenues are comprised primarily of license and permits fees. General revenues are comprised primarily of property taxes, intergovernmental revenues, and franchise fees. The remainder of the current fiscal year revenue includes interest and miscellaneous revenues. The majority of the increase in total revenues is the result of the increase in property taxes and investment earnings. Total expenses increased from the prior fiscal year primarily as a result of increased compensation.

GENERAL AND SPECIAL REVENUE FUNDS BUDGETARY HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the Village pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Village Council. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2025, the Village had \$2,943,909 invested in capital assets. This investment in capital assets includes infrastructure, furniture and equipment, improvements other than buildings, computer equipment, leasehold improvements, and right-to-used leased assets. In the government-wide financial statements, accumulated depreciation of \$1,463,508 has been taken resulting in a net book value of \$1,480,401. More detailed information about the Village's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2025, the Village reported a lease liability of \$463,838 for its governmental activities. More detailed information about the Village's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the Village will remain fairly constant.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, land owners, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Village of Sea Ranch Lakes, Florida at One Gatehouse Road, Sea Ranch Lakes, Florida, 33308.

VILLAGE OF SEA RANCH LAKES, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Cash, cash equivalents and investments	\$ 2,483,339
Accounts receivable	28,661
Prepaid items	27,447
Capital assets:	
Depreciable, net	1,480,401
Total assets	<u>4,019,848</u>
LIABILITIES	
Accounts payable and accrued expenses	62,763
Non-current liabilities:	
Due within one year	66,660
Due in more than one year	484,683
Total liabilities	<u>614,106</u>
NET POSITION	
Net investment in capital assets	929,058
Restricted	76,062
Unrestricted	2,400,622
Total net position	<u><u>\$ 3,405,742</u></u>

See notes to the financial statements

**VILLAGE OF SEA RANCH LAKES, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

<u>Functions/Programs</u>	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ 318,461	\$ -	\$ (318,461)
Public safety	1,988,161	193,584	(1,794,577)
Physical environment	283,979	-	(283,979)
Interest on long-term debt	19,950	-	(19,950)
Total governmental activities	<u>2,610,551</u>	<u>193,584</u>	<u>(2,416,967)</u>
General revenues:			
Ad valorem taxes			2,279,681
Intergovernmental revenues			145,592
Franchise fees			76,726
Unrestricted investment earnings			108,604
Miscellaneous			<u>10,295</u>
Total general revenues			<u>2,620,898</u>
Change in net position			203,931
Net position - beginning			<u>3,201,811</u>
Net position - ending			<u><u>\$ 3,405,742</u></u>

See notes to the financial statements

**VILLAGE OF SEA RANCH LAKES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>Major Funds</u>	
	General Fund	Total Governmental Funds
ASSETS		
Cash, cash equivalents and investments	\$ 2,483,339	\$ 2,483,339
Accounts receivable	28,661	28,661
Prepaid items	27,447	27,447
Total assets	<u><u>\$ 2,539,447</u></u>	<u><u>\$ 2,539,447</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 8,679	\$ 8,679
Accrued payroll liabilities	54,084	54,084
Total liabilities	<u>62,763</u>	<u>62,763</u>
 Fund balance:		
Nonspendable:		
Prepaid items	27,447	27,447
Restricted for:		
Road maintenance	76,062	76,062
Unassigned	2,373,175	2,373,175
Total fund balance	<u>2,476,684</u>	<u>2,476,684</u>
 Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 2,539,447</u></u>	<u><u>\$ 2,539,447</u></u>

See notes to the financial statements

**VILLAGE OF SEA RANCH LAKES, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Fund balance - governmental funds	\$	2,476,684
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	2,943,909	
Accumulated depreciation	(1,463,508)	1,480,401

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term are reported in the government-wide financial statements.

Lease payable	(463,838)	
Compensated absences	(87,505)	(551,343)
Net position of governmental activities		\$ 3,405,742

See notes to the financial statements

**VILLAGE OF SEA RANCH LAKES, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	<u>Major Funds</u>	
	General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 2,279,681	\$ 2,279,681
Intergovernmental revenue	145,592	145,592
Franchise fees	76,726	76,726
Licenses and permits	193,584	193,584
Miscellaneous	10,295	10,295
Interest income	108,604	108,604
Total revenues	<u>2,814,482</u>	<u>2,814,482</u>
EXPENDITURES		
Current:		
General government	299,559	299,559
Public safety	1,971,946	1,971,946
Physical environment	172,973	172,973
Debt service:		
Principal	64,050	64,050
Interest	19,950	19,950
Loan issuance costs	-	-
Capital outlay	71,177	71,177
Total expenditures	<u>2,599,655</u>	<u>2,599,655</u>
Excess (deficiency) of revenues over (under) expenditures	214,827	214,827
Fund balance - beginning	<u>2,261,857</u>	<u>2,261,857</u>
Fund balance - ending	<u>\$ 2,476,684</u>	<u>\$ 2,476,684</u>

See notes to the financial statements

VILLAGE OF SEA RANCH LAKES, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balance - total governmental funds	\$ 214,827
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	71,177
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	64,050
The net change in compensated absences is recorded as an adjustment to expenses in the statement of activities.	17,316
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(163,439)
Change in net position of governmental activities	<u>\$ 203,931</u>

See notes to the financial statements

VILLAGE OF SEA RANCH LAKES, FLORIDA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The Village of Sea Ranch Lakes, Florida (the "Village") was incorporated in 1959 pursuant to the Laws of Florida, Chapter 59-1858. The Village operates under a Mayor-Council form of government and provides, or contracts, for the following services as authorized by its Charter and Village Ordinances: public safety (police and fire), highways and streets, sanitation, public improvements, planning and zoning and general administrative services.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Village Council is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the Village are such that, if excluded, the financial statements of the Village would be considered incomplete or misleading. There are no entities considered to be component units of the Village; therefore, the financial statements include only the operations of the Village.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes

Property taxes are ad valorem. The fiscal year for which annual assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and become delinquent on April 1. The taxes are billed and collected by the County Tax Assessor/Collector on behalf of the Village. The amounts remitted to the Village are net of applicable discounts or fees.

Property taxes, franchise fees, licenses and permits, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized in revenues of the current fiscal period. The portion of receivables due within the current fiscal period is considered to be susceptible to accrual as revenue for the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental fund:

General Fund

The general fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and receivables set aside pursuant to Florida Statutes or other contractual restrictions.

Deposits and Investments

The Village considers cash on hand, demand deposits, and all other short-term investments that are highly liquid as cash equivalents. Highly liquid short-term investments are those readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months. In addition, nonnegotiable certificates of deposits held by the Village are considered cash deposits.

The Village has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The Village may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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 Village has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The Village records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Receivables

The Village's policy is to report accounts and property tax receivable net of an allowance for uncollectible balances. All of the Village's receivables are considered collectible at September 30, 2025; therefore, no allowance has been estimated.

Prepaid Items

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.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the government 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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Village are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements	10-25
Furniture and equipment	3-10
Infrastructure	40
Right-to-use leased assets	8

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets, including right to use leased assets, are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Leases

Lessee: When the Village is a lessee in a lease the Village recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Village recognizes lease liabilities with an initial, individual value of \$100,000 or more. At the commencement of a lease, the Village initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the commencement date, plus certain direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Village determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Village uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Village generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Village is reasonably certain to exercise.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Compensated Absences

After completion of one year of service, employees are entitled to ten (10), ten-hour annual leave days (vacation). Additionally, employees are entitled to ten (10), ten-hour days per calendar year worked (sick leave). Also, in the event of a death in the immediate family, employees are granted three (3) working days with pay; such leave is not charged to sick leave or vacation leave, or any other earned leave, but is in addition thereto. Sick leave may be accumulated up to 200 hours, however, vacation time earned must be utilized during the calendar year. Employees who do not utilize vacation days within the specified time frame will be compensated “cashed out” for the unused vacation time. Upon separation from service, all employees will be compensated for accrued annual and sick leaves earned within the calendar year. Liability for accrued compensated absences of the governmental activities is not reported in the balance sheet of the governmental funds and, accordingly, represents a reconciling item between the fund and government-wide presentations. Payments are generally paid out of the general fund.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of 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.

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred Outflows/Inflows of Resources (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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The Village can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Village Council. Commitments may be changed or lifted only by the Village Council taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts, established by the Village's Council, that are intended to be used for specific purposes that are neither considered restricted nor committed. The Council may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The Village first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by outside parties for use for a specific purpose. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

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 reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The Village is required to establish a budgetary system and an approved annual budget. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all annual appropriations lapse at fiscal year-end.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the Village Financial Director submits to the Village Council a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted by the Village Council.
- d) All budget changes must be approved by the Village Council.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The Village's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The Village's investments were held as follows at September 30, 2025:

	Amortized cost	Credit Risk	Maturities
Centennial Bank investment	\$ 587,063	N/A	n/a
Florida Municipal Investment Trust	1,343,659	FitchRatings	Various
Florida PRIME	516,815	S&P AAAM	Weighted average of the fund portfolio: 47 days
	<u>\$ 2,447,537</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The Village places no limit on the amount the Village may invest in any one issuer.

Interest rate risk – The Village does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Fair Value Measurement – When applicable, the Village measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Village has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the Village's investments have been reported at amortized cost above.

External Investment Pool – With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Infrastructure under construction	\$ 7,370	\$ -	\$ (7,370)	\$ -
Total capital assets, not being depreciated	7,370	-	(7,370)	-
Capital assets, being depreciated				
Infrastructure	1,735,600	14,740	-	1,750,340
Furniture and equipment	341,292	63,807	-	405,099
Improvements other than buildings	132,952	-	-	132,952
Computer equipment	62,071	-	-	62,071
Leasehold improvements	19,172	-	-	19,172
Right-to-use leased assets	574,275	-	-	574,275
Total capital assets, being depreciated	2,865,362	78,547	-	2,943,909
Less accumulated depreciation for:				
Infrastructure	830,880	43,390	-	874,270
Furniture and equipment	255,075	33,414	-	288,489
Improvements other than buildings	112,497	4,478	-	116,975
Computer equipment	38,707	8,697	-	47,404
Leasehold improvements	9,072	1,676	-	10,748
Right-to-use leased assets	53,838	71,784	-	125,622
Total accumulated depreciation	1,300,069	163,439	-	1,463,508

Depreciation expense was charged to function/programs as follows:

General government	\$ 18,902
Physical environment	128,322
Public safety	16,215
Total	<u>\$ 163,439</u>

NOTE 6 – LEASES AND COMPENSATED ABSENCES

Lease Payable

The Village entered into a lease agreement as a lessee for the use of certain real properties (“right-to-use leased assets”). As a result, an initial lease liability and intangible right-to-use leased assets was recorded in the amount of \$574,275 related to the lease. The lease liability was measured using a discount rate of 4%. The lease requires a monthly payment of \$7,000 and has a lease end date of December 31, 2031. The right-to-use leased assets are being depreciated over the life of the lease. The value of the right-to-use assets as of the end of the current fiscal year was \$574,275 and had accumulated amortization of \$125,622.

The future principal and interest lease payments as of September 30, 2025, were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2026	\$ 66,660	\$ 17,340	\$ 84,000
2027	69,376	14,624	84,000
2028	72,202	11,798	84,000
2029	75,144	8,856	84,000
2030	75,144	5,795	80,939
2031-2032	105,312	2,750	108,062
Total	<u>\$ 463,838</u>	<u>\$ 61,163</u>	<u>\$ 525,001</u>

NOTE 6 – LEASES AND COMPENSATED ABSENCES (Continued)

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2025 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Compensated absences	\$ 104,821	\$ -	\$ (17,316)	\$ 87,505	\$ -
Lease payable	527,888	-	(64,050)	463,838	66,660
Total	<u>\$ 632,709</u>	<u>\$ -</u>	<u>\$ (81,366)</u>	<u>\$ 551,343</u>	<u>\$ 66,660</u>

NOTE 7 – DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan is available to all full-time employees and permits them to defer a portion of their salary until future years. Such deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

In accordance with Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, since the Village does not have any presumption of fiduciary responsibility for the Plan, it is not reflected in the Village's financial statements as of September 30, 2025.

For the year ended September 30, 2025, the Village matched forty cents for every one dollar of employee contribution to the 457 Plan subject to maximums authorized by the program. The total contribution made by the Village for the year ended September 30, 2025 was \$60,156.

NOTE 8 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all counties, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law.

The tax levy of the Village is established by the Council prior to October 1 of each year during the budget process and levied on October 1. The millage rate assessed by the Village for the fiscal year ended September 30, 2025, was 6.50000 (\$6.50000 for each \$1,000 of assessed valuation).

NOTE 9 – INTERGOVERNMENTAL REVENUE

Intergovernmental revenues for the fiscal year ended September 30, 2025 are comprised of the following:

Communications services tax	\$ 31,779
First local option fuel tax	5,197
Second local option fuel tax	3,642
State revenue sharing	64,000
Half cent sales tax	40,974
Total	<u>\$ 145,592</u>

NOTE 10 – RECEIVABLES

Receivables at September 30, 2025 for the Village are as follows:

	<u>General</u>
Receivables:	
State of Florida	\$ 12,186
Franchise fees	16,475
Total	<u>\$ 28,661</u>

NOTE 11 – RELATED PARTY

The residents of the Village own the Sea Ranch Lakes Beach Club, Inc., as one share of stock of the Club has been permanently assigned to each of the 210-platted Village lots. These shares are restricted in such a manner that they shall at all times stand in the name of the person or persons residing on the lots, whether as fee owner or lessee.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Village has an agreement with the City of Pompano Beach, Florida ("Pompano") whereby Pompano is to provide EMS and fire services to the Village through September 30, 2033. Pompano shall invoice, collect and retain all EMS transport fees, fire safety inspections, plan reviews, fire code enforcement services and hazardous materials mitigation services. In October of each year, the fee shall be subject to a percentage increase or decrease directly related to the increase or decrease in the Pompano Beach Fire and EMS annual budget for the upcoming fiscal year. Any increase or decrease to the Village shall not exceed 5% in any one fiscal year. During fiscal year 2025 the Village paid Pompano \$282,171 per the above agreement for EMS and fire services.

The Village has an agreement with Waste Management, Inc. of Florida to provide it with solid waste and recyclable material collection services for a fee per unit, adjusted annually in accordance with the change in the Consumer Price Index plus a specific increase or decrease by an amount equal to \$ 0.17 for each \$ 1.00 of increase or decrease in disposal fees. During fiscal year 2025 the Village paid Waste Management, Inc. \$105,519 for waste management services.

NOTE 13 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Village has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations.

VILLAGE OF SEA RANCH LAKES, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts <u>Original & Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Ad valorem taxes	\$ 2,263,800	\$ 2,279,681	\$ 15,881
Franchise fees	108,000	76,726	(31,274)
Licenses and permits	155,000	193,584	38,584
Intergovernmental revenue	133,000	145,592	12,592
Fines and forfeitures	1,000	-	(1,000)
Investment income	-	108,604	108,604
Miscellaneous	87,500	10,295	(77,205)
Total revenues	<u>2,748,300</u>	<u>2,814,482</u>	<u>66,182</u>
EXPENDITURES			
Current:			
General government	276,900	299,559	(22,659)
Public safety	1,736,847	1,971,946	(235,099)
Physical environment	715,300	172,973	542,327
Debt service:			
Principal	-	64,050	(64,050)
Interest	-	19,950	(19,950)
Capital outlay	44,253	71,177	(26,924)
Total expenditures	<u>2,773,300</u>	<u>2,599,655</u>	<u>173,645</u>
Excess (deficiency) of revenues over (under) expenditures	(25,000)	214,827	239,827
OTHER FINANCING SOURCES (USES)			
Use of fund balance	25,000	-	(25,000)
Total other financing sources (uses)	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balance	<u>\$ -</u>	214,827	<u>\$ 214,827</u>
Fund balance - beginning		<u>2,261,857</u>	
Fund balance - ending		<u>\$ 2,476,684</u>	

See notes to required supplementary information

VILLAGE OF SEA RANCH LAKES, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The Village is required to establish a budgetary system and an approved Annual Budget for the general fund. The Village's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Council. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Village Council. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.



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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 Council
Village of Sea Ranch Lakes, 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 the major fund of the Village of Sea Ranch Lakes, Florida (the "Village") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our opinion thereon dated March 5, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

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.

Grau & Associates

March 5, 2026



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Council
Village of Sea Ranch Lakes, Florida

We have examined the Village of Sea Ranch Lakes, Florida's ("Village") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2025. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the Village 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. Our examination does not provide a legal determination on the Village's compliance with specified requirements.

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

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the fiscal 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 Florida House of Representatives, the Florida Auditor General, management, and the Council members of the Village of Sea Ranch Lakes, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

March 5, 2026



Grau & Associates

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MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

To the Council
Village of Sea Ranch Lakes, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Village of Sea Ranch Lakes, Florida (the "Village") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 5, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor'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 March 5, 2026, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Village, as described in the first paragraph, we report the following:

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

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

We wish to thank the Village of Sea Ranch Lakes, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

March 5, 2026

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2024.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2025.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2025.

4. The name or official title and legal authority of the Village are disclosed in the notes to the financial statements.

5. The Village has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.

7. A statement as to whether or not 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 county, municipality, or dependent special Village geographical boundaries during the fiscal year under audit, regardless of whether any new financing arrangements were initiated during the period under audit or whether only preexisting financing arrangements were administered.

A PACE program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Village's geographical boundaries during the fiscal year ending September 30, 2025.