CITY OF WALDO, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2025

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T A B L E O F C O N T E N T S

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FINANCIAL SECTION

Powell and Jones CPA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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

Management is responsible for the other information included in the annual report. The other information comprises the proprietary fund schedule of net position by function, the proprietary fund schedule of revenues, expenses, and changes in net position by function, and the schedule of expenditures of federal awards, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 July 20, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City's internal control over financial reporting and compliance.

Powell & Jones

Powell and Jones CPA
Lake City, Florida
July 20, 2026

CITY OF WALDO, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the City of Waldo's (the City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The City implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among these guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public works, parks and recreation, human services, community development, public safety, and general governmental administration. The City's water, sewer, and solid waste management services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the City owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.

- The Statement of Activities focuses on gross and net costs of the City's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City has one major governmental fund which is the general fund. Statements for the City's proprietary fund follow the governmental fund statements and include net position, revenue, expenses and changes in net position, and cash flows.

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

The MD&A is intended to serve as an introduction to the City's basic financial statements and to explain the significant changes in the financial position and differences in operations between the current and prior years.

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position follows:

Net Position at September 30, 2025 and 2024

	Governmental Activities	Business-type Activities	Total Government 2025	Total Government 2024
Assets				
Cash and investments	$ 1,903,470	$ 1,467,056	$ 3,370,526	$ 3,346,516
Other assets	158,239	143,516	301,755	177,504
Internal balances	493,680	(493,680)	-	-
Capital assets, net	1,748,275	6,161,473	7,909,748	8,098,205
Total assets	4,303,664	7,278,365	11,582,029	11,622,225
Liabilities				
Current liabilities	29,488	153,662	183,150	260,461
Long-term liabilities	15,214	1,875,037	1,890,251	1,943,283
Total liabilities	44,702	2,028,699	2,073,401	2,203,744
Deferred inflows of resources				
Related to leases	61,359	-	61,359	-
Net position				
Net investment in capital assets	1,748,275	4,270,105	6,018,380	6,132,205
Restricted	416,342	157,162	573,504	413,780
Unrestricted	2,032,986	822,399	2,855,385	2,872,496
Total net position	$ 4,197,603	$ 5,249,666	$ 9,447,269	$ 9,418,481

63.7% of the City's net position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of $573,504 consists of earmarked funds as reserves for debt service, transportation, and infrastructure. The remaining balance of unrestricted net position $2,855,385 may be used to meet the City's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position.
A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Years ended September 30, 2025 and 2024

	Governmental Activities	Business-type Activities	Total Government 2025	Total Government 2024
Revenues				
Program revenues				
Charges for services	$ 70,315	$ 784,317	$ 854,632	$ 800,438
Grants and contributions	51,338	-	51,338	332,431
General revenues				
Taxes	648,933	-	648,933	569,562
Franchise fees	84,903	-	84,903	79,491
Fines and forfeitures	6,583	-	6,583	11,989
Licenses	15,099	-	15,099	18,860
State shared revenues	110,075	-	110,075	110,883
Interest and other	27,871	45,009	72,880	111,439
Total revenues	1,015,117	829,326	1,844,443	2,035,093
Expenses				
General government	610,873	-	610,873	567,873
Transportation	215,856	-	215,856	182,692
Culture/recreation	96,124	-	96,124	75,722
Interest on long-term debt	-	41,777	41,777	42,968
Water, sewer, and garbage services	-	851,025	851,025	733,184
Total expenses	922,853	892,802	1,815,655	1,602,439
Net Transfers	(267,654)	267,654	-	-
Change in net position	(175,390)	204,178	28,788	432,654
Beginning net position	4,372,993	5,045,488	9,418,481	8,985,827
Ending net position	$ 4,197,603	$ 5,249,666	$ 9,447,269	$ 9,418,481

Governmental activities:

Governmental activities decreased the City's net position by $175,390. This was primarily due to a one time transfer to the Enterprise fund of $267,654. Without this transfer governmental activities would have shown a $92,264 gain for the year which was the result of routine operations and the budgetary practices of the City.

Taxes provided 64% of the revenues for Governmental Activities, state shared revenues provided 10%, while Grants and Contributions provided 5%. Most of the Governmental Activities resources are spent for, General Government (66%), Transportation (23%), and Culture/recreation (11%).
Business-type activities:

Business-type activities increased the City's net position by $204,178. This increase was primarily due to transfers of remaining ARPA grant funds (COVID era funding) from the General fund of $267,654. Without this transfer there would have been a loss of $63,476. This is not a cash loss as depreciation for the year totaled $239,691. Business-type activities had positive cash flows of $347,642 for the year.

Budgetary Highlights

In the General Fund actual revenues exceeded budgeted revenues by $171,316. The variance was primarily due to taxes and intergovernmental revenue which exceeded budgeted amounts by $87,813 and $51,338 respectively. Budgeted expenditures exceeded actual expenditures by $79,617, primarily due to culture/recreations expenditures which were $61,529 less than budgeted.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2025, the City had $7.91 million invested in capital assets, including park and recreation facilities, buildings, roads, bridges and water and sewer facilities.

Capital Assets at September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Not being depreciated:						
Land	$ 51,724	$ 54,724	$ 36,453	$ 36,453	$ 88,177	$ 91,177
CIP	-	-	-	274,254	-	274,254
Being depreciated:						
Buildings and improvements	2,669,898	2,642,832	9,734,253	9,192,345	12,404,151	11,835,177
Equipment	628,233	585,003	293,692	293,692	921,925	878,695
Vehicles	35,600	35,600	-	-	35,600	35,600
Subtotal	3,385,455	3,318,159	10,064,398	9,796,744	13,449,853	13,114,903
Accumulated depreciation	(1,637,180)	(1,353,464)	(3,902,925)	(3,663,234)	(5,540,105)	(5,016,698)
Capital assets, net	$1,748,275	$1,964,695	$ 6,161,473	$6,133,510	$ 7,909,748	$ 8,098,205

There was a decrease of $188,457 in net capital assets which is primarily attributable to depreciation which exceeded asset acquisitions made during the year.

Debt Outstanding

At year-end, the City had $1,948,251 in debt outstanding versus $2,006,333 last year, a decrease of $58,082.

Debt Outstanding at September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Bonds payable	$ -	$ -	$ 1,909,000	$ 1,966,000	$ 1,909,000	$ 1,966,000
Compensated absences	15,214	19,427	24,037	20,906	39,251	40,333
Total	$ 15,214	$ 19,427	$ 1,933,037	$ 1,986,906	$ 1,948,251	$ 2,006,333

More detailed information on the City's long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The unemployment rate for Alachua County was 4.6% in September 2025, based on U.S. Bureau of Labor Statistics Local Area Unemployment Statistics and not seasonally adjusted. A separate current unemployment rate is not published for the City of Waldo, therefore, the County rate is used as a reasonable approximation of unemployment conditions within the City.

- The population of the City in 2025 is estimated to be 857 by demographic services.

- The City's ad valorem tax rate for 2025 was 6.4000 mills, which was consistent with the 2024 rate of 6.4000 mills.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Manager at P.O. Drawer B, Waldo, Florida 32694.

BASIC FINANCIAL STATEMENTS

CITY OF WALDO, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	$ 1,487,128	$ 1,178,440	$ 2,665,568
Accounts receivable	56,146	88,416	144,562
Contracts receivable, current portion	-	11,020	11,020
Prepaid expenses	38,317	-	38,317
Leases receivable, current portion	18,723	-	18,723
Internal balances	493,680	(493,680)	-
Investments	-	98,433	98,433
Retricted cash	-	30,401	30,401
Total current assets	2,093,994	913,030	3,007,024
Noncurrent assets			
Investments	-	33,021	33,021
Contracts receivable, noncurrent portion	-	44,080	44,080
Restricted cash	416,342	126,761	543,103
Lease receivable, noncurrent portion	45,053	-	45,053
Capital assets, net	1,748,275	6,161,473	7,909,748
Total noncurrent assets	2,209,670	6,365,335	8,575,005
Total assets	$ 4,303,664	$ 7,278,365	$ 11,582,029
LIABILITIES			
Current liabilities			
Payroll liabilities	$ 3,498	$ 6,835	$ 10,333
Accounts payable	2,161	11,701	13,862
Unearned revenue	21,979	-	21,979
Rental deposits	1,850	-	1,850
Accrued interest payable	-	3,774	3,774
Bonds payable, current portion	-	58,000	58,000
Deposits	-	73,352	73,352
Total current liabilities	29,488	153,662	183,150

(continued)
See notes to the financial statements.

CITY OF WALDO, FLORIDA
STATEMENT OF NET POSITION
September 30, 2025

Long-term liabilities			
Bonds payable, noncurrent portion	-	1,851,000	1,851,000
Compensated absences	15,214	24,037	39,251
Total long-term liabilities	15,214	1,875,037	1,890,251
Total liabilities	44,702	2,028,699	2,073,401
Deferred inflows of resources			
Related to leases	61,359	-	61,359
NET POSITION			
Net investment in capital assets	1,748,275	4,270,105	6,018,380
Restricted for:			
Debt service	-	157,162	157,162
Restricted, police training	-	-	-
Transportation Infrastructure	219,100	-	219,100
Infrastructure	70,012	-	70,012
Wildspaces	127,230	-	127,230
Unrestricted	2,032,986	822,399	2,855,385
Total net position	$ 4,197,603	$ 5,249,666	$ 9,447,269

See notes to the financial statements.

CITY OF WALDO, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2025

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General government	$ 610,873	$ 35,561	$ -	$ 51,338	$ (523,974)	$ -	$ (523,974)
Transportation	215,856	18,854	-	-	(197,002)	-	(197,002)
Culture/recreation	96,124	15,900	-	-	(80,224)	-	(80,224)
Total governmental activities	922,853	70,315	-	51,338	(801,200)	-	(801,200)
Business-type activities							
Water services	223,759	267,880	-	-	-	44,121	44,121
Sewer services	509,202	350,653	-	-	-	(158,549)	(158,549)
Solid waste	118,064	110,684	-	-	-	(7,380)	(7,380)
Capital contributions		55,100				55,100	55,100
Interest on long-term debt	41,777	-	-	-	-	(41,777)	(41,777)
Total business-type activities	892,802	784,317	-	-	-	(108,485)	(108,485)
Total government	$ 1,815,655	$ 854,632	$ -	$ 51,338	(801,200)	(108,485)	(909,685)

	Governmental Activities	Business-type Activities	Total
General revenues			
Property taxes	308,310	-	308,310
Sales and use taxes	177,863	-	177,863
Franchise fees	84,903	-	84,903
Utility taxes	132,205		132,205
Communications service tax	30,555	-	30,555
Licenses and permits	15,099	-	15,099
Fines and forfeitures	6,583		6,583
State shared revenues	110,075	-	110,075
Rents and royalties	22,334	-	22,334
Interest	2,277	15,805	18,082
Disposition of fixed assets	3,000	-	3,000
Other fees and miscellaneous	260	29,204	29,464
Total general revenues	893,464	45,009	938,473
Transfers	(267,654)	267,654	-
Total general revenues and transfers	625,810	312,663	938,473
Change in net position	(175,390)	204,178	28,788
Net position at beginning of year	4,372,993	5,045,488	9,418,481
Net position at ending of year	$ 4,197,603	$ 5,249,666	$ 9,447,269

See notes to financial statements.

CITY OF WALDO, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2025

	General Fund
ASSETS	
Cash	$ 1,557,140
Accounts receivable	56,146
Due from other funds	493,680
Restricted cash	346,330
Prepaid expenses	38,317
Total assets	$ 2,491,613
LIABILITIES	
Payroll liabilities	$ 3,498
Accounts payable	2,161
Unearned revenue	21,979
Rental deposits	1,850
Total liabilities	29,488
FUND BALANCES	
Non-spendable - prepaids	38,317
Restricted - infrastructure	70,012
Restricted - transportation infrastructure	219,100
Restricted - wildspaces	127,230
Unassigned	2,007,466
Total fund balances	2,462,125
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,748,275
Deferred leases are not receivable in the current period and therefore, are not reported in the funds.	2,417
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds.	(15,214)
Net position of governmental activities	$ 4,197,603

See notes to the financial statements.

CITY OF WALDO, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2025

	General Fund
REVENUES	
Taxes	$ 648,933
Licenses and permits	15,099
Intergovernmental	161,413
Charges for services	70,315
Fines and forfeitures	6,583
Utility franchise fees	84,903
Rents and royalties	22,194
Miscellaneous	3,260
Total revenues	1,012,700
EXPENDITURES	
Current expenditures	
General government	402,879
Transportation	203,886
Culture/recreation	33,585
Capital outlay	
General government	49,405
Culture/recreation	20,891
Total expenditures	710,646
Excess of revenues over expenditures	302,054
OTHER FINANCING SOURCES (USES)	
Interfund transfers	(267,654)
Total other financing sources	(267,654)
Net change in fund balance	34,400
Fund balance at beginning of year	2,427,725
Fund balance at end of year	$ 2,462,125

See notes to the financial statements.

CITY OF WALDO, 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		$ 34,400
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Expenditures for capital assets	70,296	
Disposals of assets	(3,000)	
Less current year depreciation	(283,716)	
		(216,420)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences		4,213
Certain revenues reported in the statement of activities do not provide current financial resources and, therefore are not reported as as revenues in the governmental funds.		
Principal portion of lease payments received	(18,723)	
Recognition of deferred inflows related to leases	18,948	
Adjustment related to intial lease recognition	2,192	
		2,417
Change in net position of governmental activities		$ (175,390)

See notes to the financial statements.

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2025

	Enterprise Fund
ASSETS	
Current assets	
Cash	$ 1,178,440
Accounts receivable	88,416
Contracts receivable, current portion	11,020
Investments	98,433
Restricted cash	30,401
Total current assets	1,406,710
Noncurrent assets	
Investments	33,021
Contracts receivable, noncurrent portion	44,080
Restricted cash	126,761
Capital assets, net	6,161,473
Total noncurrent assets	6,365,335
Total assets	$ 7,772,045
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities (payable from current assets)	
Accounts payable	$ 11,701
Payroll liabilities	6,835
Due to other funds	493,680
Total current liabilities (payable from current assets)	512,216
Current liabilities (payable from restricted assets)	
Accrued interest payable	3,774
Bonds payable, current portion	58,000
Deposits	73,352
Total current liabilities (payable from restricted assets)	135,126
Long-term liabilities	
Compensated absences	24,037
Bonds payable, noncurrent portion	1,851,000
Total long-term liabilities	1,875,037
Total liabilities	2,522,379

(continued)

See notes to financial statements.

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION
(CONCLUDED)
SEPTEMBER 30, 2025

NET POSITION	
Net investment in capital assets	$ 4,270,105
Restricted, debt service	157,162
Unrestricted	822,399
Total net position	5,249,666
Total liabilities and net position	$ 7,772,045

See notes to financial statements.

CITY OF WALDO, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended September 30, 2025

	Enterprise Fund
OPERATING REVENUES	
Physical environment	
Water utility revenue	$ 267,880
Garbage/solid waste revenue	110,684
Sewer revenue	350,653
Late charges	14,455
Other revenue	14,749
Total operating revenues	758,421
OPERATING EXPENSES	
Water services	
Personnel services	80,034
Operating expenses	117,274
Depreciation	26,451
Total water services	223,759
Sewer services	
Personnel services	120,051
Operating expenses	175,911
Depreciation	213,240
Total sewer services	509,202
Solid waste services	
Operating expenses	22,066
Contractual services	95,998
Total solid waste services	118,064
Total operating expenses	851,025
Operating income (loss)	(92,604)
NONOPERATING REVENUES (EXPENSES)	
Capital Contributions	
Contributions from private businesses	55,100
Financing activities	
Interest earnings	15,805
Interest expense	(41,777)
Total nonoperating revenues (expenses)	29,128
Transfers	
Transfers from the general fund	267,654
Change in net position	204,178
Net position at beginning of year	5,045,488
Net position at end of year	$ 5,249,666

See notes to financial statements.

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2025

	Enterprise Fund
Cash flows from operating activities	
Cash received from customers	$ 718,775
Cash paid to suppliers	(407,886)
Cash paid to employees and benefits	(195,052)
Net cash provided by operating activities	115,837
Cash flow from non-capital financing activities	
Interfund borrowings	259,677
Net cash provided by non-capital financing activities	259,677
Cash flows from capital related financing activities:	
Capital contributions from private businesses	55,100
Interest payments on debt	(41,777)
Principal payments on debt	(57,000)
Net cash (used in) capital and related financing activities	(43,677)
Cash flows from investing activities	
Interest earnings	15,805
Net cash (used in) investing activities	15,805
Net increase in cash	347,642
Cash and cash equivalents at beginning of year	987,960
Cash and cash equivalents at end of year	$ 1,335,602
Cash as shown in financial statements	
Cash	$ 1,178,440
Restricted cash	157,162
	$ 1,335,602

See notes to the financial statements.

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING INCOME TO NET CASH
USED IN OPERATING ACTIVITIES
For the Fiscal Year Ended September 30, 2025

Reconciliation of operating income (loss) to net cash provided by operating activities	Enterprise Fund
Operating income (loss)	$ (92,604)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	239,691
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable, net	(43,436)
Due from other Government	82
Increase (decrease) in liabilities:	
Accounts payable	3,363
Customer deposits	3,708
Payroll liabilities	1,903
Accrued compensated absences	3,130
Total adjustments	208,441
Net cash provided by operating activities	$ 115,837
Noncash capital and related financing activities:	
Capital assets purchased by the general fund on behalf of the enterprise fund	$ 267,654

See notes to the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waldo (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999 the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments. As provided by GASB 34, the City has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than $10 million. The City has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The City of Waldo, Florida is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and was specifically organized under and derives its power from Chapter 14451-No. 887 of the *Laws of Florida*. It is governed by a Mayor and a five member City Council, all of whom are individually elected.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that there were no component units which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the City are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the City also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the City's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds, as applicable.

Governmental Funds - 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by deferred inflows of resources. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The City's Water, Sewer, and Solid Waste Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in

the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The City has used GASB 34 minimum criteria for major fund determination. The City has two major funds as follows:

1. Governmental Fund:
General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

2. Proprietary Fund:
Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the City operated water, sewer, and solid waste disposal services.

Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and building, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

D. Assets, Liabilities and Net Position or Equity

1. **Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.

2. **Allowance for Doubtful Accounts** - As applicable year-to-year, the City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2025, there were no amounts exceeding 180 days, therefore no allowance for doubtful accounts was reported. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2025.

3. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

   All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

4. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.

5. **Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets.

   When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

6. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.

7. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, rights-of-way, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981, are generally not reported. Donated capital assets are recorded at acquisition value at the date of donations.

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

   Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Building and improvements	10 - 50
Machinery and equipment	5 - 14
Street and related infrastructure	20 - 40

8. **Capitalization of Interest** - Interest related to borrowings, including interest incurred during a construction period, is recognized as an expense in the period incurred and is not capitalized as part of the cost of capital assets, in accordance with GASB Statement No. 89. During the current fiscal year, the City recognized no capitalized interest.

9. **Unearned Revenues** - Unearned revenues reported in government-wide financial statements represent revenues received but not yet earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of

accounting. Unearned revenues reported in governmental fund financial statements represent revenues received but not earned, which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues.

10. **Accrued Compensated Absences** - The City accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation, as applicable year to year.

The City permits employees to accumulate earned but unused vacation and sick leave in accordance with personnel policies. Accumulated leave is recognized as a liability to the extent it meets the recognition criteria under GASB Statement No. 101.

Recognition and Measurement

In accordance with GASB Statement No. 101, compensated absences are recognized as a liability when leave is attributable to services already rendered, it accumulates, and it is more likely than not to be used or otherwise paid.

The liability is measured using pay rates in effect at the financial statement date. Salary-related payments that are directly and incrementally associated with payments for leave are included in the measurement of the liability. These include applicable employer payroll taxes and employer contributions to defined contribution plans. Employer contributions to defined benefit pension and other postemployment benefit (OPEB) plans are not included in the compensated absences liability and are recognized separately in accordance with applicable standards.

The Government uses a last-in, first-out (LIFO) flow assumption for purposes of determining which leave balances are expected to be used or paid.

Financial Statement Presentation

The compensated absences liability is reported in the Statement of Net Position. In the governmental fund financial statements, expenditures are recognized only when payments come due and payable (matured). The portion of the compensated absences liability expected to be paid or used within one year is reported as a current liability. The remaining portion is reported as a noncurrent liability. Compensated absences are generally liquidated by the fund in which the employee's services are recorded.

11. **Fund Balances/Net Position**

A. Governmental Funds

As of September 30, 2025, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

<u>Restricted</u> – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

<u>Committed</u> – amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the City Council.

<u>Assigned</u> – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's general policy, only the City Council may assign amounts for specific purposes.

<u>Unassigned</u> – all other spendable amounts.

As of September 30, 2025, fund balances are composed of the following:

	Amount
Non-spendable prepaids	$ 38,317
Restricted - infrastructure	70,012
Restricted - transportation infrastructure	219,100
Restricted - wildspaces	127,230
Unassigned	2,007,466
	$ 2,462,125

When an expenditure is incurred for purposes to which both restricted and unrestricted fund balance is available, the City consideres restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

B. Proprietary Funds

Restricted net position reflects amounts that cannot be appropriated for expenditures because they are legally restricted for specific uses.

As of September 30, 2025, net position is composed of the following:

	Amount
Net investment in capital assets	$ 4,270,105
Restricted for debt service	157,162
Unrestricted	822,399
	$ 5,249,666

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

"Total fund balances" of the City's governmental funds $2,462,125 differs from "net position" of governmental activities $4,197,603 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the City as a whole.

Cost of capital assets	$ 3,385,455
Accumulated depreciation	(1,637,180)
Total	$ 1,748,275

Long-term debt transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2025, were:

Accrued compensated absences	$ (15,214)

Leases receivable

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. Governmental funds recognize lease revenue when it is measurable and available. However, in the statement of activities, lease revenue is recognized systematically over the term of the lease.

Leases receivable	$ 63,776
Deferred inflows	(61,359)
	$ 2,417

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Lease Receivable	Long-term Debt Transactions	Statement of Net Position
ASSETS					
Cash and investments	$ 1,903,470	$ -	$ -	$ -	$ 1,903,470
Accounts receivable	56,146	-	-	-	56,146
Due from other funds	493,680	-	-	-	493,680
Prepaid expenses	38,317	-	-	-	38,317
Leases receivable	-	-	63,776	-	63,776
Capital assets - net	-	1,748,275	-	-	1,748,275
Total assets	$ 2,491,613	$ 1,748,275	$ 63,776	$ -	$ 4,303,664
LIABILITIES AND FUND BALANCES					
Liabilities					
Accrued liabilities	$ 3,498	$ -	$ -	$ -	$ 3,498
Accounts payable	2,161	-	-	-	2,161
Unearned revenue	21,979	-	-	-	21,979
Rental deposits	1,850	-	-	-	1,850
Compensated absences	-	-	-	15,214	15,214
Total liabilities	29,488	-	-	15,214	44,702
Deferred inflows of resources					
Related to leases	-	-	61,359	-	61,359
Fund balance/net position	2,462,125	1,748,275	2,417	(15,214)	4,197,603
Total liabilities and fund balances/net position	$ 2,491,613	$ 1,748,275	$ 63,776	$ -	$ 4,303,664

B. Explanation of Differences Between Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities

The net change in fund balances for governmental funds of $34,400 differs from the change in net position for governmental ($175,390) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas the net position decreases by the amount of depreciation expense charged for the year.

Capital outlay	$ 70,296
Disposals of assets	(3,000)
Depreciation expense	(283,716)
Total	$ (216,420)

Long-term debt transactions

Governmental funds do not report increases or decreases in long-term accrued compensated absences. However, in the statement of activities, the increase is expensed.

Decrease in accrued compensated absences	$ 4,213

Leases receivable

Governmental funds do not report increases or decreases in deferred inflows of leases receivable. However, in the statement of activities, the increase is recognized as follows.

Lease principal	$ (18,723)
Deferred outflows of resources related to leases	18,948
Lease adjustment	2,192
Total	$ 2,417

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Statements of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Leases Receivable	Long-term Debt Transactions	Statement of Activities
REVENUES					
Taxes	$ 648,933	$ -	$ -	$ -	$ 648,933
Franchise fees	84,903	-	-	-	84,903
Licenses and permits	15,099	-	-	-	15,099
Intergovernmental	161,413	-	-	-	161,413
Charges for Services	70,315	-	-	-	70,315
Fines and forfeitures	6,583	-	-	-	6,583
Rents and royalties	22,194	-	140	-	22,334
Miscellaneous	3,260	-	2,277	-	5,537
Total revenues	1,012,700	-	2,417	-	1,015,117
EXPENDITURES					
Current expenditures					
General government	402,879	212,207	-	(4,213)	610,873
Public safety	-	-	-	-	-
Transportation	203,886	11,970	-	-	215,856
Culture/recreation	33,585	62,539	-	-	96,124
Capital outlay					
General government	49,405	(49,405)	-	-	-
Culture/recreation	20,891	(20,891)	-	-	-
Total expenditures	710,646	216,420	-	(4,213)	922,853
Excess of revenues over expenditures	302,054	(216,420)	2,417	4,213	92,264
OTHER FINANCING SOURCES					
Interfund transfers	(267,654)	-	-	-	(267,654)
Total other financing sources	(267,654)	-	-	-	(267,654)
Net change in fund balance	34,400	(216,420)	2,417	4,213	(175,390)
Fund balance at beginning of year	2,427,725	1,964,695	-	(19,427)	4,372,993
Fund balance at end of year	$ 2,462,125	$ 1,748,275	$ 2,417	$ (15,214)	$ 4,197,603

NOTE 3. LEGAL COMPLIANCE–BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager develops 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.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to September 30, the budget is legally enacted by the City Council through passage of an ordinance.

4. Any revision that alters the total expenditure of any fund or transfers budgeted amounts between departments within any fund must be approved by the City Council.

5. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the City deposits were fully insured by federal depository insurance or pledged collateral under state law. The City's deposits include demand accounts and certificates of deposit held with qualified public depositories. At September 30, 2025, the City held certificates of deposit totaling $131,454, which are presented as investments in the financial statements. The certificates of deposit are reported at cost. The certificates of deposit were fully insured at September 30, 2025.

Authorized Investments. The City is authorized to invest in obligations of the U.S. government, interest-bearing accounts of financial institutions that are legally secured, and the Local Government Surplus Funds Trust Fund.

NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2024-2025 fiscal year were levied in October 2024. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions / Revaluations	Ending Balance
Governmental activities:				
Non-depreciable capital assets				
Land	$ 54,724	$ -	$ 3,000	$ 51,724
Total non-depreciable capital assets	54,724	-	3,000	51,724
Depreciable capital assets:				
Buildings and improvements	2,642,832	27,066	-	2,669,898
Equipment	620,603	43,230	-	663,833
Total depreciable capital assets	3,263,435	70,296	-	3,333,731
Accumulated depreciation				
Buildings and improvements	(986,862)	(209,207)	-	(1,196,069)
Equipment	(366,602)	(74,509)	-	(441,111)
Total accumulated depreciation	(1,353,464)	(283,716)	-	(1,637,180)
Depreciable capital assets, net	1,909,971	(213,420)	-	1,696,551
Governmental activities capital assets, net	$ 1,964,695	$ (213,420)	$ 3,000	$ 1,748,275
Business-type activities:				
Non-depreciable assets:				
Land	$ 36,453	$ -	$ -	$ 36,453
CIP	274,254	-	(274,254)	-
Total non-depreciable assets	310,707	-	(274,254)	36,453
Depreciable assets:				
Buildings and improvements	9,192,345	541,908	-	9,734,253
Equipment	293,692	-	-	293,692
Total depreciable capital assets	9,486,037	541,908	-	10,027,945
Less accumulated depreciation	(3,663,234)	(239,691)	-	(3,902,925)
Depreciable capital assets, net	5,822,803	302,217	-	6,125,020
Business-type activities capital assets, net	$ 6,133,510	$ 302,217	$ (274,254)	$ 6,161,473

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

Governmental activities:	
General government	$ 209,207
Transportation	11,970
Recreation	62,539
Total depreciation expense - governmental activities	$ 283,716
Business-type activities:	
Water	$ 26,451
Sewer	213,240
Total depreciation expense - business-type activities	$ 239,691

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2025.

Fund	Interfund Receivable	Interfund Payable
General	$493,680	$ -
Enterprise	-	493,680
	$493,680	$493,680

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2025 net of allowances for bad debts, were as follows:

	Total Receivables
Governmental activities:	
General	$ 56,146
Business-type activities:	
Enterprise	143,516
	$ 199,662

Contracts Receivable

During fiscal year 2025, the City entered into contract with several businesses expected to receive direct benefits from the completion of a utility improvement project. The City financed the majority of the project with grant funds. Under the agreements, the participating businesses agreed to reimburse the City for the remaining project expenditures not covered by grant funding.

The businesses' original cost allocations totaled $55,700. One participating business prepaid $600, resulting in a total receivable of $55,100 as of the end of fiscal year 2025. The outstanding amounts are non-interest-bearing and are payable in monthly installments over 60 months represented below:

Fiscal Year End	Payment	Balance
2026	$ 11,020	$ 44,080
2027	11,020	33,060
2028	11,020	22,040
2029	11,020	11,020
2030	11,020	-
	$55,100	

Payables

Payables at September 30, 2025, were as follows:

	Vendors
Governmental activities:	
General	$ 2,161
Business-type activities	
Enterprise	$ 11,701

NOTE 9. PROPRIETARY LONG-TERM DEBT

USDA Wastewater Revenue Bonds 2013

On June 21, 2013, the City closed on a revenue bond issue from the United States Department of Agriculture in the total amount of $2,527,000. Proceeds of the revenue bond were used to retire the Capital City Bank anticipation note in the amount of $1,339,336, with the balance used for the wastewater extension project. The bond is payable over 39 annual payments including interest of 2.125%.

Reserve funds – The following reserves are required to be maintained for these revenue bonds:

1. The bond ordinance requires a sinking fund reserve which accumulates a monthly sum equal to 1/12 of the principal and interest of the bond payment due on the next succeeding September 1.

2. The Revenue Bond Reserve is used to report resources set aside to make up potential future deficiencies in the Revenue Bond Current Debt Service account and to provide resources to meet unexpected contingencies or to fund asset renewals and replacements. The reserve is funded through monthly transfers from the Revenue Account in an amount equal to $10,224 annually until fully funded. The Revenue Bond Reserve was fully funded as of September 30, 2025.

Revenue bond debt service requirements to maturity, including $601,113 of interest, are as follows:

September 30	Principal	Interest	Total Payment
2026	$ 58,000	$ 40,556	$ 98,556
2027	59,000	39,334	98,334
2028	60,000	38,080	98,080
2029	61,000	36,805	97,805
2030-2034	320,000	164,157	484,157
2035-2039	345,000	129,094	474,094
2040-2044	370,000	91,376	461,376
2045-2049	390,000	51,213	441,213
2050-2052	246,000	10,498	256,498
Total	$ 1,909,000	$ 601,113	$ 2,510,113

A summary of changes in proprietary long-term debt follows:

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025	Due Within One Year
USDA Revenue Bonds	$ 1,966,000	$ -	$ 57,000	$ 1,909,000	$ 58,000
Compensated absences	20,906	3,131	-	24,037	-
	$ 1,986,906	$ 3,131	$ 57,000	$ 1,933,037	$ 58,000

NOTE 10. GOVERNMENTAL LONG-TERM DEBT

A summary of changes in governmental long-term debt follows:

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025	Due Within One Year
Compensated absences	$ 19,427	$ -	$ 4,213	$ 15,214	$ -
	$ 19,427	$ -	$ 4,213	$ 15,214	$ -

Inasmuch as records kept for compensated absences relate only to hours earned, used, and available, the effect of changes in individual employee compensation rates and gross additions and deletions to the reported value of the liability for compensated absences cannot be reasonably determined. Accordingly, only the net change in the accumulated value of compensated absences is shown for the current fiscal year.

NOTE 11. RETIREMENT SYSTEM

The City maintains a defined contribution retirement plan underwritten by Mutual of America Life Insurance Company. All employees eighteen years of age that have completed six months of service receive monthly contributions of five percent of their salary under the plan. No employee contributions are permitted under the plan. Employees are immediately vested in the plan from the date of their participation. During the year, total contributions to the plan were $13,098. Contributions for 2024 and 2023 were $12,064 and $17,618, respectively.

This plan is not subject to the requirements of ERISA or Internal Revenue Service regulations relating to qualified pension plans.

NOTE 12. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 14. FIRE PROTECTION SERVICES

The City has an Interlocal agreement with the Alachua County Board of County Commissioners (the County) whereby the County agrees to provide fire protection services within the City. The City's corporate limits are included as taxable property for the County's fire services municipal services taxing district. The effective date of the agreement is October 1, 2009 with termination by either party permitted with one year's notice.

NOTE 15. LONG-TERM CONTRACTS

Effective March 13, 2011, the City entered into a contract with Gainesville Regional Utilities for the treatment of wastewater. The contract is for a 40-year term. The contract fees are payable monthly and based upon usage. In the current year, $89,438 was paid under the contract.

NOTE 16. OTHER POST EMPLOYMENT BENEFITS

Pursuant to the provisions of Section 112.0801, *Florida Statutes*, former employees and eligible dependents who retire from the City may continue to participate in the City's fully insured health and hospitalization plan. These retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. Based upon prior experience, the assumed participation rate is zero percent and current insurance premiums are not affected by the requirements of Section 112.0801, *Florida Statutes.* An actuarial projection with a zero assumed participation rate, which is consistent with actual results, would result in an Other Post Employment Benefit (OPEB) obligation of zero. Accordingly, there is no OPEB obligation recorded in the financial statements.

NOTE 17. LEASES RECEIVABLE

The City has an agreement to lease property at the location 263 SW 2nd Way, Waldo, Florida to Sprintcom Inc. The lease commenced on January 1, 2024 and has a term of 5 years, with monthly payments of $1,750. The agreement includes renewal options every 5 years at the end of the current agreement.

At the commencement of the lease, the City recognized a lease receivable and a corresponding deferred inflow of resources. The lease receivable was measured at the present value of payments expected to be received during the lease term using a discount rate of 4.12%. The deferred inflow of resources was initially measured at the amount of the lease receivable, adjusted for any lease payments received at or before the commencement of the lease that related to future periods.

The City continues to report the underlying asset as a capital asset and recognizes depreciation expense over its estimated useful life. During the fiscal year, the City recognized lease revenue of $21,140 and interest revenue of $2,277. At September 30, 2025, the outstanding lease receivable and related deferred inflow of resources were $63,776 and $61,359, respectively.

NOTE 18. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through July 20, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem	$ 252,228	$ 252,228	$ 308,310	$ 56,082
Sales and use taxes				
Local option gas tax	51,260	51,260	49,414	(1,846)
Discretionary sales tax	121,821	121,821	128,449	6,628
Communication service tax	28,317	28,317	30,555	2,238
Utility service tax				
Electric	80,000	80,000	106,287	26,287
Propane	1,500	1,500	1,410	(90)
Water	25,994	25,994	24,508	(1,486)
Total taxes	561,120	561,120	648,933	87,813
Utility franchise fees	70,000	70,000	84,903	14,903
Licenses and permits				
Professional and occupational	2,200	2,200	2,702	502
Election fees	165	165	42	(123)
Building permits	4,000	4,000	12,355	8,355
Total licenses and permits	6,365	6,365	15,099	8,734
Intergovernmental				
Federal grants				
General government				
ARPA Program	-	-	51,338	51,338
Total federal grants	-	-	51,338	51,338
Total intergovernmental	-	-	51,338	51,338
State shared revenue				
State revenue sharing	51,094	51,094	51,789	695
Mobile home licenses	400	400	568	168
Alcoholic beverage licenses	200	200	612	412
Local government half-cent sales tax	60,029	60,029	57,106	(2,923)
Total state shared revenue	111,723	111,723	110,075	(1,648)

(continued)
See Notes to financial statements

CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
City property rental	$ 41,700	$ 41,700	$ 35,561	$ (6,139)
Transportation				
Highway lighting	17,088	17,088	18,854	1,766
Culture/recreation				
Special events	-	-	15,900	15,900
Total charges for services	58,788	58,788	70,315	11,527
Fines and forfeitures				
Court cases				
Court fines	10,000	10,000	6,583	(3,417)
Total fines and forfeitures	10,000	10,000	6,583	(3,417)
Miscellaneous				
Rents and royalties				
Rent cable	1,200	1,200	1,194	(6)
Rent telephone	20,988	20,988	21,000	12
Other miscellaneous				
Other miscellaneous income	1,200	1,200	3,260	2,060
Total miscellaneous	23,388	23,388	25,454	2,066
Total revenues	841,384	841,384	1,012,700	171,316

(continued)

See Notes to financial statements

CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
Legislative				
Personnel services	$ 19,491	$ 19,491	$ 19,491	$ -
Financial and administrative				
Personnel services	125,044	125,044	131,493	(6,449)
Operating expenses	239,115	239,115	213,901	25,214
Capital outlay	36,000	36,000	49,405	(13,405)
Total financial and administrative	419,650	419,650	414,290	5,360
Legal counsel				
Operating expenses	23,000	23,000	21,994	1,006
Comprehensive planning				
Operating expenses	10,000	12,000	11,000	1,000
Other general government				
Operating expenses	-	-	5,000	(5,000)
Total general government	452,650	454,650	452,284	2,366
Transportation				
Roads and streets				
Personnel services	124,984	124,984	92,885	32,099
Operating expenses	92,624	92,624	111,001	(18,377)
Capital outlay	2,000	2,000	-	2,000
Total transportation	219,608	219,608	203,886	15,722

(continued)

See Notes to financial statements

CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Culture/recreation				
Parks and recreation				
Personnel services	$ 12,097	$ 12,097	$ 1,125	$ 10,972
Operating expenses	15,398	15,398	24,272	(8,874)
Capital outlay	60,910	60,910	20,891	40,019
Special events				
Operating expenses	13,000	13,000	-	13,000
Special recreation facilities				
Operating expenses	14,600	14,600	8,188	6,412
Total culture/recreation	116,005	116,005	54,476	61,529
Total expenditures	788,263	790,263	710,646	79,617
Excess of revenues over expenditures	53,121	51,121	302,054	250,933
OTHER FINANCING SOURCES				
Interfund transfers	-	-	(267,654)	(267,654)
Total other financing sources	-	-	(267,654)	(267,654)
Net change in fund balance	53,121	51,121	34,400	(16,721)
Fund balance at beginning of year	2,427,725	2,427,725	2,427,725	-
Fund balance at end of year	$ 2,480,846	$ 2,478,846	$ 2,462,125	$ (16,721)

See Notes to financial statements

CITY OF WALDO, FLORIDA
NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

I. Stewardship, Compliance, and Accountability

A. Budgetary information. The City, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The City prepares a tentative budget, which is used by the City at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the City's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the City Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the City Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager submits to the City 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.

2. Public hearings are conducted in August and September to obtain taxpayer comments.

3. By September 30, the budget is legally enacted through passage of an ordinance.

4. The legal level of budgetary control is the department level; however, the City Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.

5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

OTHER INFORMATION

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
SCHEDULE OF NET POSITION BY FUNCTION
For the Fiscal Year Ended September 30, 2025

	Solid Waste	Water	Sewer	Total
ASSETS				
Current assets				
Cash	$ 136,619	$ 1,041,821	$ -	$ 1,178,440
Accounts receivable	-	35,317	53,099	88,416
Contracts receivable, current portion		4,408	6,612	11,020
Investments	-	-	98,433	98,433
Restricted cash	-	-	30,401	30,401
Interfund balances	-	(642,331)	642,331	-
Total current assets	136,619	439,215	830,876	1,406,710
Noncurrent assets				
Contracts receivable, noncurrent portion	-	17,632	26,448	44,080
Investments	-	-	33,021	33,021
Restricted cash	-	-	126,761	126,761
Fixed assets				
Land	-	-	36,453	36,453
Property and equipment	-	1,503,859	8,524,086	10,027,945
Accumulated depreciation	-	(508,119)	(3,394,806)	(3,902,925)
Total fixed assets	-	995,740	5,165,733	6,161,473
Total noncurrent assets	-	1,013,372	5,351,963	6,365,335
Total assets	$ 136,619	$ 1,452,587	$ 6,182,839	$ 7,772,045
LIABILITIES AND NET POSITION				
LIABILITIES				
Current liabilities (payable from current assets)				
Accounts payable	$ -	$ -	$ 11,701	$ 11,701
Payroll liabilities	-	-	6,835	6,835
Due to other funds	-	-	493,680	493,680
Total current liabilities (payable from current assets)	-	-	512,216	512,216
Current liabilities (payable from restricted assets)				
Accrued interest payable	-	-	3,774	3,774
Bonds payable, current portion	-	-	58,000	58,000
Deposits	-	-	73,352	73,352
Total current liabilities (payable from restricted assets)	-	-	135,126	135,126
Long-term liabilities				
Compensated absences	-	14,422	9,615	24,037
Bonds payable, net of current portion	-	-	1,851,000	1,851,000
Total long-term liabilities	-	14,422	1,860,615	1,875,037
Total liabilities	-	14,422	2,507,957	2,522,379
NET POSITION				
Net investment in capital assets	-	1,013,372	3,256,733	4,270,105
Restricted, debt service	-	-	157,162	157,162
Unrestricted	136,619	424,793	260,987	822,399
Total net position	136,619	1,438,165	3,674,882	5,249,666
Total liabilities and net position	$ 136,619	$ 1,452,587	$ 6,182,839	$ 7,772,045

See notes to financial statements

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION
For the Fiscal Year Ended September 30, 2025

	Solid Waste	Water	Sewer	Total
OPERATING REVENUES				
Physical environment				
Water utility revenue	$ -	$ 267,880	$ -	$ 267,880
Garbage/solid waste revenue	110,684	-	-	110,684
Sewer revenue	-	-	350,653	350,653
Late charges	-	5,782	8,673	14,455
Other revenue	-	5,900	8,849	14,749
Total operating revenues	110,684	279,562	368,175	758,421
OPERATING EXPENSES				
Water/sewer services				
Personnel services	-	80,034	120,051	200,085
Operating expenses	22,066	117,274	175,911	315,251
Depreciation	-	26,451	213,240	239,691
Total water/sewer services	22,066	223,759	509,202	755,027
Solid waste services				
Contractual services	95,998	-	-	95,998
Total solid waste services	95,998	-	-	95,998
Total operating expenses	118,064	223,759	509,202	851,025
Operating income (loss)	(7,380)	55,803	(141,027)	(92,604)
NONOPERATING REVENUES (EXPENSES)				
Capital Contributions				
Contributions from private busines	-	22,040	33,060	55,100
Financing activities				
Interest earnings	-	-	15,805	15,805
Interest expense	-	-	(41,777)	(41,777)
Total nonoperating revenues (expenses)	-	22,040	7,088	29,128
Transfers				
Transfers from the general fund	-	-	267,654	267,654
Net income (loss)	(7,380)	77,843	133,715	204,178
Net position at beginning of year	143,999	1,360,322	3,541,167	5,045,488
Net position at end of year	$ 136,619	$ 1,438,165	$ 3,674,882	$ 5,249,666

See notes to financial statements

CITY OF WALDO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2025

	ALN	Grant Contract Number	Amount	Reported in Prior Years	Expenditures Recognized in Current Year	Revenues Recognized in Current Year
Federal Awards						
U.S. Department of the Treasury						
Passed through Division of Emergency Management						
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5312	$ 504,861	$ 453,523	$ 51,338	$ 51,338
Total federal awards			$ 504,861	$ 453,523	$ 51,338	$ 51,338

CITY OF WALDO, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (SEFA) of the City of Waldo is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

A. Reporting Entity

The reporting entity consists of the City of Waldo. The City includes a Schedule of Expenditures of Federal Awards for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards. Under an accrual basis, revenues are recognized when they become earned. Expenses generally are recorded when a liability is incurred.

C. Subrecipients

The Schedule of Expenditures of Federal Awards is required to identify amounts passed through to subrecipients of grant funding. The City did not have any subrecipients of grant funding in the current year.

D. Indirect Cost Rate

The City did not elect to use the de minimis indirect cost rate for the fiscal year then ended September 30, 2025.

COMPLIANCE SECTION

Powell and Jones CPA

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

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

To the Honorable Mayor
And Members of the City Council
City of Waldo, 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 business-type activities and each major fund of the City of Waldo, Florida, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Waldo, Florida's basic financial statements, and have issued our report thereon dated July 20, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waldo, Florida'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 City of Waldo, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waldo, Florida'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 a material weakness or significant deficiency. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waldo, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Powell & Jones

Powell and Jones CPA
Lake City, Florida
July 20, 2026

Powell and Jones CPA

204 N. Marion Ave.
Lake City, Florida 32055
Phone: 386.755.4200

MANAGEMENT LETTER

To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Waldo, Florida, as of and for the year ended September 30, 2025, and have issued our report thereon dated July 20, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General,* which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter.

Other Reporting Requirements

We have issued our Independent Auditor's Report; Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on examinations 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 July 20, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

There were no prior year findings applicable to the financial statements.

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

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 has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Powell & Jones

Powell and Jones CPA
Lake City, Florida
July 20, 2026

Powell and Jones CPA

204 N. Marion Ave.
Lake City, Florida 32055
Phone: 386.755.4200

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH *FLORIDA STATUTES* RELATING TO LOCAL GOVERNMENT INVESTMENTS

To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

We have examined the City of Waldo, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2025. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

Powell & Jones

Powell and Jones CPA
Lake City, Florida
July 20, 2026

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Communication with Those Charged with Governance

To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

We have audited the financial statements of the City of Waldo, Florida for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. 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 City of Waldo, Florida are described in Note 1 to the financial statements. No new accounting policies were adopted outside of the implementation of GASB 101 and the application of existing policies was not changed during 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. There are no sensitive estimates affecting the City of Waldo, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing 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. There were no such misstatements identified during our audit.

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 July 20, 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 governmental 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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Information in Documents Containing Audited Financial Statements</u>

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.

This information is intended solely for the use of the Mayor and Members of the City Council and management of the City of Waldo, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Powell & Jones

Powell and Jones CPA
Lake City, Florida
July 20, 2026