CITY OF WAUCHULA, FLORIDA

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

CITY OF WAUCHULA, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable City Commission
City of Wauchula, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wauchula, Florida (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, each major fund, and the aggregate remaining fund information 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Responsibility 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.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; budgetary comparison information; schedules of changes in net pension liability and related ratios, contributions, notes to required supplementary information, annual money-weighted rate of return on investments; schedules of changes in the City's net other post-employment benefit liability and related ratios, contributions, and investment returns as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying other supplementary information as listed in the table of contents, and the schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CS+L CPAs

CS&L CPAs, P.A.

June 19, 2026
Bradenton, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Wauchula, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $66,493,365 (net position).
- The government's total net position increased by $6,275,508 during the year.
- The net post-employment benefit plan liability recognized under GASB Statement No. 75, *Financial Reporting and Accounting for Post-employment Benefit Plans Other Than Pensions* continues to impact the City. The net OPEB liability at year end is $4,831,210, which increased $1,006,631 over prior year. The liability is based on an actuarially calculated amount. During 2016, the City established an Other Post-employment Benefit (OPEB) Trust Fund to reduce the related liability over time. At September 30, 2025, the trust fund balance was $657,598.
- As of the close of the current fiscal year, the City's governmental funds reported ending fund balances of $5,191,790, an increase of $548,997 in comparison with the prior year. Of this amount, unassigned fund balance represents $2,765,769.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector business in that revenues are recognized when earned or established criteria are satisfied and expenses reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year and expenses are reported even though they may not have used cash during the current fiscal year.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include general government, police department, highways and streets and culture/recreation. The business-type activities of the City include electric, water, sewer, and sanitation services, as well as the airport operations.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the City. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The governmental funds used by the City are the general fund and a special revenue fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements, including reconciliations, can be found on pages 13 through 16 of this report.

Proprietary funds: The City utilizes enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's enterprise funds consist of the electric fund, water and sewer fund, airport fund, and the sanitation fund.

The basic proprietary fund financial statements can be found on pages 17 through 20 of this report.

<u>Fiduciary Funds</u>

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes should be read in conjunction with the financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund and special revenue fund budgetary comparisons, as well as pension and other post-employment benefits information. Required supplementary information is listed in the table of contents.

Government-wide Financial Analysis

The following table presents a condensed statement of net position as of September 30, 2025 with comparative totals as of September 30, 2024.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 9,888,987	$ 8,983,717	$ 15,364,538	$ 14,709,950	$ 25,253,525	$ 23,693,667
Capital assets (net of depreciation)	16,009,630	14,151,199	40,270,444	38,480,744	56,280,074	52,631,943
Total assets	25,898,617	23,134,916	55,634,982	53,190,694	81,533,599	76,325,610
Deferred outflows of resources	1,616,764	2,052,300	1,697,167	2,127,492	3,313,931	4,179,792
Long-term liabilities outstanding						
Debt	19,626	73,313	3,032,065	3,176,537	3,051,691	3,249,850
Lease liability	817	5,280	-	-	817	5,280
Compensated absences	196,267	230,439	180,570	198,986	376,837	429,425
OPEB liability	2,379,360	1,896,730	2,451,850	1,927,849	4,831,210	3,824,579
	2,596,070	2,205,762	5,664,485	5,303,372	8,260,555	7,509,134
Other liabilities	1,093,662	1,612,382	2,349,562	3,341,811	3,443,224	4,954,193
Total liabilities	3,689,732	3,818,144	8,014,047	8,645,183	11,703,779	12,463,327
Deferred inflows of resources	3,674,274	4,329,897	2,976,112	3,549,192	6,650,386	7,879,089
Net position:						
Net investment in capital assets	15,989,957	14,077,628	37,269,519	33,916,159	53,259,476	47,993,787
Restricted	2,389,272	1,905,434	2,026,370	2,023,328	4,415,642	3,928,762
Unrestricted	1,772,146	1,056,113	7,046,101	7,184,324	8,818,247	8,240,437
Total Net Position	**$ 20,151,375**	**$ 17,039,175**	**$ 46,341,990**	**$ 43,123,811**	**$ 66,493,365**	**$ 60,162,986**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $66,493,365 at the close of September 30, 2025.

The City's net position includes net investment in capital assets of $53,259,476, which reflect its capital assets (e.g., land, buildings and improvements in infrastructure, machinery, and equipment), net of depreciation, less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position, $4,415,642, represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* is $8,818,247.

The following is a summary of the changes in net position for the year ended September 30, 2025, with comparative totals for the year ended September 30, 2024.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	$ 221,289	$ 293,123	$ 13,900,700	$ 13,086,686	$ 14,121,989	$ 13,379,809
Operating grants and contributions	133,026	93,116	88,389	-	221,415	93,116
Capital grants and contributions	1,700,186	2,046,997	3,303,978	9,511,155	5,004,164	11,558,152
General revenues:						
Taxes	3,725,686	3,523,917	-	-	3,725,686	3,523,917
Transfers	2,012,702	1,966,821	(2,012,702)	(1,966,821)	-	-
Other	291,189	92,959	602,282	456,519	893,471	549,478
Total revenues	8,084,078	8,016,933	15,882,647	21,087,539	23,966,725	29,104,472
Expenses:						
General government	2,340,620	2,167,553	-	-	2,340,620	2,167,553
Police department	1,929,174	1,863,082	-	-	1,929,174	1,863,082
Highways and streets	450,405	563,439	-	-	450,405	563,439
Culture and recreation	282,384	588,500	-	-	282,384	588,500
Interest on long-term debt	1,923	4,562	-	-	1,923	4,562
Water	-	-	1,655,029	1,540,621	1,655,029	1,540,621
Sewer	-	-	1,880,124	1,808,822	1,880,124	1,808,822
Electric	-	-	7,132,353	6,402,505	7,132,353	6,402,505
Airport	-	-	1,015,412	689,000	1,015,412	689,000
Sanitation	-	-	1,003,793	984,279	1,003,793	984,279
Total expenses	5,004,506	5,187,136	12,686,711	11,425,227	17,691,217	16,612,363
Change in Net Position	3,079,572	2,829,797	3,195,936	9,662,312	6,275,508	12,492,109
Net Position - Beginning, original	17,039,175	14,209,378	43,123,811	33,461,499	60,162,986	47,670,877
Change in accounting principle	32,628	-	22,243	-	54,871	-
Net Position - Beginning, as restated	17,071,803	14,209,378	43,146,054	33,461,499	60,217,857	47,670,877
Net Position - Ending	**$ 20,151,375**	**$ 17,039,175**	**$ 46,341,990**	**$ 43,123,811**	**$ 66,493,365**	**$ 60,162,986**

Effective October 1, 2024, the City adopted GASB No. 101, Compensated Absences, which restated beginning net position by $54,871 in total.

Governmental activities: Governmental activities increased the City's net position by $3,079,572. Compared to the prior year, revenues increased $67,145, primarily due to decreases in capital grants and contributions of $346,811, offset by an increase in taxes of $201,769. Expenses decreased over the prior year by $182,630, due to changes from pension and OPEB valuations.

Business-type activities: Business-type activities increased the City's net position by $3,195,936. Compared to the prior year, revenues decreased $5,204,892, primarily due to decreases in capital grants and contributions of $6,207,177, offset by an increase in charges for services of $814,014. Expenses decreased by $1,264,484 compared to the prior year. The increase was largely due to increases in purchased power of $487,287, personnel costs of $236,322 and operating costs of $375,880.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's general fund reported an ending fund balance of $2,872,040, an increase of $75,829 in comparison with the prior year. $2,765,769 of total fund balance constitutes unassigned fund balance. The remainder of fund balance is either non-spendable for inventory or restricted to indicate that it is not available for new spending because it has already been restricted for the police department, culture/recreation, and storm disaster.

Activity during the current fiscal year included the following key components:

- Total general fund revenues increased by $1,062,534 as a result of an increase in taxes of $127,104 and grant revenues of $1,035,840.

- The general fund expenditures increased by $1,379,110 due mainly to increases in capital outlay largely related to grants of $1,317,265.

As of the end of the current fiscal year, the City's special revenue fund (CRA) reported an ending fund balance of $2,319,750, an increase of $473,168 from the prior year. All of the fund balance is restricted to activities of the Community Redevelopment Agency. Total revenues decreased $1,213,566 as a result of a decrease in grants of $1,342,741 offset by an increase in taxes of $87,285. Expenditures decreased $1,440,574 largely due to capital outlay related to projects within the CRA area.

Proprietary funds. The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. See the discussions above for the business-type activities.

Fiduciary funds. The City's pension trust include defined benefit pension plans and the OPEB trust fund. At year end, assets totaled $31,667,325, which is an increase from the prior year of $1,912,633. This was mainly due to market results in 2025 compared to 2024. For more information on these plans see Notes 4 and 5.

Governmental Fund Budgetary Highlights

General Fund

The original budgeted revenues were $3,130,621, which were amended to $5,190,800. The increase was related to expected grant revenues. The original budgeted expenditures were $4,608,190, which were amended to $6,668,369. The increase was related largely to capital outlay based on expected grant revenues. Total other financing sources (uses) were budgeted at $1,477,569 and were not amended.

Actual revenues were less than budgeted revenues by $160,355 which was largely due to grant revenues. Actual expenditures were less than budget by $148,973 due to general government and police department variances. Actual other financing sources were $87,211 greater than budgeted.

Special Revenue Fund

The original budgeted revenues of the CRA were $3,671,121 and were not amended during the year. Original budgeted expenditures $5,483,446 and were not amended during the year. Other financing sources were budgeted at $1,812,325 and were not amended during the year.

Actual revenues were under budget by $2,726,285 due to grant revenues that were not realized in the current year. Similarly, actual expenditures were less than budgeted by $4,476,626 due mainly to less grant related capital outlay expenditures than expected. Transfers in/out were less than final budget by $1,277,173.

Capital Assets and Debt Administration

Capital assets. The City's capital assets for its governmental-type and business-type activities as of September 30, 2025, amounted to $56,280,844 (net of accumulated depreciation). Capital assets includes land, buildings and improvements, electrical distribution system, sewer system improvements, water system improvements, machinery and equipment, and construction in progress.

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 731,652	$ 731,652	$ 1,184,493	$ 1,184,493	$ 1,916,145	$ 1,916,145
Building and improvements	11,899,460	11,164,028	6,674,212	7,382,029	18,573,672	18,546,057
Electrical distribution system	-	-	2,964,370	3,150,250	2,964,370	3,150,250
Water system improvements	-	-	14,656,206	8,925,487	14,656,206	8,925,487
Machinery and equipment	1,069,298	1,120,224	2,784,656	2,654,878	3,853,954	3,775,102
Lease assets	770	5,022	-	-	770	5,022
Construction in progress	2,309,220	1,135,295	12,006,507	15,183,607	14,315,727	16,318,902
Total	$ 16,010,400	$ 14,156,221	$ 40,270,444	$ 38,480,744	$ 56,280,844	$ 52,636,965

Significant capital asset activity included water system improvements.

Additional information on the City's capital assets can be found in note 2.

Long-Term Debt. At the end of the current fiscal year, the City had total long-term debt outstanding of $3,052,130. The City's debt represents bonds secured solely by specified revenue sources, as well as notes payable and lease liabilities.

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Bonds payable (net of deferred charges)	$ -	$ -	$ 986,000	$ 1,220,000	$ 986,000	$ 1,220,000
Notes payable	19,626	73,313	2,046,065	1,956,537	2,065,691	2,029,850
Lease liabilities	817	5,280	-	-	817	5,280
Total	$ 20,443	$ 78,593	$ 3,032,065	$ 3,176,537	$ 3,052,508	$ 3,255,130

The City added $211,976 of debt and paid down principal of $414,598 on its debt obligations.

Additional information on the City's long-term debt can be found in note 2.

Pension and OPEB (Other Post-Employment Benefits)

Both General Employee and Police Pension Funds experienced an increase in portfolio balances at fiscal year-end September 30, 2025. The balances are $26,559,000 and $4,411,252 respectively. Contributions to the General Fund Employee Pension Fund are from employees and the City (employer) as well as the profits from investment strategies in the fund's portfolio. The contributions to the Police Pension Fund are from the Casualty Loss Premium Tax payment from the state and profitable investment strategies in the pension fund's portfolio.

Although there is currently no requirement to fund the OPEB liability, the City has decided to divert funds, when budget allows, to this fund to begin to reduce the unfunded liability. The only contributions to the OPEB trust at this time are employer contributions from the City. The City contributed $79,309 to the OPEB trust in fiscal year 2024-2025. During fiscal year 2019-2020 the City began using the funds in the OPEB trust to pay retiree benefits. The total disbursed for 2024-2025 fiscal year was $177,774. Including gains and the prior year balance, the OPEB trust has a funded balance of $657,598 as of September 30, 2025.

In order to maintain the funding status of the General Employee Pension Plan at 96%, the annual required contribution computed by Southern Actuarial Services will be 9.34% for fiscal year 2026. 0% will be deposited into the OPEB trust fund.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2026 fiscal year:

- An increase in taxable assessed values of over 8% and an increase in the millage rate generating $211,335 in additional ad valorem revenue.
- The property tax millage rate will 5.7710 mills in 2026.
- Annual indexing of rates for solid waste services.
- Year 2 of 5-year plan increasing water and sewer rates.
- The City is restricted in assessing ad valorem tax on only 52% of total property values. Due to government, educational, hospital and other tax-exempt entity property owners, 48% of the properties included in the City limits are not assessed property taxes. Ad valorem tax revenues collected and spent in the General Fund provide only 20% of the monies needed to operate the police department, maintain roads, streets, parks, code enforcement, community redevelopment needs, and other administrative expenses budgeted in the general fund.

With the previous factors considered, the City of Wauchula's budgeted revenue and expenditures for the fiscal year ending September 30, 2026 are $26,563,378. The total budget for the previous fiscal year end September 30, 2025 was $23,649,655. The transfer amount to the general fund increased by just under $74,000 for the budget year 2025-26. There are no discernible or detectable deficiencies reported in level of services provided to the City of Wauchula customers while maintaining the level of this traditionally significant transfer.

Requests for Information

This financial report is designed to provide a general overview of the City of Wauchula, Florida finances for all those with an interest in the government's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Wauchula, 126 South 7th Avenue, Wauchula, Florida 33873.

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

	Governmental Activities	Business-type Activities	Total Activities
ASSETS			
Cash and cash equivalents	$ 2,748,647	$ 3,216,404	$ 5,965,051
Receivables, net	311,544	1,988,829	2,300,373
Due from other governments	941,457	3,510,285	4,451,742
Inventory	35,543	1,105,818	1,141,361
Prepaid expenses	1,206	-	1,206
Other assets	-	195	195
Restricted assets:			
Cash	2,721,480	3,210,588	5,932,068
Net pension assets	2,263,448	2,332,419	4,595,867
Lease interest receivables	2,157	-	2,157
Lease receivables	862,735	-	862,735
Right-to-use assets	770	-	770
Capital assets (net of accumulated depreciation)			
Land	731,652	1,184,493	1,916,145
Buildings and improvements	11,899,460	6,674,212	18,573,672
Electrical distribution system	-	2,964,370	2,964,370
Water system improvements	-	14,656,206	14,656,206
Machinery and equipment	1,069,298	2,784,656	3,853,954
Construction in progress	2,309,220	12,006,507	14,315,727
Total Assets	**25,898,617**	**55,634,982**	**81,533,599**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of pension resources	829,741	855,026	1,684,767
Deferred outflows related to OPEB	787,023	811,001	1,598,024
Deferred charge on refunding of debt	-	31,140	31,140
Total Deferred Outflows of Resources	**1,616,764**	**1,697,167**	**3,313,931**
LIABILITIES			
Accounts payable and other current liabilities	476,083	1,150,899	1,626,982
Accrued interest	-	14,445	14,445
Rate stabilization funds	-	353,564	353,564
Unearned revenue	617,579	-	617,579
Liabilities payable from restricted assets	-	830,654	830,654
Noncurrent liabilities:			
Due within one year	177,457	515,174	692,631
Due in more than one year	2,418,613	5,149,311	7,567,924
Total Liabilities	**3,689,732**	**8,014,047**	**11,703,779**
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of pension earnings	1,885,713	1,943,174	3,828,887
Deferred inflows related to OPEB	1,002,398	1,032,938	2,035,336
Lease-related inflows of resources	786,163	-	786,163
Total Deferred Inflows of Resources	**3,674,274**	**2,976,112**	**6,650,386**
NET POSITION			
Net investment in capital assets	15,989,957	37,269,519	53,259,476
Restricted	2,389,272	2,026,370	4,415,642
Unrestricted	1,772,146	7,046,101	8,818,247
Total Net Position	**$ 20,151,375**	**$ 46,341,990**	**$ 66,493,365**

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

CITY OF WAUCHULA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 2,340,620	$ 57,604	$ 20,165	$ -
Police department	1,929,174	79,830	87,861	-
Highways and streets	450,405	81,075	-	688,088
Culture and recreation	282,384	2,780	25,000	1,012,098
Interest on long-term debt	1,923	-	-	-
Total Governmental activities	5,004,506	221,289	133,026	1,700,186
Business-type activities:				
Electric	7,132,353	8,008,204	44,195	454,969
Water	1,655,029	1,470,823	22,097	348,533
Sewer	1,880,124	2,582,345	22,097	1,969,848
Airport	1,015,412	322,255	-	530,628
Sanitation	1,003,793	1,517,073	-	-
Total Business-type activities	12,686,711	13,900,700	88,389	3,303,978
Total government	**$ 17,691,217**	**$ 14,121,989**	**$ 221,415**	**$ 5,004,164**

General revenues:
Property taxes
Franchise taxes
Local option gas tax
Hardee County TIF
One cent sales tax
Sales tax
Other state revenue sharing
Unrestricted investment earnings
Other revenues (expense)
Total general revenues
Transfers
Total general revenues and transfers
Change in net position

Net Position - beginning, as originally stated
Change in accounting principle (Note 1)
Net Position - beginning, as restated
Net Position - ending

Net (expense) Revenue and changes in Net Position		
Governmental Activities	Business -type Activities	Total
$ (2,262,851)	$ -	$ (2,262,851)
(1,761,483)	-	(1,761,483)
318,758	-	318,758
757,494	-	757,494
(1,923)	-	(1,923)
(2,950,005)	-	(2,950,005)
-	1,375,015	1,375,015
-	186,424	186,424
-	2,694,166	2,694,166
-	(162,529)	(162,529)
-	513,280	513,280
-	4,606,356	4,606,356
(2,950,005)	**4,606,356**	**1,656,351**
999,697	-	999,697
692,105	-	692,105
111,936	-	111,936
866,295	-	866,295
563,380	-	563,380
210,124	-	210,124
282,149	-	282,149
172,962	122,395	295,357
118,227	479,887	598,114
4,016,875	602,282	4,619,157
2,012,702	(2,012,702)	-
6,029,577	(1,410,420)	4,619,157
3,079,572	3,195,936	6,275,508
17,039,175	43,123,811	60,162,986
32,628	22,243	54,871
17,071,803	43,146,054	60,217,857
$ 20,151,375	**$ 46,341,990**	**$ 66,493,365**

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

CITY OF WAUCHULA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 2,748,647	$ –	$ 2,748,647
Accounts receivables (net of allowance)	47,984	–	47,984
Other receivables	93,560	170,000	263,560
Due from other governmental units	455,952	485,505	941,457
Inventory	35,543	–	35,543
Prepaid items	1,206	–	1,206
Restricted Assets:			
Cash and cash equivalents	221,327	2,500,153	2,721,480
Total assets	$ 3,604,219	$ 3,155,658	$ 6,759,877
LIABILITIES			
Liabilities:			
Accounts payable	$ 223,261	$ 189,824	$ 413,085
Retainage payable	11,565	–	11,565
Accrued expenses	49,774	1,659	51,433
Unearned revenue	447,579	170,000	617,579
Total liabilities	732,179	361,483	1,093,662
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	–	474,425	474,425
FUND BALANCES:			
Non-spendable	36,749	–	36,749
Spendable:			
Restricted	69,522	2,319,750	2,389,272
Unassigned	2,765,769	–	2,765,769
Total fund balances	2,872,040	2,319,750	5,191,790
Total liabilities, deferred inflows of resources and fund balances	$ 3,604,219	$ 3,155,658	$ 6,759,877

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

CITY OF WAUCHULA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Fund Balance – Governmental Fund	$ 5,191,790
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,009,630
Lease assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	
Lease interest receivables	2,157
Lease receivables	862,735
Right-to-use assets	770
Transactions recorded as revenues in the statement of activities, but did not meet the availability criteria under the modified accrual basis of accounting, and therefore are considered to be deferred charges until available in the fund statements.	474,425
Long-term liabilities, including notes payable, compensated absences, and other post-employment benefits are not due and payable in the current period and therefore are not reported in the funds.	
Notes payable from direct borrowings	(19,626)
Lease liability	(817)
Compensated absences	(196,267)
Other postemployment benefits (OPEB)	(2,379,360)
Long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. This amount represents net pension assets.	2,263,448
Deferred outflows of resources related to the pension plan do not utilize current financial resources and, therefore are not reported in the funds.	829,741
Deferred inflows of resources related to the pension plan are not available current financial resources and, therefore are not reported in the funds.	(1,885,713)
Deferred outflows of resources related to the OPEB plan do not utilize current financial resources and, therefore are not reported in the funds.	787,023
Deferred inflows of resources related to the OPEB plan are not available current financial resources and, therefore are not reported in the funds.	(1,002,398)
Deferred inflows of resources related to the lease are not available current financial resources and, therefore are not reported in the funds.	(786,163)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 20,151,375

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

CITY OF WAUCHULA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes	$ 1,803,738	$ 866,295	$ 2,670,033
Charges for services	131,117	–	131,117
Fines and forfeitures	50,873	–	50,873
Intergovernmental revenue	1,055,653	–	1,055,653
Interest	94,421	78,541	172,962
Licenses and permits	15,240	–	15,240
Grant revenue	1,833,212		1,833,212
Miscellaneous revenues	46,191	–	46,191
Total Revenues	5,030,445	944,836	5,975,281
Expenditures:			
Current:			
General government	1,635,032	398,029	2,033,061
Police department	1,826,078	–	1,826,078
Highways and streets	297,635	–	297,635
Culture/recreation	509,698	–	509,698
Capital outlay	2,195,343	608,791	2,804,134
Debt service:			
Principal retirement	53,687	–	53,687
Interest	1,923	–	1,923
Total Expenditures	6,519,396	1,006,820	7,526,216
Excess (deficiency) of Revenues (Under) Over Expenditures	(1,488,951)	(61,984)	(1,550,935)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	87,230	–	87,230
Transfers in	2,012,702	535,152	2,547,854
Transfers out	(535,152)	–	(535,152)
Total Other Financing Sources (Uses)	1,564,780	535,152	2,099,932
Net Change in Fund Balances	75,829	473,168	548,997
FUND BALANCE - Beginning	2,796,211	1,846,582	4,642,793
FUND BALANCE - Ending	$ 2,872,040	$ 2,319,750	$ 5,191,790

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

CITY OF WAUCHULA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balance - total governmental fund	$ 548,997
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital additions recorded as expenditures in the governmental funds	2,805,044
Loss on disposal of capital assets	(9,469)
Depreciation expense	(937,144)
	1,858,431
Revenues in the statement of activities that do not provide current financial resources as they do not meet the availability criteria and are not reported as revenues in the funds.	
Change in lease interest receivables	(83)
Change in lease receivables	(33,416)
Change in lease-related inflows of resources	51,833
Change in unavailable revenue	474,425
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 governmental funds. This amount represents the change in the right-to-use asset.	(4,252)
The repayment of principal of long-term debt consumes current financial resources of governmental funds. However, the transaction has no effect on net position.	53,687
The repayment of lease liabilities consumes current financial resources of governmental funds. However, the transaction has no effect on net position. This amount represents the change in the lease liability.	4,463
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 governmental funds. This amount represents the change in other postemployment benefits.	3,069
The effects of long term accounts and pension resources do not provide current financial resources and as such are not recorded in the governmental funds.	120,874
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 governmental funds. This amount represents the change in compensated absences.	1,544
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 3,079,572

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

CITY OF WAUCHULA, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-Type Activities			
	Utility	Airport	Sanitation	Total Enterprise Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 1,940,851	$ 527,662	$ 747,891	$ 3,216,404
Receivables (net of allowance)	1,779,014	2,411	207,404	1,988,829
Due from other governments	3,308,482	201,803	–	3,510,285
Due from other funds	750,000	–	–	750,000
Inventory	1,074,264	14,899	16,655	1,105,818
Other assets	–	195		195
Total current assets	8,852,611	746,970	971,950	10,571,531
Noncurrent Assets:				
Restricted:				
Cash and cash equivalents	3,210,588	–	–	3,210,588
Total restricted assets	3,210,588	–	–	3,210,588
Net Pension Asset	2,078,669	–	253,750	2,332,419
Capital Assets				
Land	230,084	954,409	–	1,184,493
Buildings and improvements	1,015,930	15,108,944	–	16,124,874
Electrical distribution system improvements	9,031,820	–	–	9,031,820
Water and sewer system Improvements	40,872,557	–	–	40,872,557
Machinery and equipment	6,130,265	510,278	1,679,659	8,320,202
Construction in progress	11,018,388	988,119	–	12,006,507
Less accumulated depreciation	(37,417,806)	(8,817,938)	(1,034,265)	(47,270,009)
Total capital assets (net)	30,881,238	8,743,812	645,394	40,270,444
Total noncurrent assets	36,170,495	8,743,812	899,144	45,813,451
TOTAL ASSETS	45,023,106	9,490,782	1,871,094	56,384,982
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of pension resources	762,005	–	93,021	855,026
Deferred outflows related to OPEB	722,770	–	88,231	811,001
Deferred charge on refunding of debt	31,140	–	–	31,140
	1,515,915	–	181,252	1,697,167
LIABILITIES				
Current liabilities:				
Accounts payable	991,695	40,079	27,228	1,059,002
Accrued expense	74,055	12,669	5,173	91,897
Compensated absences	102,005	–	18,375	120,380
Due to other funds	–	750,000	–	750,000
Rate stabilization funds	353,564	–	–	353,564
Total current liabilities	1,521,319	802,748	50,776	2,374,843
Current liabilities payable from restricted assets:				
Accrued interest payable	14,445	–	–	14,445
Customer deposits	830,654	–	–	830,654
Long-term debt payable – current	394,794	–	–	394,794
Total current liabilities payable from restricted assets	1,239,893	–	–	1,239,893
Noncurrent liabilities:				
Compensated absences	51,144	–	9,045	60,189
Net other post-employment benefits liability	2,185,106	–	266,745	2,451,851
Long-term debt payable	2,637,271	–	–	2,637,271
Total noncurrent liabilities	4,873,521	–	275,790	5,149,311
TOTAL LIABILITIES	7,634,733	802,748	326,566	8,764,047
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of pension earnings	1,731,771	–	211,403	1,943,174
Deferred inflows related to OPEB	920,561	–	112,377	1,032,938
	2,652,332	–	323,780	2,976,112
NET POSITION				
Net investment in capital assets	27,880,313	8,743,812	645,394	37,269,519
Restricted	2,026,370	–	–	2,026,370
Unrestricted	6,345,273	(55,778)	756,606	7,046,101
TOTAL NET POSITION	**$ 36,251,956**	**$ 8,688,034**	**$ 1,402,000**	**$ 46,341,990**

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

CITY OF WAUCHULA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business - Type Activities			
	Utility	Airport	Sanitation	Total Enterprise Funds
Operating Revenues:				
Charges for services and fees				
Electric sales	$ 8,008,204	$ –	$ –	$ 8,008,204
Water sales	1,470,823	–	–	1,470,823
Sewer sales	2,582,345	–	–	2,582,345
Airport fuel	–	243,500	–	243,500
Hanger rental	–	78,755	–	78,755
Sanitation	–	–	1,517,073	1,517,073
Total Operating Revenues	12,061,372	322,255	1,517,073	13,900,700
Operating Expenses:				
Cost of sales and services				
Personal services	2,623,786	1,516	326,661	2,951,963
Other operating expenses	2,927,203	350,980	463,316	3,741,499
Purchased power	3,555,694	–	–	3,555,694
Amortization	–	–	–	–
Depreciation	1,513,373	662,916	213,816	2,390,105
Total Operating Expenses	10,620,056	1,015,412	1,003,793	12,639,261
Operating Income (Loss)	1,441,316	(693,157)	513,280	1,261,439
Non-Operating Revenues (Expenses)				
Capital grants and contributions	2,861,739	530,628	–	3,392,367
Interest income	86,095	14,844	21,456	122,395
Interest expense	(47,450)	–	–	(47,450)
Gain on disposal of capital assets	5,626	–	–	5,626
Other income (expense)	298,253	175,933	75	474,261
Total Non-Operating Items	3,204,263	721,405	21,531	3,947,199
Income (Loss) Before Transfers	4,645,579	28,248	534,811	5,208,638
Transfers				
Transfers out	(1,438,330)	(30,000)	(544,372)	(2,012,702)
Net Transfers	(1,438,330)	(30,000)	(544,372)	(2,012,702)
Change in Net Position	3,207,249	(1,752)	(9,561)	3,195,936
Net Position - Beginning, as originally stated	33,029,872	8,689,786	1,404,153	43,123,811
Change in accounting principle (Note 1)	14,835	–	7,408	22,243
Net Position - Beginning, as restated	33,044,707	8,689,786	1,411,561	43,146,054
Net Position - Ending	$ 36,251,956	$ 8,688,034	$ 1,402,000	$ 46,341,990

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

CITY OF WAUCHULA, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business – Type Activities			
	Utility	Airport	Sanitation	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 12,109,931	$ 336,716	$ 1,522,714	$ 13,969,361
Payments to suppliers	(8,672,997)	(308,043)	(469,251)	(9,450,291)
Payments to employees	(2,716,275)	(1,516)	(336,318)	(3,054,109)
Net cash provided (used) by operating activities	**720,659**	**27,157**	**717,145**	**1,464,961**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Subsidy from other governments	56,666	–	–	56,666
Transfers in (out)	(1,438,330)	(30,000)	(544,372)	(2,012,702)
Net cash provided (used) by noncapital financing activities	**(1,381,664)**	**(30,000)**	**(544,372)**	**(1,956,036)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payment of interest	(40,193)	–	–	(40,193)
Payment of debt principal	(356,448)	–	–	(356,448)
Insurance recoveries	241,587	174,870	75	416,532
Capital grants proceeds received	3,294,416	756,897	–	4,051,313
Proceeds from sales of capital assets	5,626	1,063	–	6,689
Capital expenditures	(2,448,893)	(557,724)	(10,119)	(3,016,736)
Net cash provided (used) by capital and related financing activities	**696,095**	**375,106**	**(10,044)**	**1,061,157**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	86,095	14,844	21,456	122,395
Net cash provided (used) by investing activities	**86,095**	14,844	**21,456**	**122,395**
Net increase (decrease) in cash and cash equivalents	121,185	387,107	184,185	692,477
Cash and cash equivalents at beginning of year	5,030,254	140,555	563,706	5,734,515
Cash and cash equivalents at end of year	**$ 5,151,439**	**$ 527,662**	**747,891**	**$ 6,426,992**

Cash and cash equivalents	$ 1,940,851	$ 527,662	$ 747,891	$ 3,216,404
Restricted:				
Cash and cash equivalents	3,210,588	–	–	3,210,588
	$ 5,151,439	$ 527,662	747,891	$ 6,426,992

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

	Business - Type Activities			
	Utility	Airport	Sanitation	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	$ 1,441,316	$ (693,157)	$ 513,280	$ 1,261,439
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Amortization expense	-	-	-	-
Depreciation expense	1,513,373	662,916	213,816	2,390,105
Non cash pension (increase) decrease	(125,195)	-	(14,647)	(139,842)
Non cash OPEB expense (increase) decrease	31,085	-	2,276	33,361
(Increase) decrease in assets:				
Accounts receivable	5,861	14,461	5,641	25,963
Inventory	(55)	22,901	19,652	42,498
Other assets	-	(195)	-	(195)
Increase (decrease) in liabilities:				
Accounts payable	(2,201,747)	26,855	(25,587)	(2,200,479)
Accrued expenses	11,702	(6,624)	508	5,586
Customer deposits	42,698	-	-	42,698
Compensated absences	1,621	-	2,206	3,827
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 720,659	$ 27,157	$ 717,145	$ 1,464,961

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

CITY OF WAUCHULA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Pension Trust Funds
ASSETS	
Cash	$ 72
Investments	31,627,850
Employer receivables	11,652
Employee receivables	27,751
TOTAL ASSETS	31,667,325
NET POSITION	
Held in trust for pension benefits	31,009,727
Restricted for post-employment benefits other than pension	657,598
	$ 31,667,325

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

CITY OF WAUCHULA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 482,577
Plan members	423,493
Other income	65,061
Total Contributions	971,131
Investment earnings:	
Net increase in the fair value of investments	2,483,882
Total Investment Earnings	2,483,882
Total Additions	**3,455,013**
DEDUCTIONS	
Pension benefits paid	1,297,584
OPEB refunds	177,774
Administrative expenses	67,022
Total Deductions	**1,542,380**
Change in Net Position	1,912,633
Net Position - Beginning	**29,754,692**
Net Position - Ending	**$ 31,667,325**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Wauchula, Florida (the City) was incorporated May 22, 1907, by the laws of Florida 1907, Chapter 5864. The City operates under a City Manager form of government and provides the following services as authorized by its charter: public safety (police), highway and streets, sanitation, health and social services, culture and recreation, education, public improvements, planning and zoning, electric and water systems, and general administrative services.

The City, for financial purposes, includes all of the funds and account groups relevant to the operations of the City of Wauchula, Florida. The Wauchula Municipal Airport Authority is considered a part of the primary government, as the City retains the corporate powers of the Authority. The operations of the Airport Authority are included in an enterprise fund. The City has established a Community Redevelopment Agency (CRA). The City Commission is the governing board of the CRA. As such, the CRA is considered part of the primary government. It is included in these financial statements as a special revenue fund. The CRA is responsible for carrying out the rehabilitation, conservation, and redevelopment of the Community Redevelopment Program. Unspent balances at year-end are included in restricted fund balance. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City.

The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. No other potential component units exist.

The accounting policies of the City of Wauchula conform to U.S. generally accepted accounting principles (GAAP) as applicable to governments.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Government-wide financial statements include a statement of net position and a statement of activities. The statement of net position reports all financial and capital resources of the City's governmental and business-type activities. It is presented in a net position format (assets and deferred outflows less liabilities and deferred inflows equal net position) and shown with three components: net investment in capital assets, restricted net position and unrestricted net position. 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. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds, proprietary funds, and fiduciary funds. All governmental and enterprise funds are considered major funds and are presented as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's business-type activities and governmental activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund, sanitation fund and airport fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following fund types:

Governmental Funds

General Fund

The general fund is the City's general operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the budgeted capital improvement and debt service costs not paid through other funds.

Special Revenue Fund

The special revenue fund is used to account for the revenues and expenditures of the CRA, which are restricted for rehabilitation, conservation, and redevelopment of the Community Redevelopment Program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - CONTINUED

Proprietary Funds
The proprietary funds are used to account for the operation of the City's electric, water, sewer, sanitation and airport operations. Proprietary Funds are used for activities a) that are financed with debt secured solely by a pledge of the net revenues from fees and charges of the activity, b) if laws and regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues, or c) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs. The City reports the following proprietary funds:

Utility Fund
The utility fund accounts for the operation of the City's electric, water, and sewer system.

Sanitation Fund
The sanitation fund accounts for the activities of the City's garbage operations.

Airport Fund
The airport fund accounts for the activities of the City's airport authority.

Fiduciary Funds
Trust Funds
Trust funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governments, and/or other funds. These include pension and OPEB trust funds. Pension and OPEB trust funds are accounted for essentially the same as a proprietary fund since capital maintenance is critical. The City uses Fiduciary Funds for the City of Wauchula - Employee Pension Plan, the City of Wauchula Police Pension Trust Fund and the OPEB Trust Fund.

CASH AND INVESTMENTS
The City invests in certificates of deposit and short-term investments such as money market accounts. All cash and investment accounts are with financial institutions qualified under laws and regulations of the State of Florida. Deposits whose values exceeded the limits of Federal depository insurance were entirely insured or collateralized pursuant to Chapter 280 of the Florida Statutes. The City does not have a formal investment policy that limits its exposure to fair value losses arising from increasing interest rates. However, at September 30, 2025, the City had only time deposits, demand deposits and short-term money market accounts.

State statutes section 218.415 authorizes the City to invest its surplus public funds in the following:

- Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized through the Florida Inter-local Cooperation Act.
- S.E.C. registered money market funds with the highest credit equality rating from a nationally recognized rating company.
- Interest bearing time deposits or savings accounts in state-certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.
- Direct Obligations of the U.S. Treasury.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FAIR VALUE

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate.

In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows all checking, savings, money market investments and any cash held with a fiscal agent are considered to be cash and cash equivalents. The City's policy is to consider all certificates of deposit to be investments.

INVENTORIES

Inventories are stated on a basis, which approximates cost determined by the first-in, first-out method. A physical count is completed annually. Inventory in the general fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are requisitioned by the operating department.

RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

RECEIVABLES AND PAYABLES - CONTINUED

All trade receivables are shown net of allowance for doubtful accounts. At September 30, 2025 the reserve for bad debts in the general fund was $5,656, the utility fund was $147,162, the airport fund was $2,295 and the sanitation fund was $26,812.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated life of greater than one year. If purchased or constructed, assets are reported at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has elected to report general infrastructure assets on a prospective basis only.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed as incurred.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20 - 50
Machinery and equipment	5 - 15
Electrical distribution system	20 - 50
Water system improvements	20 - 50

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Three items qualify for reporting in this category. The deferred charge on refunding is reported in the government-wide and proprietary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, a deferred outflow of pension resources and OPEB resources are reflected in the government-wide and proprietary fund statement of net position.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. A deferred inflow of pension earnings and OPEB resources are reported in the government-wide and proprietary fund statement of net position. Additionally, lease-related inflows of resources are reported in the government-wide statement of net position.

On the governmental funds' balance sheet, unavailable revenue is also classified as deferred inflows of resources. This represents funds which did not meet the availability criteria under the modified accrual basis of accounting and therefore are considered to be deferred charges until available. Unavailable revenue was $474,425 as of September 30, 2025.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

COMPENSATED ABSENCES

The City's personnel policy provides for the payment of accrued vacation, sick and comp time pay upon separation of its employees. A liability for this amount is recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded in the governmental funds only if they have matured. Liquidation of these liabilities is made through either the general fund or the utility fund.

LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance cost are recognized as an expense in the period incurred.

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

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust Fund and additions to/deductions from the OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NET POSITION

The elements of net position are reported in three parts as applicable: net investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed.

FUND BALANCE

The City follows Governmental Accounting Standards Board (GASB) Statement 54. GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are non-spendable and spendable. Spendable is then further classified as restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance.

The City classified governmental fund balances are as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

- Restricted - includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FUND BALANCE - CONTINUED

- Committed - includes amounts that can be spent only for specific purposes that are approved by a formal action of the City Commissioners through a resolution or the budget process.

- Assigned - includes amounts designated for a specific purpose by the City Commissioners through a resolution or the budget process, which are neither restricted nor committed.

- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts first when both restricted and unrestricted fund balance are available, unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does have a formal minimum fund balance policy to maintain general fund reserves at a minimum of 17% of general fund operating expenditure appropriations.

	General Fund	CRA Fund	Totals
Non-spendable			
Inventory	$ 35,543	$ -	$ 35,543
Prepaid items	1,206	-	1,206
Total Non-spendable	36,749	-	36,749
Spendable:			
Restricted:			
Storm disaster	7,497	-	7,497
Law enforcement trust	32,830	-	32,830
Police department	29,195	-	29,195
Community Redevelopment activities	-	2,319,750	2,319,750
Total restricted	69,522	2,319,750	2,389,272
Committed	-	-	-
Assigned	-	-	-
Unassigned	2,765,769	-	2,765,769
Total fund balance	$ 2,872,040	$ 2,319,750	$ 5,191,790

PROPERTY TAXES

Property taxes are levied on November 1 of each year and are due and payable upon receipt of the notice of levy. The Hardee County, Florida Tax Collector's Office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services and general obligation debt service for the fiscal year ended September 30, 2025 was 5.0794 per $1,000 of assessed taxable property value. Property tax revenues are recognized currently in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction and the proceeds thus collected are remitted to the City.

No accrual for the property tax levy becoming due in November 2025 is included in the accompanying financial statements since taxes do not meet the necessary criteria.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The property tax calendar is as follows:

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

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for the governmental funds. Expenditures should not exceed total appropriations. All annual appropriations lapse at fiscal yearend. Budget amendments are approved by the City Commission.

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

1. The City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of an ordinance.

4. The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that alter the total expenditures of any fund or department must be approved by the City Commission. Appropriations lapse at the end of the fiscal year.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, CRA Fund, Electric, Water and Sewer System, and Airport Fund.

6. Budgets for the General Fund, CRA Fund and Enterprise Funds are adopted on the accrual basis.

The legal level of budgetary control is at the fund level.

INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties including participation in various risk sharing pools. All significant accrued losses have been funded. There has been no significant reduction in insurance coverage from the prior year, and no settlements or claims in excess of coverage.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles required management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ADOPTION OF A NEW ACCOUNTING STANDARD

Effective October 1, 2024, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB No. 101). GASB No. 101 updates the recognition and measurement guidance for compensated absences, including vacation, sick leave, and other paid leave benefits. Under GASB No.101, liabilities for compensated absences are recognized when the benefits are both attributable to services already rendered and are expected to be paid. The standard eliminates the requirement to segregate obligations into "vesting" and "non-vesting" components, instead emphasizing whether leave accumulates and whether it is more likely than not to be paid.

This change required the restatement of the beginning balances of net position and compensated absences for governmental activities, business-type activities, and enterprise funds. The restatements effective October 1, 2024 for the statement of net position and statement of activities are as follows:

	Governmental Activities	Business-Type Activities	Total
Statement of Net Position:			
Compensated absences at October 1, 2024, as originally stated	$ 230,439	$ 198,986	$ 429,425
Change in accounting principle:			
GASB No. 101, *Compensated Absences*	(32,628)	(22,243)	(54,871)
Compensated absences at October 1, 2024, as restated	$ 197,811	$ 176,743	$ 374,554
Statement of Activities:			
Net Position at October 1, 2024, as originally stated	$ 17,039,175	$ 43,123,811	$ 60,162,986
Change in accounting principle:			
GASB No. 101, *Compensated Absences*	32,628	22,243	54,871
Net position at October 1, 2024, as restated	$ 17,071,803	$ 43,146,054	$ 60,217,857

	Utility	Sanitation
Statement of Net Position:		
Compensated absences at October 1, 2024, as originally stated	$ 166,364	$ 32,622
Change in accounting principle:		
GASB No. 101, *Compensated Absences*	(14,835)	(7,408)
Compensated absences at October 1, 2024, as restated	$ 151,529	$ 25,214
Statement of Activities:		
Net Position at October 1, 2024, as originally stated	$ 33,029,872	$ 1,404,153
Change in accounting principle:		
GASB No. 101, *Compensated Absences*	14,835	7,408
Net position at October 1, 2024, as restated	$ 33,044,707	$ 1,411,561

NOTE 2 – DETAILED NOTES ON ALL FUNDS

CASH AND INVESTMENTS

At year-end, the City's carrying amount of deposits was $11,897,119 and the bank balance was $12,337,786. All deposits were in State Certified Qualified Public Depositories.

RESTRICTED ASSETS

Restricted assets are cash and cash equivalents (all of which are held in Qualified Public Depositories), as provided for by resolutions adopted by the City for the issuance of Revenue Bonds and as designated by the Commission or imposed by the source of proceeds. Restricted assets held at September 30, 2025 included the following:

General Fund:	
Storm disaster contributions	$ 7,497
Law enforcement trust	32,830
Police department	29,195
ARPA	151,805
Total General Fund	**$ 221,327**
Special revenue fund:	
Community redevelopment fund	$ 2,500,153
Total special revenue fund	**$ 2,500,153**
Utility fund:	
Impact fees	$ 528,756
Debt service	259,973
Capital improvement	1,237,641
Rate stabilization	353,564
Utility deposits	830,654
Total utility fund	**$ 3,210,588**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 731,652	$ –	$ –	$ –	$ 731,652
Construction in progress	1,135,295	1,407,350	–	(233,425)	2,309,220
Total capital assets, not being depreciated	1,866,947	1,407,350	–	(233,425)	3,040,872
Capital assets, being depreciated:					
Buildings and improvements	19,658,538	1,101,012	–	233,425	20,992,975
Machinery and equipment	3,086,943	296,682	(112,292)	–	3,271,333
Lease assets:					
Equipment	8,757	–	(8,757)	–	–
Copiers	4,106	–	–	–	4,106
Total capital assets being depreciated	22,758,344	1,397,694	(121,049)	233,425	24,268,414
Less accumulated depreciation for:					
Capital assets:					
Buildings and improvements	(8,494,510)	(599,005)	–	–	(9,093,515)
Machinery and equipment	(1,966,719)	(338,139)	102,823	–	(2,202,035)
Lease assets:					
Equipment	(5,531)	(1,843)	7,374	–	–
Copiers	(2,310)	(1,026)	–	–	(3,336)
Total accumulated depreciation	(10,469,070)	(940,013)	110,197	–	(11,298,886)
Total capital assets, being depreciated, net	12,289,274	457,681	(10,852)	233,425	12,969,528
Governmental activities capital assets, net	$ 14,156,221	$ 1,865,031	$ (10,852)	$ –	$ 16,010,400

Depreciation expense was charged to the City's governmental activities as follows:

General government	$ 341,496
Police department	163,551
Highway and streets	162,699
Culture and recreation	269,398
	$ 937,144

NOTE 2 - DETAILED NOTES ON ALL FUNDS - CONTINUED

CAPITAL ASSETS - CONTINUED

Capital asset activity for business-type activities for the year ended September 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 1,184,493	$ -	$ -	$ -	$ 1,184,493
Construction in progress	15,183,607	3,100,855	-	(6,277,955)	12,006,507
Total capital assets, not being depreciated	16,368,100	3,100,855	-	(6,277,955)	13,191,000
Capital assets, being depreciated:					
Buildings and improvements	16,124,874	-	-	-	16,124,874
Electrical distribution system	9,031,820	-	-	-	9,031,820
Water System improvements	34,195,646	398,956	-	6,277,955	40,872,557
Machinery and equipment	7,863,315	679,994	(223,107)	-	8,320,202
Total capital assets being depreciated	67,215,655	1,078,950	(223,107)	6,277,955	74,349,453
Less accumulated depreciation for:					
Buildings and improvements	(8,742,845)	(707,817)	-	-	(9,450,662)
Electrical distribution system	(5,881,570)	(185,880)	-	-	(6,067,450)
Water System improvements	(25,270,159)	(946,192)	-	-	(26,216,351)
Machinery and equipment	(5,208,437)	(550,216)	223,107	-	(5,535,546)
Total accumulated depreciation	(45,103,011)	(2,390,105)	223,107	-	(47,270,009)
Total capital assets, being depreciated, net	22,112,644	(1,311,155)	-	6,277,955	27,079,444
Business-type activities capital assets, net	$ 38,480,744	$ 1,789,700	$ -	$ -	$ 40,270,444

Depreciation expense was charged to the City's business-type activities as follows:

Business-Type Activities	
Utility Fund	$ 1,513,373
Sanitation	213,816
Airport	662,916
	$ 2,390,105

INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to and from accounts represent amounts paid for by one fund on behalf of another. This is due to certain purchases being paid for out of the general fund, which are then reimbursed by the appropriate funds. In addition, the Airport Fund has borrowed monies from the Utility Fund in previous periods for capital improvements. The outstanding balance is $750,000 as of September 30, 2025.

Inter-fund transfers represent payments in lieu of taxes and insurance proceeds received in the general fund, which were then transferred to the appropriate fund. The composition of inter-fund balances as of September 30, 2025 are as follows:

	Transfers in:		
	General	CRA	Airport
Transfers out:			
General Fund	$ -	$ 535,152	$ -
Utility	1,438,330	-	-
Airport	30,000	-	-
Sanitation	544,372	-	-
	$ 2,012,702	$ 535,152	$ -

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

LESSOR LEASE AGREEMENTS

The City is engaged in two lease agreements allowing lessees to lease space on City towers or utility poles.

The first lease agreement commenced in April 2018 with an initial lease term of five years with four additional five-year renewals. The lease, including all renewal periods expire in June 2056 and monthly rental revenue ranges from $1,450 to $2,002 over the total lease periods.

The second lease agreement commenced in June 2021 with an initial lease term of five years with six additional five-year renewals. The lease, including all renewal periods expire in June 2056 and monthly rental revenue ranges from $1,450 to $3,354 over the total lease periods.

The City also entered into a lease agreement for space in the City's Historic City Hall, which commenced on October 1, 2022. The initial lease term is for three years, with two additional one year renewal periods. Monthly rent is $1,650.

Lease-related revenue for governmental activities for the year ended September 30, 2025 was as follows:

	Year Ending September 30, 2025
Lease revenue	
Equipment	$ 32,873
Office space	18,960
Total lease revenue	51,833
Interest revenue	26,344
Variable and other revenue	–
Total lease-related revenue	$ 78,177

Expected future minimum reductions of the lease receivable are as follows:

	Principal	Interest	Total
2026	$ 15,012	$ 25,684	$ 40,696
2027	17,464	25,193	42,657
2028	18,182	24,661	42,843
2029	19,004	24,102	43,106
2030	19,582	23,524	43,106
2031-2035	121,961	107,446	229,407
2036-2040	162,391	86,269	248,660
2041-2045	150,783	60,481	211,264
2046-2050	129,928	41,636	171,564
2051-2055	178,619	18,681	197,300
2056	29,809	375	30,184
Total future receipts	$ 862,735	$ 438,052	$ 1,300,787

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

LONG-TERM DEBT
Governmental Activities – Notes Payable from Direct Borrowings

2020 Patrol Cars
On August 19,2020, the City borrowed $150,096 from First National Bank of Wauchula to finance the purchase of three police vehicles. The note bears interest at 3.99% per annum and was due in annual payments of $33,707, which includes interest. The note matured in August 2025 and was paid in full. At September 30, 2025, there was no balance outstanding on the note.

2021 Patrol Cars
On August 31,2021, the City borrowed $100,516 from First National Bank of Wauchula to finance the purchase of two police vehicles. The note bears interest at 3.99% per annum and is due in annual payments of $22,585, which includes interest. The note matures in August 2026 and is secured by the vehicles. At September 30, 2025, the principal balance outstanding was $19,626.

Governmental Activities – Notes Payable from Direct Borrowings – Future Maturities

Future maturities of all governmental notes payable from direct borrowings are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	$ 19,626	$ 889	$ 20,515
Total	**$ 19,626**	**$ 889**	**$ 20,515**

The City's vehicle loans describes events of default as failure to make required payments. In event of default, creditors may declare the total balance outstanding due on demand. The creditor may also repossess the collateralized property and seek any other remedies as allowed by law.

Governmental Activities – Lease Liability

The City has entered into various lease agreements as a lessee for financing copiers and equipment.

The first lease agreement commenced in July 2020 for a postage meter with a lease term of five years. The lease expires in June 2026 and requires monthly payments of $168. The lease liability is determined using a discount rate of 4.00%. The lease was terminated during 2025.

The second lease agreement commenced in July 2022 for a copier with a lease term of four years. The lease expires in June 2026 and requires monthly payments of $92. The lease liability is determined using a discount rate of 4.00%.

Lease expense was reported as follows:

	Year Ending September 30, 2025
Lease expense	
Equipment	$ 1,843
Copier	1,026
Total amortization expense	2,869
Interest on lease liabilities	147
Variable lease expense	–
Total lease expense	$ 3,016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

LONG-TERM DEBT – CONTINUED
Governmental Activities – Lease Liability – Continued

The maturity schedule is as follows:

	Principal	Interest	Total
2026	$ 817	$ 14	$ 831
Total future payments	$ 817	$ 14	$ 831

Business-Type Activities - Bonds

Utility Refunding Revenue Bond, Series 2016

On October 3, 2016, the City issued Series 2016 Utility Refunding Revenue Note for $2,732,000. The purpose of the note was to refund the Utility Refunding Revenue Bond, Series 2011 which refunded Utility Revenue Bonds, Series 2001A and Series 2001B. The bond and the interest thereon are payable from and secured by a prior lien and pledge of the net revenues derived by the City from the operation of its combined water, sewer and electric system. Interest on the bond is payable semi-annually at 2.02%. Maturities vary from $202,000 to $254,000 from October 1, 2018 to October 1, 2028. The reacquisition price exceeded the net carrying amount of the old debt by $124,560, which was reported as a deferred outflow of resources and amortized over the life of the new debt. The refunding resulted in a reduction of $166,674 in future debt service costs and an economic gain of $145,519 in net present value savings between the Utility Refunding Revenue Bond, Series 2011 and the Series 2016 Utility Refunding Revenue Note.

The bonds require the use of a sinking fund, of which is included in restricted cash. Failure to make timely payments will result in default. In addition to any remedies available to the creditor by law, upon default the City is required to pay interest due on unpaid amounts plus an additional 2% per annum from and five days after the date due until such overdue amount is paid. The City is also required to pay all costs of collection.

Future maturities of the revenue bonds are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	$ 239,000	$ 19,917	$ 258,917
2027	244,000	15,089	259,089
2028	249,000	10,160	259,160
2029	254,000	5,131	259,131
Total	$ 986,000	$ 50,297	$ 1,036,297

Business-Type Activities - Notes Payable from Direct Borrowings

State of Florida Department of Environmental Protection Loan WW62419P
In September 2005, the City Commission passed resolution 2005-41, authorizing the City to obtain financing from the Florida Department of Environmental Protection (FDEP), which is available through the Clean Water State Revolving Fund. The purpose of the financing is the improvement and expansion of the City's wastewater facilities.

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

LONG-TERM DEBT – CONTINUED
Business-Type Activities – Notes Payable from Direct Borrowings – Continued

During 2006 and 2007, the City borrowed $509,883 in accordance with the loan agreement. Payments began in July of 2009 and are due in semi-annual amounts of $21,906 including interest of 0.71% per annum. The total amount outstanding, including capitalized interest, at September 30, 2025 is $97,436.

State of Florida Department of Environmental Protection Loan WW250201
Pursuant to Resolution 2009-20, the City entered into a construction loan agreement with the Florida Department of Environmental Protection to finance or refinance the construction of public water systems, specifically for:

1. Water System Improvements – Well Number 5
2. Water System Improvements – Wellhead and Water Treatment Plant

The loan was also to assist the City in paying down the Series 2008 Water System Revenue Bond (Bridge Loan).

On February 9, 2010, the original agreement was amended to increase project funding to $3,652,106. Of this amount, $2,550,000 is "Principal Forgiveness" by the state and federal governments. The City drew funds under the agreement in 2011, 2012, and 2013. The semi-annual loan payments of $37,966, include interest at 2.82%, 2.57%, and 1.86% for each draw. Payments started on June 15, 2011 and continue until all amounts have been fully paid. The outstanding balance at September 30, 2025 is $386,711. The City has pledged the revenues of the system for the repayment of the loan.

State of Florida Department of Environmental Protection Loan WW250200
On October 29, 2010, the City entered into a financing agreement with the Florida Department of Environmental Protection for the completion of the improvements noted above (companion loan). Semi-annual payments of $13,647 (including interest at 2.61%) started on June 15, 2011, and will continue until the loan is fully repaid in 2031. The outstanding balance at September 30, 2025 is $137,912. The City has pledged the revenues of the system for the repayment of the loan.

State of Florida Department of Environmental Protection Loan WW250150
On October 29, 2010, the City entered into a financing agreement with the Florida Department of Environmental Protection for the planning phase of drinking water improvements. The original agreement had project funding of $180,000 of which $75,000 is principal forgiveness by state and federal governments. During 2020, the original agreement was amended to include design activities. Amendment 1 increased the total project funding to $721,600 and total principal forgiveness of $360,800. Semi-annual payments of $20,265 (including interest at 1.64%) commence on February 15, 2023, and will continue until the loan is fully repaid in 2031. The outstanding balance at September 30, 2025 is $57,031. The City has pledged the revenues of the system for the repayment of the loan and a loan debt service account is required.

State of Florida Department of Environmental Protection Loan CW250160
On March 18, 2023, the City entered into a financing agreement with the Florida Department of Environmental Protection for the construction of a new concrete aerobic digester with a blower and sludge transfer facility. The original agreement had project funding of $6,729,200 of which $5,383,360 is principal forgiveness by state and federal governments. During 2023, the original agreement was amended which increased the total project funding to $8,628,000 and total principal forgiveness of $6,904,400. Estimated semi-annual payments based the amount borrowed as of September 30, 2025 of $31,659 (including interest at 0.39%) commence on August 15, 2026, and will continue until the loan is fully repaid. The outstanding balance at September 30, 2025 is $1,215,309. The City has pledged the revenues of the system for the repayment of the loan.

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

LONG-TERM DEBT – CONTINUED
Business-Type Activities – Notes Payable from Direct Borrowings – Continued

State of Florida Department of Environmental Protection Loan DW250151
On March 16, 2023 the City entered into a financing agreement with the Florida Department of Environmental Protection for the repairs of the water distribution system and to construct a 150,000 gallon elevated storage tank. The original agreement had project funding of $6,125,520 of which $5,512,968 is principal forgiveness by state and federal governments. Semi-annual payments of $14,123 (including interest at 0.89%) commence on April 15, 2026, and will continue until the loan is fully repaid. The outstanding balance at September 30, 2025 is $151,666. The City has pledged the revenues of the system for the repayment of the loan.

Default Remedies on State of Florida Department of Environmental Protection Loans

Loans by the State of Florida Department Environmental Protection (SRF Revolving Loans) define events of default as failure to make any monthly loan deposits or semi-annual loan payments for a period of 30 days; failure to comply with the loan agreement; bankruptcy or insolvency; or failure to give immediate written notice of default when a default has continued for 30 days. State Revolving Fund loans provide for a number of remedies providing finance-related consequences in an event of default. The Florida Department of Environmental Protection may:

- Establish rates and collect fees and charges for the use of the City's Utility System.
- Intercept the delinquent amount plus six percent, as expressed as an annual interest rate from any unobligated funds due to the City under any revenue or tax sharing fund established by the State. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.
- Notify financial market credit ratings agencies and potential creditors.
- Sue for payment of amounts due, as well as interest on overdue payments and associated costs.
- Accelerate the repayment schedule or increase the interest rate on the unpaid principal to as much as 1.667 times the original rate.

Business-Type Activities – Notes Payable from Direct Borrowings – Future Maturities

Future maturities of all notes payable from direct borrowings are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	$ 155,794	$ 19,115	$ 174,909
2027	192,045	17,411	209,456
2028	207,198	14,370	221,568
2029	169,349	11,416	180,765
2030	172,326	8,439	180,765
2031 – 2035	390,587	21,988	412,575
2036 – 2040	331,134	14,327	345,461
2041 – 2045	338,281	7,182	345,463
2046 – 2050	58,427	2,097	60,524
2051 – 2055	28,050	819	28,869
2056	2,874	12	2,886
Total	$ 2,046,065	$ 117,176	$ 2,163,241

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

LONG-TERM DEBT – CONTINUED

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

	Beginning Balance, as Originally Stated	Restatement	Additions	Reductions		Ending Balance	Due Within One Year
Governmental activities:							
Notes payable from direct borrowings							
2020 Dodge Chargers	32,429	–	–	(32,429)		–	–
2021 Patrol Cars	40,884	–	–	(21,258)		19,626	19,626
Total	73,313	–	–	(53,687)		19,626	19,626
Lease liability	5,280	–	–	(4,463)		817	817
Compensated absences	230,439	(32,628)	–	(1,544)	*	196,267	157,014
Other post employment benefits	1,896,730	–	529,087	(46,457)		2,379,360	–
Governmental activity Long term liabilities	$ 2,205,762	$ (32,628)	$ 529,087	$ (106,151)		$ 2,596,070	$ 177,457

* The change in compensated absences is reported net.

	Beginning Balance, as Originally Stated	Restatement	Additions		Reductions	Ending Balance	Due Within One Year
Business-type activities							
Notes payable from direct borrowings							
SRF Revolving Loan WW62419P	$ 124,645	$ –	$ –		$ (27,209)	$ 97,436	$ 28,240
SRF Revolving Loan WW250201	451,294	–	–		(64,583)	386,711	66,181
SRF Revolving Loan WW250200	160,942	–	–		(23,030)	137,912	24,036
SRF Revolving Loan WW250150	64,657	–	–		(7,626)	57,031	7,687
SRF Revolving Loan CW250160	1,016,230	–	199,079		–	1,215,309	27,494
SRF Revolving Loan DW250151	138,769	–	12,897		–	151,666	2,156
Total	1,956,537	–	211,976		(122,448)	2,046,065	155,794
Bonds payable:							
Utility Revenue Bond Refunding Series 2016	1,220,000	–	–		(234,000)	986,000	239,000
Compensated absences	198,986	(22,243)	3,827	*	–	180,570	120,380
Other post employment benefits	1,927,849	–	574,441		(50,440)	2,451,850	–
Business-type activity Long term liabilities	$ 5,303,372	$ (22,243)	$ 790,244		$ (406,888)	$ 5,664,485	$ 515,174

* The change in compensated absences is reported net.

NOTE 3 – RETIREMENT PLANS

The City has two defined benefit pension plans.

- The City of Wauchula Employee Pension Plan (WEPP)
- The City of Wauchula Police Pension Trust Fund (WPPP)

Plan Description and Summary of Significant Accounting Policies

WEPP – The Plan is a single employer, defined benefit public employee retirement system. Participation is mandatory for full time employees and employees are eligible on the date of hire. Benefit provisions and employer and employee contributions are authorized by the City Commission and trustees. The Plan was amended and restated pursuant to Ordinance 2014-3.

The Plan is accounted for in the accompanying financial statements as a pension trust fund. A separate financial statement is not issued for the Plan. Plan administrative costs are paid by the Plan. The Advisory Committee administers the Plan with final authority residing in the City Commission with powers to amend or extend the provisions of the Plan.

NOTE 3 – RETIREMENT PLANS – CONTINUED

WPPP – The Plan is a single employer, defined benefit public employee retirement system plan. The City has established a special pension trust fund into which shall be paid all monies received by the City under the provisions of Chapter 185, Florida Statutes. Total contributions to the WPPP in 2025 were $65,061, all of which are from the State.

All police employed by the City who have completed one year of continuous service, are qualified as participants in the Police Pension Trust Fund. Participants are entitled to one share in the fund for each full year of service. Participants vest after ten years of service.

The total monies received, including interest earned, any gifts and the credits forfeited by the participants (all of which constitute income to the fund during each fiscal year), shall be allocated and the value of the respective participants' shares shall be determined as follows:

(a) The Board of Trustees shall pay all costs and expenses of management and operation for the fiscal year.

(b) The Board of Trustees shall set aside as much income as it considers advisable as a reserve for expenses for the current fiscal year.

(c) After deducting the monies called for by Subsection (a) and (b), the remaining monies shall be allocated and credited to the share accounts of the respective participants.

The number of shares to which each and every participant is entitled as of the close of each fiscal year shall be added together and the total number of shares thus determined shall be divided into the net amount of money available to be allocated and credited to the respective share accounts. The amount to be credited to the account of each participant will then be obtained by multiplying the value determined for one share by the total number of shares to which each participant is entitled.

An individual account shall be established for each participant, and the amount to which each participant is entitled shall be credited to his account as of the end of each fiscal year.

Plan Membership
At the October 1, 2024 valuation date membership consisted of:

Active	68
Retirees	45
Terminated with deferred vested pensions	20
Total	133

Basis of Accounting
The Pension Plans use the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Asset Valuation
Investments are reported at market value based on quoted prices (Note 1). Investment income is recognized when earned. Gains and losses on sales and exchanges of securities are recognized on the transaction date.

Benefit Provisions–WEPP
Effective May 17, 2010, normal retirement is age 60 with 6 years of service, or any age with 30 years of service. The pension benefit is 2.50% of average earnings for each year of service up to 40 years.

NOTE 3 – RETIREMENT PLANS – CONTINUED

Benefits are available for early retirement at age 50 with at least 6 years of service. The pension benefit is reduced by 1% for each year down to age 55 and further reduced by 2% for each year down to age 60.

Death and disability benefits are also available under the Plan. In service disability benefits are calculated at the larger of the basic pension formula or 50% of average earnings. Non-service disability is calculated as the larger of the basic pension formula or 25% of average final compensation. Pre-retirement death benefits are calculated at 50% of the basic pension formula beginning at the earliest retirement age, and payable to the spouse of a vested participant for life. In addition, the beneficiary of any participant or retiree receives $25,000, reduced by 10% for each year of service less than 10 years.

Vesting occurs after 6 years of service for general employees and 10 years for police officers. Participants who retire at age 50 or later with at least 6 years of service receive a $100 monthly supplemental life annuity.

Contribution Information

WEPP members are required to contribute 10% of their annual covered salary. The City is required to contribute the greater of an actuarially determined rate or 10%. Total employer contributions were $403,268 which were greater than the required contributions for the year ended September 30, 2025, on covered payroll of $3,382,148.

Plan Investments

Plan assets are held with the Florida Municipal Pension Trust Fund (FMPTF), an agent multiple employer pension plan administered by the FMPTF Board of Trustees. The FMPTF issues a publicly available report that includes the combined financial statements of all plan members which can be obtained from their website. Separate accounts are maintained for each employer group.

The plan follows the investment policies of the FMPTF. The Master Trustees of the FMPTF have the exclusive authority and discretion to manage and control the assets of the FMPTF. The City has selected to participate in the FMPTF 60/40 Target Fund. The maximum target asset allocation for equities is 60%. The following was the adopted asset allocation policy as of September 30, 2025:

Asset Class	Total Allocation	
Equities	60%	
Large Cap		25%
Small Cap		14%
International		21%
Fixed Income	40%	
Core Bonds		15%
Core Plus		15%
Core Real Estate		10%

All employee pension plan assets with the FMPTF are included in the trust's master Trust Fund. Employee pension plan assets of the defined benefit type are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT) for the benefit of the participating employers, participating employees and beneficiaries. The FMIvT is a Local Government Investment Pool (LGIP) and, therefore, considered an external investment pool. The plans have a beneficial interest in shares in the FMIvT portfolios listed below. The plan's investment is the beneficial interest in the FMIvT portfolio, not the individual securities held within each portfolio.

NOTE 3 – RETIREMENT PLANS – CONTINUED

As of September 30, 2025, the asset allocations for the various investment models were as follows:

Asset Allocation and Model/Percentage	WEPP/WPPP 60/40
Cash and Money Market	0.8%
FMIvT Broad market high quality bond	16.0%
FMIvT Core plus fixed income	14.8%
FMIvT Diversified large cap	25.4%
FMIvT Diversified small to mid cap equity	13.1%
FMIvT International equity	21.8%
FMIvT Core real estate	8.1%
	100.0%

Credit Risk – Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations.

The FMIvT Broad Market High Quality Bond Fund has a Fitch Rating of AAf/S4. The FMIvT Core Plus Fixed Income Fund and the equities portfolios are not rated.

Interest Rate Risk – Interest rate exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value.

The FMIvT Broad Market High Quality Bond Fund has a weighted average maturity of 7.10 years. The FMIvT Core Plus Fixed Income Fund has a weighted average to maturity of 5.76 years.

Foreign Currency Risk – Participating employer's investments in the FMIvT are not subject to foreign currency risk.

Rate of Return – For the year ended September 30, 2025 the annual money-weighted rate of return on Pension Plan Investments, net of pension plan investment expense, was 8.45% for the WEPP. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Total pension liability	$ 21,963,133
Less fiduciary position	(26,559,000)
Net pension liability (asset)	**$ (4,595,867)**
Plan fiduciary net position as a percentage of total pension liability (asset)	120.93%

NOTE 3 - RETIREMENT PLANS - CONTINUED

Net Pension Liability (Asset)-WEPP

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a - b)
Balance as of September 30, 2024	$ 21,363,575	$ (25,043,776)	$ (3,680,201)
Change due to:			
Service cost	864,218	-	864,218
Expected interest growth	1,472,264	(1,733,230)	(260,966)
Unexpected investment income	-	(358,432)	(358,432)
Demographic experience	(904,709)	-	(904,709)
Employer contributions	-	(384,096)	(384,096)
Employee contributions	-	(393,038)	(393,038)
Benefit payments & refunds	(1,297,584)	1,297,584	-
Administrative expenses	-	55,988	55,988
Changes in benefit terms	465,369	-	465,369
Assumption changes	-	-	-
Balance as of September 30, 2025	$ 21,963,133	$ (26,559,000)	$ (4,595,867)

The Sponsor's net pension liability (asset) was measured as of September 30, 2025.

Actuarial Assumptions-WEPP

The total pension liability, net pension liability (asset), and certain sensitivity information are based on an actuarial valuation performed as of October 1, 2024. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2025. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Investment rate of return (2.62% for inflation)	7.00%
Projected salary increases	5.00% per annum
COLA	None assumed

For eligible police officers, 20% are assumed to retire at each of ages 55 through 57, 30% are assumed to retire each of ages 58 and 59, and 100% are assumed to retire at age 60. For all other eligible participants, 10% are assumed to retire at each of ages 55 through 59 and 100% are assumed to retire at age 60. Regardless of the foregoing, participants who have earned at least 30 years of service are assumed to retire immediately and deferred vested participants are assumed to commence benefits at their normal retirement age.

Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

The long-term expected rate of return on pension plan investments was determined using a building-block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

NOTE 3 - RETIREMENT PLANS - CONTINUED

Actuarial Assumptions-WEPP - Continued

Asset Class	Long-Term Expected Real Rate of Return
Equities	
Large Cap	4.60%
Small Cap	5.50%
International	6.70%
Fixed Income	
Core Bonds	1.60%
Core Plus	2.10%
Core Real Estate	5.00%
Total or weighted arithmetic average	4.38%

Discount Rate
The discount rate used to measure the total pension liability (asset) was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00%, as well 1% higher and 1% lower than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	$ (1,780,164)	$ (4,595,867)	$ (7,344,749)

Changes of Assumptions
There were no changes of assumptions since the prior measurement date.

Changes in Benefit Terms
Since the prior measurement date, retirees were provided with a 5.00% cost-of-living adjustment.

NOTE 3 – RETIREMENT PLANS – CONTINUED

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

For the year ended September 30, 2025 the City recognized pension expense of $123,380. At September 30, 2025 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2024	$ 2,902,333	$ (4,391,503)
Amortization payments	(1,217,566)	1,825,757
Investment gain/loss	–	(358,432)
Demographic gain/loss	–	(904,709)
Assumption changes	–	–
Total change	–	–
Balance as of September 30, 2025	**$ 1,684,767**	**$ (3,828,887)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 1,214,045	$ (1,283,466)
2027	271,122	(1,161,094)
2028	170,976	(935,926)
2029	25,558	(268,276)
2030	3,066	(155,196)
Thereafter	–	(24,929)

The following financial statements present the combining statement of fiduciary net position by pension trust fund as of and for the year ended September 30, 2025.

COMBINING STATEMENT OF FIDUCIARY NET POSITION

	Employee Pension Fund	Police Pension Fund	OPEB Trust Fund	Total
ASSETS				
Cash	$ –	$ 72	$ –	$ 72
Investments	26,559,000	4,411,252	657,598	31,627,850
Receivable – Employer	11,652	–	–	11,652
Receivable – Employee	27,751	–	–	27,751
Total assets	$ 26,598,403	$ 4,411,324	$ 657,598	$ 31,667,325
NET POSITION				
Held in trust for pension benefits	$ 26,598,403	$ 4,411,324	$ –	$ 31,009,727
Restricted for OPEB benefits	–	–	657,598	657,598
Total net position	$ 26,598,403	$ 4,411,324	$ 657,598	$ 31,667,325

NOTE 3 – RETIREMENT PLANS – CONTINUED

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	Employee Pension Fund	Police Pension Fund	OPEB Trust Fund	Total
ADDITIONS				
Contributions:				
Employer	$ 403,268	$ –	$ 79,309	$ 482,577
Plan members	423,493	–	–	423,493
Other income	–	65,061	–	65,061
Total contributions	826,761	65,061	79,309	971,131
Investment earnings:				
Net change in the fair value of investments	2,091,661	339,944	52,277	2,483,882
Total additions	2,918,422	405,005	131,586	3,455,013
DEDUCTIONS				
Pension benefits paid	1,297,584	–	–	1,297,584
OPEB refunds	–	–	177,774	177,774
Administrative expenses	55,988	9,855	1,179	67,022
Total deductions	1,353,572	9,855	178,953	1,542,380
Change in net position	1,564,850	395,150	(47,367)	1,912,633
Net Position – beginning	25,033,553	4,016,174	704,965	29,754,692
Net Position – ending	$ 26,598,403	$ 4,411,324	$ 657,598	$ 31,667,325

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles which are measured on a recurring basis (Note 1). The pension plans have the following recurring fair value measurements as of September 30:

	September 30, 2025	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Mutual funds / short-term investments	$ 249,076	$ 249,076	$ –	$ –
FMIvT Broad market high quality bond	5,087,418	–	5,087,418	–
FMivT Core plus fixed income	4,713,144	–	–	4,713,144
FMIvT diversified large cap	8,018,349	–	8,018,349	–
FMIvT Diversified small to mid cap	4,118,260	–	4,118,260	–
FMIvT International equity	6,876,459	–	6,876,459	–
FMIvT Core real estate	2,565,144	–	–	2,565,144
Total investments	$ 31,627,850	$ 249,076	$ 24,100,486	$ 7,278,288

Mutual funds and short-term investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments held with Florida Municipal Investment Trust (FMIvT) are held in a Local Government Investment Pool (LGIP) which are classified as either Level 2 or Level 3.

NOTE 3 – RETIREMENT PLANS – CONTINUED

Level 2 investments are invested in funds or portfolios in which the underlying asset values are based on quoted prices or market-corroborated inputs, however, the net asset value of the portfolio is not publicly quoted. FMIvT Core Plus Fixed Income and FMIvT Core Real Estate are funds classified as Level 3 since the shares of the funds are not publicly quoted and the underlying funds invest in a variety of financial instruments.

The City did not have any assets or liabilities included in the pension or OBEP plans that are not measured at fair value.

NOTE 4 – OTHER POST-EMPLOYMENT BENEFIT PLAN

Plan Description

Plan Administration – The City of Wauchula administers a single employer defined benefit plan (Plan) that is used to provide post-employment benefits other than pensions (OPEB), through the City's Personnel Rules and Regulations with the following provisions:

Employees hired prior to January 1, 1999:

- Entitled to participate in the City's group medical insurance plan until becoming eligible for Medicare, and thereafter in the City approved Medicare Supplement, if the City has approved one, at their own expense unless prior to retirement of a particular employee, the City Commission decides otherwise.
- Retirees must pay a monthly premium as determined by the insurance carrier, less any explicit subsidies that are provided by the City. The premium varies depending on whether the retiree elects single, spousal, or family coverage.

Employees hired after January 1, 1999:

- Entitled to participate in any City plan upon retirement but at the employee's own expense.

The Plan is vested and subject to change by approval of the City Commissioners. Separate financial statements of the Plan are not available.

Benefits Provided – For employees hired prior to January 1, 1999, the City provides an explicit health insurance subsidy equal to the premium for single coverage under the City's health insurance plan, less $100 per month which is provided under the City-sponsored pension plan. The subsidy is provided regardless of whether the retiree elects coverage under the City-sponsored health insurance plan, and the subsidy is provided for life. The City also provides a $30 monthly utility subsidy. The utility subsidy is provided to the retiree for life and to the retiree's spouse for life after the retiree's death

Plan Membership – October 1, 2024 (the date of the City's actuarial valuation), membership in the Plan consisted of the following:

Current Retirees	28
Active Employees	68
	96

Contributions – Through 2015, the City's OPEB benefits were unfunded. Effective October 1, 2015, the City established an Other Post-Employment Benefit Trust (Trust) of which the assets are held with the Florida Municipal Pension Trust (FMPT). Annual contributions to the OPEB Trust are not required and are determined annually by the City Commissioners. During the year ended September 30, 2025, the City contributed $87,001 to the OPEB Trust. For the year ended September 30, 2025, the City's average contribution rate was 2.68 percent of covered-employee payroll of $3,241,823. Plan members are not required to contribute to the Plan.

NOTE 4 – OTHER POST-EMPLOYMENT BENEFIT PLAN – CONTINUED

Investments

Investment Policy – Plan assets are held with the Florida Municipal Pension Trust Fund (FMPTF) an agent multiple employer pension plan administered by the FMPTF Board of Trustees. The Plan follows the investment policies of the FMPTF. The Master Trustees of the FMPTF have the exclusive authority and discretion to manage and control the assets of the FMPTF. The ultimate subsidies that are not financed with assets in the trust, are financed directly by general assets of the City, which are invested in qualified public depositories. Payments for benefits or contributions to the OPEB Trust come from the City's General Fund.

The City has selected to participate in the FMPTF OPEB 50/50 Fund. The following was the adopted asset allocation policy as of September 30, 2025:

Asset Class	Total Allocation	
Equities	50%	
Large Cap		29%
Small Cap		8%
International		13%
Fixed Income	50%	
Core Bonds		20%
Core Plus		20%
Core Real Estate		10%

As of September 30, 2025, the asset allocations for the various investment models were as follows:

Asset Allocation and Model/Percentage	OPEB 50/50
Cash and Money Market	0.2%
FMIvT Broad market high quality bond	20.1%
FMIvT Core plus fixed income	19.7%
FMIvT Diversified large cap	23.1%
FMIvT Diversified small to mid cap equity	9.3%
FMIvT International equity	19.0%
FMIvT Core real estate	8.6%
	100.0%

There were no changes in the investment policy during the year ended September 30, 2025. For all other investment disclosures, including fair value and risk, see Note 3.

Concentrations – The Plan did not hold investments in any one organization that represents 5 percent of more of the Plan's fiduciary net position.

Rate of Return – For the year ended September 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 6.70 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivables

As of September 30, 2025, the Plan did not have any receivables.

Allocated Insurance Contracts

As of September 30, 2025, the Plan did not have any allocated insurance contracts.

Reserves

As of September 30, 2025, the Plan did not have any reserves.

NOTE 4 - OTHER POST-EMPLOYMENT BENEFIT PLAN - CONTINUED

Net OPEB Liability
The components of the net OPEB liability of the City at September 30, 2025, were as follows:

Total OPEB liability	$ 5,488,808
Plan fiduciary net position	(657,598)
City's net OPEB liability	$ 4,831,210
Plan fiduciary net position as a percentage of the total OPEB liability	11.98%

The City's net OPEB liability was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2024.

Actuarial Assumptions –The total OPEB liability was determined by an actuarial valuation as of October 1, 2024 in which the individual entry age normal cost method was used. The actuarial valuation's determination of the OPEB liability, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Discount Rate: 4.53% per annum; this rate was used to discount all future benefit payments and is based on a blend of the expected long-term return on assets (for benefits payments during the first eight years after the valuation date) and a yield on 20-year Grade AA/Aa or higher municipal bonds of 4.50% per annum (for benefit payments beyond the first eight years after the valuation date); the expected long-term return on assets was determined by the Asset Consulting Group and the municipal bond yield is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
- Expected Long-Term Return on Assets: 6.50% per annum (2.62% per annum is attributable to long-term inflation).
- Salary Increases: 3.00% per annum.
- Cost-of-Living Increases: Retiree contributions and health insurance premiums have been assumed to increase in accordance with the healthcare cost trend rates.
- Healthcare Cost Trend Rates: Increases in healthcare costs are assumed to be 8.00% for the 2024/25 fiscal year graded down by 0.50% per year to 5.00% for the 2030/31 and later fiscal years.
- Age-Related Morbidity: Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
- Mortality basis: Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2020.
- Retirement: 10% of eligible general employees are assumed to retire at each of ages 55 through 59 and 100% of eligible general employees are assumed to retire at age 60; 20% of eligible police officers are assumed to retire at each of ages 55 through 57, 30% of eligible police officers are assumed to retire at each of ages 58 and 59, and 100% of eligible police officers are assumed to retire at age 60; regardless of the foregoing, employees who have earned at least 30 years of service are assumed to retire immediately.
- Disability: Assumed disability uses age and gender based rates; general employee disability rates range from 0.075% (males) and 0.035% (females) at age 25, 0.096% (males) and 0.054% (females) at age 35, and 0.162% (males) and 0.085% (females) at age 45, to 0.400% (males) and 0.180% (females) at age 55; police officer disability rates range from 0.179% (males) and 0.075% (females) at age 25, 0.290% (males) and 0.096% (females) at age 35, and 0.795% (males) and 0.162% (females) at age 45, to 1.030% (males) and 0.040% (females) at age 55.
- Employment Termination: Assumed withdrawal uses age-based rates; general employee withdrawal rates range from 7.10% at age 25, 4.20% at age 35, 1.80% at age 45, and 0.80% at age 55 to 0.00% at age 60; police officer withdrawal rates range from 5.00% at age 25 and 3.00% at age 35, to 0.00% at age 45.

NOTE 4 – OTHER POST-EMPLOYMENT BENEFIT PLAN – CONTINUED

- Coverage Election: 25% of eligible employees are assumed to elect medical coverage under the City's health insurance plan for life upon retirement or disability and 80% of those electing coverage are also assumed to elect coverage for their spouse.
- Spouses and Dependents: Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.
- COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
- Changes in Assumptions: Since the prior measurement date, the discount rate was increased from 4.21% per annum to 4.53% per annum.
- Changes in the Healthcare Cost Trend Rates: The healthcare cost trend rates were increased from 6.50% for the 2024/25 fiscal year graded down to 5. 00% for the 2027/28 and later fiscal years.
- Changes in Implied Monthly Subsidy: The implied monthly subsidy at age 60 for the 2024/25 fiscal year was changed from $520.60 to $475.00 for the retiree and from $665. 22 to $675. 00 for the retiree 's spouse.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Core Bonds	1.60% per annum
Core Real Estate	5.00% per annum
Core Plus	2.10% per annum
U.S. Large Cap Equities	4.60% per annum
U.S. Small Cap Equities	5.50% per annum
Non-U.S. Equities	6.70% per annum
Total or Weighted Arithmetic Average	3.88% per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 4.53 percent (increased from 4.21% in the prior year). The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 4 - OTHER POST-EMPLOYMENT BENEFIT PLAN - CONTINUED

Changes in the Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2024	$ 4,521,852	$ (697,273)	$ 3,824,579
Changes due to:			
Service cost	73,907	-	73,907
Expected interest growth	203,040	(42,381)	160,659
Unexpected investment income	-	(9,896)	(9,896)
Differences between expected and actual experience	766,247	-	766,247
Employer contributions	-	(87,001)	(87,001)
Employee contributions	-	-	-
Benefit payments & refunds	(171,774)	171,774	-
Administrative expenses	-	7,179	7,179
Changes in benefit terms	-	-	-
Assumption changes	95,536	-	95,536
Balance as of September 30, 2025	$ 5,488,808	$ (657,598)	$ 4,831,210

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 3.53%	Current Discount Rate 4.53%	1% Increase 5.53%
Net OPEB Liability	$ 5,575,890	$ 4,831,210	$ 4,221,403

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount 8.00% graded down to 5.00%	1% Increase
Net OPEB Liability	$ 4,216,045	$ 4,831,210	$ 5,570,855

The financial statements of the OPEB Trust Fund are included in Note 3.

Payable to the OPEB Plan
At September 30, 2025, the City did not have any outstanding contributions payable to the Plan required for the year ended September 30, 2025.

NOTE 4 – OTHER POST-EMPLOYMENT BENEFIT PLAN – CONTINUED

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

For the year ended September 30, 2025, the City recognized OPEB expense of $117,293. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2024	$ 1,235,939	$ 2,649,590
Change due to:		
Amortization payments	(499,698)	(624,150)
Investment gain/loss	–	9,896
Demographic gain/loss	766,247	–
Assumption changes	95,536	–
Total change	362,085	(614,254)
Balance as of September 30, 2025	**$ 1,598,024**	**$ 2,035,336**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	$ 499,700	$ (608,119)
2027	407,157	(503,957)
2028	172,543	(420,099)
2029	162,679	(220,684)
2030	161,471	(148,772)
Thereafter	194,474	(133,705)

NOTE 5 – CONTINGENCIES

From time to time, the City is involved in litigation with various parties. The outcome of these matters and potential losses to the City cannot be determined. As a result, no liability has been recorded in these financial statements. However, it is at least reasonably possible that a liability could result in the near term.

NOTE 6 – COMMITMENTS

The City has entered into long term construction contracts for the completion of various projects. The total commitment at September 30, 2025 is $12,373,173, of which $7,832,777 has been completed by September 30, 2025 and $4,540,396 remains committed. Of the remaining balance, $3,706,317 is expected to be funded by grant awards the City has received.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAUCHULA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 1,743,802	$ 1,743,802	$ 1,803,738	$ 59,936
Charges for services	175,346	175,346	131,117	(44,229)
Fines and forfeitures	32,700	32,700	50,873	18,173
Intergovernmental revenue	1,066,400	1,066,400	1,055,653	(10,747)
Interest	25,000	25,000	94,421	69,421
Licenses and permits	12,000	12,000	15,240	3,240
Grant revenue	52,073	2,112,252	1,833,212	(279,040)
Miscellaneous revenues	23,300	23,300	46,191	22,891
Total Revenues	3,130,621	5,190,800	5,030,445	(160,355)
Expenditures				
General government	1,628,823	1,685,373	1,635,032	50,341
Police department	1,843,013	1,871,638	1,826,078	45,560
Highways and streets	332,584	332,584	297,635	34,949
Culture/recreation	531,750	531,750	509,698	22,052
Capital outlay	217,000	2,192,004	2,195,343	(3,339)
Debt service	55,020	55,020	55,610	(590)
Total expenditures	4,608,190	6,668,369	6,519,396	148,973
Excess of revenues over (under) expenditures	(1,477,569)	(1,477,569)	(1,488,951)	(11,382)
Other Financing Sources (Uses)				
Proceeds from sales of assets	-	-	87,230	87,230
Transfers In	2,012,702	2,012,702	2,012,702	-
Transfers Out	(535,133)	(535,133)	(535,152)	(19)
Total Other Financing Sources (Uses)	1,477,569	1,477,569	1,564,780	87,211
Net Change in Fund Balances	-	-	75,829	75,829
Fund Balance - Beginning	2,796,211	2,796,211	2,796,211	-
Fund Balance - Ending	**$ 2,796,211**	**$ 2,796,211**	**$ 2,872,040**	**$ 75,829**

Note 1 - Budgetary Basis

The general fund budget is adopted on a basis consistent with generally accepted accounting principles.

CITY OF WAUCHULA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 778,663	$ 778,663	$ 866,295	$ 87,632
Interest	10,000	10,000	78,541	68,541
Grant revenue	2,867,458	2,867,458	-	(2,867,458)
Miscellaneous revenues	15,000	15,000	-	(15,000)
Total Revenues	3,671,121	3,671,121	944,836	(2,726,285)
EXPENDITURES				
General government	568,446	568,446	398,029	170,417
Capital outlay	4,915,000	4,915,000	608,791	4,306,209
Total Expenditures	5,483,446	5,483,446	1,006,820	4,476,626
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,812,325)	(1,812,325)	(61,984)	1,750,341
OTHER FINANCING SOURCES (USES)				
Transfers in	1,812,325	1,812,325	535,152	(1,277,173)
Total Other Financing Sources (Uses)	1,812,325	1,812,325	535,152	(1,277,173)
Net change in Fund Balances	-	-	473,168	473,168
Fund Balance - Beginning	1,846,582	1,846,582	1,846,582	-
Fund Balance - Ending	**$ 1,846,582**	**$ 1,846,582**	**$ 2,319,750**	**$ 473,168**

Note 1 - Budgetary Basis
The special revenue fund budget is adopted on a basis consistent with generally accepted accounting principles.

CITY OF WAUCHULA, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED RATIOS
WEPP
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability										
Service cost	$ 632,364	$ 644,200	$ 685,722	$ 716,988	$ 695,964	$ 734,403	$ 750,905	$ 857,684	$ 910,621	$ 864,218
Expected interest growth	823,513	1,024,605	1,074,934	1,116,945	1,201,329	1,257,637	1,311,129	1,344,851	1,448,391	1,472,264
Demographic gain/loss	(580,470)	(856,549)	(339,093)	(115,371)	(265,122)	110,449	(801,206)	181,972	(155,392)	(904,709)
Employee contributions	–	–	–	–	–	–	–	–	–	–
Benefit payments, including refunds	(929,139)	(849,400)	(814,712)	(903,232)	(844,451)	(1,030,634)	(890,759)	(920,896)	(1,117,456)	(1,297,584)
Administrative expenses	–	–	–	–	–	–	–	–	–	–
Changes in benefit terms	–	–	–	406,441	–	–	–	–	–	465,369
Assumption changes	2,906,292	707,505	–	–	–	(326,442)	–	–	–	–
Net change in total pension liability	2,852,560	670,361	606,851	1,221,771	787,720	745,413	370,069	1,463,611	1,086,164	599,558
Total pension liability – Beginning	11,559,055	14,411,615	15,081,976	15,688,827	16,910,598	17,698,318	18,443,731	18,813,800	20,277,411	21,363,575
Total pension liability – Ending (a)	$ 14,411,615	$ 15,081,976	$ 15,688,827	$ 16,910,598	$ 17,698,318	$ 18,443,731	$ 18,813,800	$ 20,277,411	$ 21,363,575	$ 21,963,133
Plan fiduciary net position										
Contributions – Employer	13,515	277,978	208,949	133,519	4,783	155,637	229,950	7,765	445,257	384,096
Contributions – Employee	271,126	–	293,056	304,838	322,149	328,953	360,424	386,114	368,046	393,038
Investment Income	1,283,244	2,169,961	1,344,711	1,001,891	1,263,532	3,890,857	(3,081,357)	1,726,692	4,173,435	2,091,662
Benefit payments, including refunds of employee contributions	(929,139)	(849,400)	(814,712)	(903,232)	(844,451)	(1,030,634)	(890,759)	(920,896)	(1,117,456)	(1,297,584)
Administrative expense	(49,123)	(41,040)	(48,967)	(43,798)	(42,731)	(47,839)	(48,819)	(47,853)	(50,674)	(55,988)
Net change in plan fiduciary net position	589,623	1,557,499	983,037	493,218	703,282	3,296,974	(3,430,561)	1,151,822	3,818,608	1,515,224
Plan fiduciary net position – Beginning	15,880,274	16,469,897	18,027,396	19,010,433	19,503,651	20,206,933	23,503,907	20,073,346	21,225,168	25,043,776
Plan fiduciary net position – Ending (b)	$ 16,469,897	$ 18,027,396	$ 19,010,433	$ 19,503,651	$ 20,206,933	$ 23,503,907	$ 20,073,346	$ 21,225,168	$ 25,043,776	$ 26,559,000
Net pension liability (asset) – Ending (a) – (b)	$ (2,058,282)	$ (2,945,420)	$ (3,321,606)	$ (2,593,053)	$ (2,508,615)	$ (5,060,176)	$ (1,259,546)	$ (947,757)	$ (3,680,201)	$ (4,595,867)
Plan fiduciary net position as a percentage of the total pension liability (asset)	114.28%	119.53%	121.17%	115.33%	114.17%	127.44%	106.69%	104.67%	117.23%	120.93%
Covered employee payroll	$ 2,590,078	$ 2,537,297	$ 2,685,252	$ 2,817,015	$ 2,775,343	$ 2,944,531	$ 2,999,018	$ 3,342,507	$ 3,427,583	$ 3,382,148
Net pension liability as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF WAUCHULA, FLORIDA
SCHEDULE OF CONTRIBUTIONS
WEPP
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	$ 195,961	$ 198,198	$ 94,657	$ 133,084	$ 160,430	$ 152,963	$ –	$ 504,265	$ 480,668	$ 384,096
Contributions in relation to the actuarially determined contributions	13,515	–	208,949	133,519	4,783	155,637	229,950	7,765	445,257	384,096
Contribution deficiency (excess)	$ 182,446	$ 198,198	$ (114,292)	$ (435)	$ 155,647	$ (2,674)	$ (229,950)	$ 496,500	$ 35,411	$ –
Covered employee payroll	2,590,078	2,537,297	2,685,252	2,817,015	2,775,343	2,944,531	2,999,018	3,342,507	3,427,583	3,382,148
Contributions as a percentage of covered employee payroll	0.52%	0.00%	7.78%	4.74%	0.17%	5.29%	7.67%	0.23%	12.99%	11.36%

Employers reporting date:	September 30, 2025
Measurement date:	September 30, 2025
Valuation Date:	October 1, 2024

Actuarially determined contribution rates are calculated as of October 1, prior to the end of the fiscal year in which contributions are reported.

Actuarial assumptions

Discount rate:	7.00% per annum (2.62% per annum is attributable to long-term inflation): this rate was used to discount all future benefit payments.
Salary increases:	5.00% per annum. Average pay is increased by 5.00% to reflect anticipated lump sum compensation payments upon termination.
Cost-of-living increases:	None assumed
Mortality basis:	Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.
Retirement:	For eligible police officers, 20% are assumed to retire at each of ages 55 through 57, 30% are assumed to retire each of ages 58 and 59, and 100% are assumed to retire at age 60. For all other eligible participants, 10% are assumed to retire at each of ages 55 through 59 and 100% are assumed to retire at age 60. Regardless of the foregoing, participants who have earned at least 30 years of service are assumed to retire immediately and deferred vested participants are assumed to commence benefits at their normal retirement age.
Other decrements:	Assumed employment termination is based on age; for police officers, termination rates range from 5.00% at age 25 to 0.00% at age 45; for all other participants, termination rates range from 7.10% at age 25 to 0.00% at age 60. Assumed disability is based on gender and age; for police officers, disability rates range from 0.179% for males and 0.075% for females at age 25 to 1.03% for males and 0.04% for females at age 55, with 80% of disabilities assumed to be service-related; for all other participants, disability rates range from 0.075% for males and 0.035% for females at age 25 to 0.40% for males and 0.18% for females at age 55, with 20% of disabilities assumed to be service related.
Marriage assumption:	80% of non-retired participants are assumed to be married, with husbands three years older than wives.
Form of payment:	Future married retirees are assumed to select the 50% joint and contingent annuity; future unmarried police retirees are assumed to select the 10-year certain and life annuity; all other future unmarried retirees are assumed to select the single life annuity.
Non-investment expenses:	1.75% of covered payroll
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes of assumptions:	There were no changes of assumptions since the prior measurement date.
Changes in benefit terms:	Since the prior measurement date, retirees were provided with a 5.00% cost-of-living adjustment.

SCHEDULE OF ANNUAL MONEY-WEIGHTED RETURN ON INVESTMENTS - LAST TEN YEARS

Year Ended	PERCENTAGE
09/30/25	8.45%
09/30/24	19.83%
09/30/23	8.73%
09/30/22	-13.21%
09/30/21	19.54%
09/30/20	6.57%
09/30/19	5.34%
09/30/18	7.53%
09/30/17	13.42%
09/30/16	8.26%

The annual money weighted return on investments is net of investment expense.

CITY OF WAUCHULA, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
AVAILABLE FISCAL YEARS *

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability									
Service cost	$ 89,281	$ 91,285	$ 76,135	$ 100,915	$ 109,968	$ 72,366	$ 62,392	$ 72,593	$ 73,907
Interest	158,996	191,473	157,853	126,785	167,555	310,942	261,446	212,407	203,040
Changes of benefit terms	–	–	–	–	–	–	–	–	–
Differences between expected and actual experience	–	(871,543)	951,050	193,790	(414,919)	54,170	(314,198)	(1,025,064)	766,247
Changes of assumptions	–	(349,655)	(39,687)	1,187,996	147,769	(1,495,762)	(112,817)	344,285	95,536
Benefit payments	(122,410)	–	(120,565)	(125,871)	(129,990)	(114,129)	(149,804)	(142,396)	(171,774)
Net change in total OPEB liability	125,867	(938,440)	1,024,786	1,483,615	(119,617)	(1,172,413)	(252,981)	(538,175)	966,956
Total OPEB liability – Beginning	4,909,210	5,035,077	4,096,637	5,121,423	6,605,038	6,485,421	5,313,008	5,060,027	4,521,852
Total OPEB liability – Ending	**$ 5,035,077**	**$ 4,096,637**	**$ 5,121,423**	**$ 6,605,038**	**$ 6,485,421**	**$ 5,313,008**	**$ 5,060,027**	**$ 4,521,852**	**$ 5,488,808**
Plan fiduciary net position									
Contributions – Employer	$ 155,734	$ 84,107	$ 171,258	$ 181,903	$ 121,775	$ 130,834	$ 135,363	$ 133,447	$ 87,001
Interest	15,006	23,975	17,409	34,101	14,564	32,131	28,386	38,753	9,896
Net investment income	9,152	(2,713)	10,017	(354)	80,159	(119,142)	15,089	70,502	42,381
Benefit payments	–	–	(120,565)	(125,871)	(129,990)	(114,129)	(149,804)	(142,396)	(171,774)
Administrative expense	(6,445)	(6,869)	(6,949)	(7,017)	(7,133)	(8,651)	(8,608)	(7,149)	(7,179)
Net change in plan fiduciary net position	173,447	98,500	71,170	82,762	79,375	(78,957)	20,426	93,157	(39,675)
Plan fiduciary net position – Beginning	157,393	330,840	429,340	500,510	583,272	662,647	583,690	604,116	697,273
Plan fiduciary net position – Ending	**$ 330,840**	**$ 429,340**	**$ 500,510**	**$ 583,272**	**$ 662,647**	**$ 583,690**	**$ 604,116**	**$ 697,273**	**$ 657,598**
City's net OPEB liability	**$ 4,704,237**	**$ 3,667,297**	**$ 4,620,913**	**$ 6,021,766**	**$ 5,822,774**	**$ 4,729,318**	**$ 4,455,911**	**$ 3,824,579**	**$ 4,831,210**
Plan fiduciary net position as a percentage of the total OPEB liability	6.57%	10.48%	9.77%	8.83%	10.22%	10.99%	11.94%	15.42%	11.98%
Covered-employee payroll	$ 2,537,297	$ 2,685,252	$ 3,136,162	$ 2,973,961	$ 3,038,830	$ 3,125,689	$ 3,449,266	$ 2,699,152	$ 3,241,823
City's net OPEB liability as a percentage of covered-employee payroll	185.40%	136.57%	147.34%	202.48%	191.61%	151.30%	129.18%	141.70%	149.03%

* GASB No. 74 was adopted in fiscal year 2017 and GASB No. 75 was adopted in fiscal year 2018. Ultimately, this schedule will contain information for the last ten years.

CITY OF WAUCHULA, FLORIDA
SCHEDULE OF CONTRIBUTIONS - OPEB
AVAILABLE FISCAL YEARS *

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	$ 155,734	$ 84,107	$ 171,258	$ 181,903	$ 121,775	$ 130,834	$ 135,363	$ 133,447	$ 87,001
Contributions in relation to the actuarially determined contribution	155,734	84,107	171,258	181,903	121,775	130,834	135,363	133,447	87,001
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ -	$ 2,685,252	$ 3,136,162	$ 2,973,961	$ 3,038,830	$ 3,215,689	$ 3,449,266	$ 2,699,152	$ 3,241,823
Contributions as a percentage of covered-employee payroll	0.00%	3.13%	5.46%	6.12%	4.01%	4.07%	3.92%	4.94%	2.68%

* GASB No. 74 was adopted in fiscal year 2017 and GASB No. 75 was adopted in fiscal year 2018. Ultimately, this schedule will contain information for the last ten years.

Notes to Schedule:
Valuation Date: October 1, 2024
Measurement Date: September 30, 2025

Methods and assumptions used to determine contribution rates:

Discount rate	4.53% per annum
Expected long-term return on assets	6.50% per annum (2.62% attributable to long-term inflation)
Salary increases	3.00% per annum
Inflation	Retiree contributions and health insurance premiums have been assumed to increase in accordance with the healthcare cost trend rates
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 8.00% for the 2024/25 fiscal year graded down by 0.50% per year to 5.00% for the 2030/31 and later fiscal years
Age-related morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age
Mortality	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2020
Retirement	10% of eligible general employees are assumed to retire at each ages of 55 through 59 and 100% of eligible general employees are assumed to retire at age 60; 20% of eligible police officers are assumed to retire at each of ages 55 through 57, 30% of eligible police officers are assumed to retire at each of ages 58 and 59, and 100% of eligible police officers are assumed to retire at age 60; regardless of the foregoing, employees who have earned at least 30 years of service are assumed to retire immediately
Disability	Assumed disability uses age and gender based rates: general employee disability rates range from 0.075% (males) and 0.035% (females) at age 25, 0.096% (males) and 0.054% (females) at age 35, and 0.162% (males) and 0.085% (females) at age 45, to 0.400% (males) and 0.180% (females) at age 55; police officer disability rates range from 0.179% (males) and 0.075% (females) at age 25, 0.290% (males) and 0.096% (females) at age 35, and 0.795% (males) and 0.162% (females) at age 45, to 1.030% (males) and 0.040% (females) at age 55
Employment termination	Assumed withdrawal uses age-based rates; general employee withdrawal rates range from 7.10% at age 25, 4.20% at age 35, 1.80% as age 45, and 0.80% at age 55 to 0.00% at age 60; police officer withdrawal rates range from 5.00% at age 25 and 3.00% at age 35 to 0.00% at age 45
Changes in assumptions	Since the prior measurement date, the discount rate was increased from 4.21% per annum to 4.53% per annum
Changes in the healthcare cost trend rates	The healthcare cost trend rates were increased from 6.50% for the 2024/25 fiscal year graded down to 5. 00% for the 2027/28 and later fiscal years
Changes in implied monthly subsidy	The implied monthly subsidy at age 60 for the 2024/25 fiscal year was changed from $520.60 to $475.00 for the retiree and from $665. 22 to $675. 00 for the retiree 's spouse.

CITY OF WAUCHULA, FLORIDA
SCHEDULE OF INVESTMENT RETURNS - OPEB
AVAILABLE FISCAL YEARS *

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual money-weighted rate of return, net of investment expense	9.90%	5.59%	4.43%	5.15%	14.08%	-15.33%	5.90%	15.62%	6.70%

* GASB No. 74 was adopted in fiscal year 2017 and GASB No. 75 was adopted in fiscal year 2018. Ultimately, this schedule will contain information for the last ten years.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WAUCHULA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Grantor / Pass-Through Grantor / Federal Awards / State Project	ALN / CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
FEDERAL AWARDS				
Department of Housing and Urban Development (HUD)				
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	B-23-CP-FL-0432	$ -	$ 68,799
Total Department of Housing and Urban Development (HUD)			-	68,799
U.S. Department of Justice				
Passed through the State of Florida, Office of Attorney General				
Crime Victim Assistance	16.575	VG044	-	49,848
Passed through the State of Florida, Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6N184	-	9,482
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JG129	-	7,745
Total U.S. Department of Justice			-	67,075
Department of Treasury				
Passed through the State of Florida Division of Emergency Management				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5313	-	992,113
Passed through the State of Florida Department of Transportation				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	G2L79	-	680,176
Total Department of Treasury			-	1,672,289
U.S. Department of Transportation				
Passed through the State of Florida Department of Environmental Protection				
CLUSTER - State and Community Highway Safety - Occupant Protection	20.600	G3374	-	19,833
Total U.S. Department of Transportation			-	19,833
Department of Homeland Security				
Passed through the State of Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters	97.036	Z4697	-	396,039
Total Department of Treasury			-	396,039
U.S. Department of Environmental Protection				
Passed through the Florida Department of Environmental Protection				
Clean Water State Revolving Fund	66.458	WW-250160	-	995,396
Drinking Water State Revolving Fund	66.468	DE-250151	-	128,978
Total U.S. Department of Environmental Protection			-	1,124,374
Total Expenditures of Federal Awards			**$ -**	**$ 3,348,409**
STATE PROJECTS				
Florida Department of Environmental Protection				
Statewide Water Quality Restoration Projects	37.039	LPA0404	$ -	$ 524,589
Statewide Water Quality Restoration Projects	37.039	LPA0405	-	420,859
Statewide Water Quality Restoration Projects	37.039	LPR0701	-	307,159
Total Statewide Water Quality Restoration Projects			-	1,252,607
Resilient Florida Program	37.098	23PLN112	-	19,490
Grants and Aids to Local Governments and Nonstate Entities - Fixed Capital Outlay Local Parks and the Pinellas Park Youth Sports Complex State Project Youth Sports Facility	37.085	L2311	-	262,925
Total Florida Department of Environmental Protection			-	1,535,022
Florida Department of Transportation				
Local Transportation Projects	55.039	G2M55	-	473,058
Local Transportation Projects	55.039	G2B86	-	11,148
Total Local Transportation Projects			-	484,206
Aviation Grant Programs	55.004	G2H44	-	46,422
Total Aviation Grant Programs			-	46,422
Small County Outreach Program (SCOP)	55.009	G2A53	-	4,834
Small County Outreach Program (SCOP)	55.009	G2A35	-	4,878
Total County Outreach Program (SCOP)			-	9,712
Total Florida Department of Transportation			-	540,340
Florida Department of Commerce				
Regional Community Development and Infrastructure	40.042	D0313	-	78,262
Regional Community Development and Infrastructure	40.042	D0282	-	100,750
Total Regional Community Development and Infrastructure			-	179,012
Grown Management Implementation	40.024	P0522	-	25,000
Total Florida Department of Commerce			-	204,012
Florida Department of State and Secretary of State				
Acquisition, Restoration of Historic Properties	45.032	23.h.sc.100.052	-	211,500
Total Florida Department of State and Secretary of State			-	211,500
Total Expenditures of State Financial Assistance			**$ -**	**$ 2,490,874**

The Independent Auditor's Report should be read in connection with this schedule.

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Wauchula, Florida (City) and is presented on the accrual basis of accounting. The information in this schedule 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) and the Florida State Single Audit Act and Rules of the Auditor General of the State of Florida, Chapter 10.550. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the City's operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.550 Rules of the Auditor General wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City elected not to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – CONTINGENCIES

Grant monies received and distributed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such allowances, if any, would have a material effect on the financial position of the City. As of June 19, 2026, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE D – LOANS

The City has federal loans outstanding issued through the Environmental Protection Agency, under the Capitalization Grants for State Revolving Funds program. Both loans were issued during 2023. The outstanding loan balances as of September 30, 2025 are as follows:

Grant Number	Assistance Listing Number	Program Name	Outstanding Balance at September 30, 2025
CW-250160	66.458	Capitalization Grants for State Revolving Funds	$ 1,215,309
DW-250151	66.468	Capitalization Grants for State Revolving Funds	$ 151,666

CITY OF WAUCHULA, FLORIDA
DETAIL SCHEDULE OF REVENUES AND EXPENSES
ELECTRIC, WATER AND SEWER SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	ELECTRIC	WATER	SEWER	TOTAL
Operating Revenues:				
Charges for services and fees	$ 8,008,204	$ 1,470,823	$ 2,582,345	$ 12,061,372
Total Operating Revenues	8,008,204	1,470,823	2,582,345	12,061,372
Operating Expenses:				
Personal services	1,337,597	573,044	713,145	2,623,786
Other operating expenses	1,481,521	703,500	742,182	2,927,203
Purchased power	3,555,694	–	–	3,555,694
Amortization	–	–	–	–
Depreciation	756,687	378,343	378,343	1,513,373
Total Operating Expenses	7,131,499	1,654,887	1,833,670	10,620,056
Operating Income (Loss)	876,705	(184,064)	748,675	1,441,316
Non-operating Revenues (Expenses):				
Capital grants and contributions	499,164	370,630	1,991,945	2,861,739
Interest income	–	–	86,095	86,095
Interest expense	(854)	(142)	(46,454)	(47,450)
Other income (expense)	123,607	61,804	118,468	303,879
Total Non-operating Revenue (Expenses)	621,917	432,292	2,150,054	3,204,263
Income (loss) before transfers	1,498,622	248,228	2,898,729	4,645,579
Transfers out	(719,165)	(359,583)	(359,582)	(1,438,330)
Change in Net Position	$ 779,457	$ (111,355)	$ 2,539,147	$ 3,207,249

The Independent Auditor's Report should be read in connection with this schedule.

INSURANCE COMPANY/GROUP DESCRIPTION OF COVERAGE	LIMITS OF COVERAGE
World Risk Management, LLC	Per occurrence:
General liability	$ 2,000,000
Personal/Advertising Injury	$ 2,000,000
Law enforcement	$ 2,000,000
Public officials and errors and omissions Liability	$ 2,000,000/$6,000,000 (member aggregate)
Auto liability	$ 2,000,000
Workers' compensation	Florida statutory limits
Property	Based on valuation with a limit of $54,634,467
Employee Benefits Liability	$ 2,000,000
Money and securities	$ 500,000
Forgery/Alteration	$ 500,000
Employee dishonesty	$ 500,000
Sexual misconduct	$ 2,000,000/$ 3,000,000 (member aggregate)
Sexual harassment	$ 2,000,000/$ 6,000,000 (member aggregate)
Inverse Condemnation – Per Claim	$ 100,000/$ 100,000 (member aggregate)
Bert Harris Act – Per Claim	$ 300,000/$ 300,000 (member aggregate)
Non-Monetary Damages – Per Claim	$ 100,000/$ 100,000 (member aggregate)
Cyber Liability	$ 2,000,000
Terrorism & Sabotage	$ 25,000,000
Active Shooter & Malicious Attack	$ 2,000,000 (occurrence and pool annual aggregate)

Policy Period: For all coverage's listed above, the policy period is October 1, 2024 to October 1, 2025.

OTHER REPORTS

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MANAGEMENT LETTER

INDEPENDENT ACCOUNTANT'S REPORT
ON INVESTMENT COMPLIANCE

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

To the Honorable City Commission
City of Wauchula, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wauchula, Florida (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, and have issued our report thereon dated June 19, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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TAMPA 101 East Kennedy Boulevard, Suite 1460 Tampa, FL 33602 ph 813.490.4490
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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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CS+L CPAs

CS&L CPAs, P.A.

June 19, 2026
Bradenton, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, FLORIDA SINGLE AUDIT ACT, AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable City Commission
City of Wauchula, Florida

Report on Compliance for Each Major Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited City of Wauchula, Florida's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2025. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit 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); Section 215.97 Florida Statutes (Florida Single Audit Act); and Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, Florida Single Audit Act, and Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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

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The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program or state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, Florida Single Audit Act, and Rules of the Auditor General, we:

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

- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Florida Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

CS+L CPAs

CS&L CPAs, P.A.

June 19, 2026
Bradenton, Florida

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ yes _x_ no
Significant deficiency(ies) identified?	____ yes _x_ none reported
Noncompliance material to financial statements noted?	____ yes _x_ no

Federal Awards and State Financial Assistance

Internal control over major federal programs or state projects:	
Material weakness(es) identified?	____ yes _x_ no
Significant deficiency(ies) identified?	____ yes _x_ none reported
Type of auditor's report issued on compliance for major federal programs and state projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) or Chapter 10.550, Rules of the Auditor General?	____ yes _x_ no

Identification of Major Federal Programs:	AL Number
Clean Water State Revolving Fund	68.458
Dollar threshold used to distinguish between Type A and Type B projects:	$1,000,000
Auditee qualified as a low-risk auditee?	_x_ yes ____ no

Identification of Major State Projects:	CSFA Number
Statewide Water Quality Restoration and Wastewater Projects	37.039
Dollar threshold used to distinguish between Type A and Type B projects:	$747,262

Section II – Financial Statement Findings

No matters were reported.

PRIOR YEAR FINDINGS

There were no prior audit findings.

Section III – Findings and Questioned Costs for Federal Awards

No matters were reported.

Section IV – Findings and Questioned Costs for State Projects

No matters were reported.

PRIOR YEAR FINDINGS

No summary schedule of prior year findings is required because there were no prior audit findings related to federal programs or state projects.

MANAGEMENT LETTER

To the Honorable City Commission
City of Wauchula, Florida

Report on the Financial Statements
We have audited the financial statements of the City of Wauchula, Florida (City) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 19, 2026.

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

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 19, 2026, should be considered in conjunction with this management letter.

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

Official Title and Legal Authority
Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management
Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific conditions 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 the review of financial information provided by same.

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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 such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information for a Dependent Special District

Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General is reported in the City of Wauchula Community Redevelopment Agency's audited financial statements.

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 Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

CS+L CPAs

CS&L CPAs, P.A.

June 19, 2026
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT
ON INVESTMENT COMPLIANCE

To the Honorable City Commission
City of Wauchula, Florida

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

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

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

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 specified requirements for the year ended September 30, 2025.

This report is intended solely for the information and use of the City 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.

CS+L CPAs

CS&L CPAs, P.A.

June 19, 2026
Bradenton, Florida

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