

**TOWN OF YANKEETOWN, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

TOWN COUNCIL

Laurence Vorisek, Mayor

Tim Ecker, Vice Mayor

Allen Casey

Bob Terrian

TOWN ADMINISTRATOR

Seante Gyukeri

**TOWN OF YANKEETOWN, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council,
Town of Yankeetown, Florida:

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Unmodified Opinion on the General Fund

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General Fund of the Town as of September 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinions on the Governmental Activities, Business-type Activities, and Utility Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the Utility Fund of the Town as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to Qualified Opinions on Governmental Activities, Business-type Activities, and Utility Fund

As discussed in Note (8) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and Utility Fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, and the Utility Fund have not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

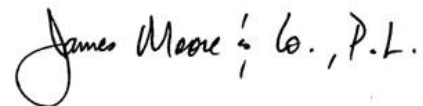
Required Supplementary Information

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

Management has omitted the schedule of changes in the Town’s total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2026, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
August 3, 2026

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

This discussion and analysis of the Town of Yankeetown's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2025:

- The Town follows GASB Statement No. 68 and reported a net pension liability of \$109,938 at September 30, 2025.
- The Town's overall net position decreased by \$121,627. Net position of business-type activities decreased by \$180,584, while net position of governmental activities increased by \$58,957.
- Total ending unrestricted net position was \$1,636,583.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Town's activities as a whole and fund financial statements that report on the Town's two individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Town's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Town's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Town's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the Town.

In these statements, the Town's activities are divided as follows:

- Governmental activities – Most of the Town's basic services are reported here, including administration, fire services, road and bridge, and maintenance. Taxes and charges for services finance most of these activities.
- Business-type activities – These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water system and garbage collections are reported as business-type activities.

TOWN OF YANKEETOWN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025
(Continued)

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Town's funds.

- **Governmental funds** – The General Fund is the Town's only governmental fund. This fund is accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.
- **Proprietary funds** – The Utility Fund is the Town's only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION The following tables present condensed, government-wide comparative data about net position and changes in net position.

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Assets:						
Non-capital assets	\$ 962,270	\$ 1,041,609	\$ 987,440	\$ 463,405	\$ 1,949,710	\$ 1,505,014
Capital assets	1,873,367	1,812,795	3,964,409	3,936,750	5,837,776	5,749,545
Total assets	2,835,637	2,854,404	4,951,849	4,400,155	7,787,486	7,254,559
Deferred outflows	32,790	27,246	-	-	32,790	27,246
Liabilities:						
Current liabilities	47,889	35,267	73,114	80,261	121,003	115,528
Long-term liabilities	154,872	114,088	511,810	133,553	666,682	247,641
Total liabilities	202,761	149,355	584,924	213,814	787,685	363,169
Deferred inflows	37,412	45,084	-	-	37,412	45,084
Net position:						
Net investment in capital assets	1,873,367	1,812,795	3,452,599	3,803,197	5,325,966	5,615,992
Restricted	14,156	20,249	18,474	31,951	32,630	52,200
Unrestricted	740,731	854,167	895,852	351,193	1,636,583	1,205,360
Total net position	\$ 2,628,254	\$ 2,687,211	\$ 4,366,925	\$ 4,186,341	\$ 6,995,179	\$ 6,873,552

TOWN OF YANKEETOWN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025
(Continued)

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Program revenues:						
Charges for services	\$ 131,305	\$ 140,515	\$ 465,219	\$ 427,433	\$ 596,524	\$ 567,948
Operating grants & contributions	127,057	31,535	-	-	127,057	31,535
General revenues:						
Property taxes	249,785	267,489	-	-	249,785	267,489
Sales and use Tax	79,718	82,207	-	-	79,718	82,207
Franchise Tax	48,542	46,267	-	-	48,542	46,267
Public Service Tax	64,765	59,954	-	-	64,765	59,954
State revenue sharing	58,806	60,223	-	-	58,806	60,223
other intergovernmental revenues	326	52	-	-	326	52
Investment earnings	7,197	12,157	8,608	11,406	15,805	23,563
Miscellaneous	8,394	95,519	-	-	8,394	95,519
Total revenues	775,895	795,918	473,827	438,839	1,249,722	1,234,757
Program expenses:						
General government	389,520	465,892	-	-	389,520	465,892
Public safety	81,880	77,170	-	-	81,880	77,170
Physical environment	11,055	11,553	-	-	11,055	11,553
Transportation	143,943	102,980	-	-	143,943	102,980
Human services	588	-	-	-	588	-
Culture and recreation	125,881	79,366	-	-	125,881	79,366
Water	-	-	538,432	619,423	538,432	619,423
Total expenses	752,867	736,961	538,432	619,423	1,291,299	1,356,384
Transfers	(23,263)	-	23,263	-	-	-
Change in net position	(235)	58,957	(41,342)	(180,584)	(41,577)	(121,627)
Beginning net position	2,628,489	2,628,254	4,408,267	4,366,925	7,036,756	6,995,179
Ending net position	\$ 2,628,254	\$ 2,687,211	\$ 4,366,925	\$ 4,186,341	\$ 6,995,179	\$ 6,873,552

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The net position of the Town's Governmental Activities increased by \$58,957. Total program revenues are reported at \$172,050. The Town's general revenues remain consistent with prior years and are reflected at \$623,868. Program expenses are reported at \$736,961. This reflects a decrease of \$15,906 and is largely the result of fewer expenditures related to the hurricane-related costs in 2024.

Business-type Activities

Revenues of the Utility Fund were comparable to prior year revenues and are currently reported at \$438,839. This reflects a decrease of \$34,988. Expenses are reported at \$619,423 which is an increase of \$80,991 over the prior year. The increase in expenses was largely a result of additional system repair and maintenance expenses incurred in the current year due to storm damage. The change in net position reflects a \$180,584 decrease.

TOWN OF YANKEETOWN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025
(Continued)

THE TOWN'S INDIVIDUAL FUNDS

General Fund - The General Fund's cash position continues to improve and reflects cash and investments of \$1,004,880 compared with \$796,641 in the prior year. The General Fund also reflects a \$27,552 receivable which consists of accrued state-shared revenues, including discretionary sales tax, half-cent sales tax, communications services tax, and local option gas tax amounts. Liabilities in the General Fund primarily consist of \$29,356 of accounts payable. Fund balance is reported at \$1,006,342 which reflects an increase of \$91,961.

Utility Fund - The Utility Fund's unrestricted totaled \$341,319 and reflects a significant decrease from the prior year primarily related to debt repayments. Total assets in the Utility fund are reported at \$4,447,416. Liabilities are lower than the prior year due to the pay off of a portion of long-term debt. Total net position is recorded at \$4,186,341 which is \$180,584 less than the prior year.

BUDGETARY HIGHLIGHTS

There was no change between the original and final budgets for the General Fund.

Revenues of the General Fund were more than budgeted amounts by \$139,424 primarily due to donated electrical services and higher-than-budgeted licenses, permits, and assessment revenues. General Fund expenditures were \$386,608 below budget. The variance in expenditures is largely attributable grant-funded projects included in the budget did not materialize during fiscal year 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During the year, the Town's major capital purchases included a Caterpillar skid steer for approximately \$150,000 to support water utility operations. For further information on purchases, please refer to the note to the accompanying financial statements entitled *Capital Assets*.

Debt Administration

The Town's long-term debt was reduced by \$528,511 during the current year. Please refer to the note to the accompanying financial statement entitled *Long-term Debt* for more detailed information about the Town's debt activity.

ECONOMIC FACTORS

A proposed amendment to the Florida Constitution regarding property-tax exemptions is expected to appear on the November 2026 ballot. If approved, the amendment could reduce the Town's future ad valorem tax revenues. The Town has not yet determined the potential financial impact. Other than this matter, management is not aware of conditions expected to have a significant effect on the Town's financial position or results of operations.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Town Hall at 6241 Harmony Lane, Yankeetown, Florida.

TOWN OF YANKEETOWN, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 819,697	\$ 156,136	\$ 975,833
Investments	185,183	185,183	370,366
Receivables, net	-	66,714	66,714
Internal balances	5,005	(5,005)	-
Due from other governments	27,552	-	27,552
Inventories	-	10,663	10,663
Prepays	4,172	16,096	20,268
Restricted assets:			
Cash and cash equivalents	-	33,618	33,618
Capital assets:			
Non-depreciable	989,833	108,121	1,097,954
Depreciable, net	822,962	3,828,629	4,651,591
Total assets	<u>\$ 2,854,404</u>	<u>\$ 4,400,155</u>	<u>\$ 7,254,559</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 27,246</u>	<u>\$ -</u>	<u>\$ 27,246</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 35,267	\$ 17,774	\$ 53,041
Customer deposits	-	53,777	53,777
Unearned revenue	-	7,043	7,043
Accrued interest payable	-	1,667	1,667
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	38,724	38,724
Compensated absences	4,150	-	4,150
Due in more than one year:			
Bonds and notes payable	-	94,829	94,829
Net pension liability	109,938	-	109,938
Total liabilities	<u>\$ 149,355</u>	<u>\$ 213,814</u>	<u>\$ 363,169</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 45,084</u>	<u>\$ -</u>	<u>\$ 45,084</u>
NET POSITION			
Net investment in capital assets	\$ 1,812,795	\$ 3,803,197	\$ 5,615,992
Restricted for:			
Capital projects	-	5,925	5,925
Debt service	-	26,026	26,026
Fire protection	20,249	-	20,249
Unrestricted	854,167	351,193	1,205,360
Total net position	<u>\$ 2,687,211</u>	<u>\$ 4,186,341</u>	<u>\$ 6,873,552</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 465,892	\$ 78,312	\$ -	\$ -	\$ (387,580)	\$ -	\$ (387,580)
Public safety	77,170	53,593	-	-	(23,577)	-	(23,577)
Physical environment	11,553	-	16,804	-	5,251	-	5,251
Transportation	102,980	-	14,681	-	(88,299)	-	(88,299)
Culture and recreation	79,366	8,610	50	-	(70,706)	-	(70,706)
Total governmental activities	<u>736,961</u>	<u>140,515</u>	<u>31,535</u>	<u>-</u>	<u>(564,911)</u>	<u>-</u>	<u>(564,911)</u>
Business-type activities:							
Utility fund	619,423	427,433	-	-	-	(191,990)	(191,990)
Total business-type activities	<u>619,423</u>	<u>427,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,990)</u>	<u>(191,990)</u>
Total primary government	<u>\$ 1,356,384</u>	<u>\$ 567,948</u>	<u>\$ 31,535</u>	<u>\$ -</u>	<u>(564,911)</u>	<u>(191,990)</u>	<u>(756,901)</u>
General revenues:							
Property taxes					267,489	-	267,489
Sales and use taxes					82,207	-	82,207
Franchise fees					46,267	-	46,267
Public service taxes					59,954	-	59,954
State revenue sharing					60,223	-	60,223
Other intergovernmental revenues					52	-	52
Investment earnings (loss)					12,157	11,406	23,563
Miscellaneous revenues					95,519	-	95,519
Total general revenues					<u>623,868</u>	<u>11,406</u>	<u>635,274</u>
Change in net position					58,957	(180,584)	(121,627)
Net position - beginning					2,628,254	4,366,925	6,995,179
Net position - ending					<u>\$ 2,687,211</u>	<u>\$ 4,186,341</u>	<u>\$ 6,873,552</u>

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

**TOWN OF YANKEETOWN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2025**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,004,880
Due from other governments	27,552
Due from other funds	33,136
Advance to other funds	14,125
Prepaid items	4,172
Total assets	<u><u>\$ 1,083,865</u></u>
LIABILITIES	
Accounts payable	\$ 29,356
Accrued payroll and employee benefits	5,911
Due to other funds	42,256
Total liabilities	<u><u>77,523</u></u>
FUND BALANCE	
Nonspendable:	
Advance to other funds	14,125
Prepaid items	4,172
Restricted for:	
Fire protection	20,249
Assigned to:	
Subsequent year's budget	116,186
Unassigned	851,610
Total fund balance	<u><u>1,006,342</u></u>
Total liabilities and fund balance	<u><u>\$ 1,083,865</u></u>

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

**TOWN OF YANKEETOWN, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Fund balance - governmental fund		\$ 1,006,342
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund		
Total governmental capital assets	3,507,588	
Less: accumulated depreciation	<u>(1,694,793)</u>	1,812,795
The net pension liability and related deferred outflows and inflows of resources are not reported in the governmental fund because they are not due and payable in the current period:		
Net pension liability	(109,938)	
Deferred outflows of resources related to pensions	27,246	
Deferred inflows of resources related to pensions	<u>(45,084)</u>	(127,776)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
	<u>(4,150)</u>	(4,150)
Net position of governmental activities		<u><u>\$ 2,687,211</u></u>

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

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

	General Fund
Revenues	
Taxes	\$ 424,331
Licenses, permits, and assessments	170,446
Intergovernmental	77,079
Charges for services	8,836
Investment income	12,157
Miscellaneous	103,069
Total revenues	<u>795,918</u>
Expenditures	
Current:	
General government	471,227
Public safety	72,310
Physical environment	11,553
Transportation	101,303
Culture and recreation	43,531
Capital outlay	4,033
Total expenditures	<u>703,957</u>
Excess (deficiency) of revenues over expenditures	<u>91,961</u>
Net changes in fund balance	<u>91,961</u>
Fund balance, beginning of year	914,381
Fund balance, end of year	<u><u>\$ 1,006,342</u></u>

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

TOWN OF YANKEETOWN, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net changes in fund balance - governmental fund	\$ 91,961
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund expenditures for capital outlays are reported as capital assets in the statement of activities and depreciated over their estimated useful lives:	
Capital outlay expenditures	4,033
Depreciation expense	(64,605)
Governmental fund pension contributions are reported as expenditures when paid.	
In the statement of activities, pension expense reflects changes in the net pension liability and related deferred outflows and inflows of resources:	
Change in net pension liability and deferred inflows/outflows of resources	22,974
Compensated absence expenditures are recognized in the governmental fund when due and payable. In the statement of activities, the related expense is recognized as the liability is incurred:	
Change in compensated absences liability	4,594
Change in net position of governmental activities	<u>\$ 58,957</u>

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

TOWN OF YANKEETOWN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2025

	<u>Utility Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 156,136
Restricted cash	33,618
Investments	185,183
Accounts receivable, net	66,714
Inventory	10,663
Prepaid items	16,096
Due from other funds	42,256
Total current assets	<u>510,666</u>
Noncurrent assets:	
Capital assets:	
Land	108,121
Plant in service	7,466,211
Accumulated depreciation	<u>(3,637,582)</u>
Total noncurrent assets	<u>3,936,750</u>
Total assets	<u><u>\$ 4,447,416</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 17,774
Deposits	53,777
Unearned revenue	7,043
Advance from other funds	14,125
Due to other funds	33,136
Accrued interest payable	1,667
Current maturities on long-term debt	<u>38,724</u>
Total current liabilities	<u>166,246</u>
Noncurrent liabilities:	
Notes payable	<u>94,829</u>
Total noncurrent liabilities	<u>94,829</u>
Total liabilities	<u><u>\$ 261,075</u></u>
NET POSITION	
Net investment in capital assets	\$ 3,803,197
Restricted for:	
Capital projects	5,925
Debt service	26,026
Unrestricted	351,193
Total net position	<u><u>\$ 4,186,341</u></u>

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

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

	<u>Utility Fund</u>
Operating revenues	
Charges for services	\$ 426,202
Miscellaneous income	1,231
Total operating revenues	<u>427,433</u>
Operating expenses	
Personnel services	661
Operating expenses	429,267
Capital projects	3,000
Depreciation	177,913
Total operating expenses	<u>610,841</u>
Operating income (loss)	<u>(183,408)</u>
Nonoperating revenues (expenses)	
Interest earnings	11,406
Interest expense	(8,582)
Total nonoperating revenues (expenses)	<u>2,824</u>
Change in net position	<u>(180,584)</u>
Net position, beginning of year	4,366,925
Net position, end of year	<u><u>\$ 4,186,341</u></u>

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

**TOWN OF YANKEETOWN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Utility Fund
Cash flows from operating activities	
Cash received from customers	\$ 437,258
Cash paid to employees	(661)
Cash paid to suppliers	(446,518)
Net cash provided by (used in) operating activities	<u>(9,921)</u>
Cash flows from noncapital financing activities	
Interfund loans	53,837
Net cash provided by (used in) noncapital financing activities	<u>53,837</u>
Cash flows from capital and related financing activities	
Principal payments of long-term debt	(528,511)
Interest paid	(8,582)
Net cash provided by (used in) capital and related financing activities	<u>(537,093)</u>
Cash flows from investing activities	
Interest received	11,406
Purchases of investments	(8,216)
Net cash provided by (used in) investing activities	<u>3,190</u>
Net change in cash and cash equivalents	<u>(489,987)</u>
Cash and cash equivalents, beginning of year	679,741
Cash and cash equivalents, end of year	<u><u>\$ 189,754</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (183,408)
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:	
Depreciation	177,913
Changes in assets and liabilities:	
Accounts receivable	4,523
Inventories and prepaids	(16,096)
Accounts payable and accrued liabilities	1,845
Deposits	2,827
Unearned revenue	2,475
Net cash provided by (used in) operating activities	<u><u>\$ (9,921)</u></u>
Cash and cash equivalents classified as:	
Unrestricted	\$ 156,136
Restricted	33,618
Total cash and cash equivalents	<u><u>\$ 189,754</u></u>
Noncash capital and related financing activities:	
Equipment acquired through financing obligation	<u><u>\$ 150,254</u></u>

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

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) Summary of Significant Accounting Policies:

The financial statements of the Town of Yankeetown, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town is a political subdivision of the State of Florida, established by Chapter 25-11807, Laws of Florida. The legislative branch of the Town is composed of an elected five-member Town Council consisting of the Mayor and four Councilors. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed Town Administrator.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Town Council of the Town, the reporting entity of government for which the Town Council is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues.

Generally, internal interfund activity has been eliminated from the government-wide financial statements. However, charges between the Town's water system and other governmental functions are not eliminated because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Net Position reports the Town's financial position as of the end of the fiscal year. In this statement, the Town's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. The Statement of Activities is displayed using a net cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and other revenues not properly included among program revenues.

(c) **Measurement focus and basis of accounting**—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.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax 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 pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, 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.

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Town reports the following major governmental fund:

The ***General Fund*** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary fund:

The ***Utility Fund*** accounts for the financial activities of the Town's potable water utility system, including the pumping, treatment, and distribution systems.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental fund's budget is prepared on the modified accrual basis of accounting. The proprietary fund's budget is prepared on a full accrual basis of accounting.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

(g) **Deposits and investments**—The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the Town at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Prepaid items**—Prepaid items represent payments for goods or services applicable to future periods and are recognized as expenses as the related benefits are consumed.

(j) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25 – 40 years
Vehicles	5 – 10 years
Equipment – General	5 – 10 years
Equipment – Recreation	5 years

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

(k) **Compensated absences**—The Town recognizes a liability for accumulated vacation and sick leave attributable to services already rendered that is more likely than not to be used or otherwise paid or settled. The liability is measured at current pay rates and includes directly associated salary-related payments. The Town adopted GASB Statement No. 101 effective October 1, 2024; implementation did not materially affect beginning net position, current-year results, or fund balance.

(l) **Property Taxes**—The Levy County Tax Collector bills and collects property taxes for the Town. In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Valuation Date:	January 1, 2024
Levy Date:	October 1, 2024
Due Date:	March 31, 2025
Lien Date:	January 1, 2025

(m) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

(n) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (7).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (7).

(o) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts which are not in spendable form, such as inventories, prepaid items, and long-term receivables, or are legally or contractually required to remain intact.

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

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the Town Council the Town Council or (b) a body or official to which the Town Council has delegated the authority to assign amounts to be used for specific purposes.

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

For spendable resources, it is the Town's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(p) **Impact fees**—The Town has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

(q) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

(r) **Risk disclosures**—The Town implemented GASB Statement No. 102, *Certain Risk Disclosures*, during the year ended September 30, 2025. Management evaluated the Town's concentrations and constraints and determined that no additional disclosures were required based on conditions existing through the date the financial statements were available to be issued.

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

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(3) Deposits and Investments:

The Town's cash and equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2025, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

(4) Interfund Balances and Transfers

The interfund balances resulted from the normal course of operations and are expected to be repaid within one year. Interfund transfers were consistent with the purpose of the fund making the transfer. After considering both current interfund balances and the noncurrent advance, the Utility Fund had a net amount payable to the General Fund of \$5,005 at September 30, 2025.

At September 30, 2025, interfund balances were as follows:

<u>Receivable</u>	<u>Amount</u>	<u>Payable</u>
General Fund	\$ 33,136	Utility Fund
Utility Fund	42,256	General Fund
Total	<u>\$ 75,392</u>	

At September 30, 2025, advances were as follows:

<u>Advances from</u>	<u>Amount</u>	<u>Advances to</u>
General Fund	\$ 14,125	Utility Fund
Total	<u>\$ 14,125</u>	

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(5) Capital Assets:

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

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 919,544	\$ -	\$ -	\$ 919,544
Construction in progress	70,289	-	-	70,289
Total assets not being depreciated	<u>989,833</u>	<u>-</u>	<u>-</u>	<u>989,833</u>
Capital assets being depreciated:				
Building	477,377	-	-	477,377
Improvements	1,152,097	-	-	1,152,097
Infrastructure	435,649	-	-	435,649
Vehicles	319,154	-	-	319,154
Equipment - General	80,129	4,033	-	84,162
Equipment - Recreation	49,316	-	-	49,316
Total assets being depreciated	<u>2,513,722</u>	<u>4,033</u>	<u>-</u>	<u>2,517,755</u>
Less: accumulated depreciation	<u>(1,630,188)</u>	<u>(64,605)</u>	<u>-</u>	<u>(1,694,793)</u>
Total capital assets being depreciated, net	<u>883,534</u>	<u>(60,572)</u>	<u>-</u>	<u>822,962</u>
Governmental activities capital assets, net	<u>\$ 1,873,367</u>	<u>\$ (60,572)</u>	<u>\$ -</u>	<u>\$ 1,812,795</u>

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 108,121	\$ -	\$ -	\$ 108,121
Total assets not being depreciated	<u>108,121</u>	<u>-</u>	<u>-</u>	<u>108,121</u>
Capital assets being depreciated:				
Plant and related equipment in service	<u>7,315,957</u>	<u>150,254</u>	<u>-</u>	<u>7,466,211</u>
Total assets being depreciated	<u>7,315,957</u>	<u>150,254</u>	<u>-</u>	<u>7,466,211</u>
Less: accumulated depreciation	<u>(3,459,669)</u>	<u>(177,913)</u>	<u>-</u>	<u>(3,637,582)</u>
Total capital assets being depreciated, net	<u>3,856,288</u>	<u>(27,659)</u>	<u>-</u>	<u>3,828,629</u>
Business-type activities capital assets, net	<u>\$ 3,964,409</u>	<u>\$ (27,659)</u>	<u>\$ -</u>	<u>\$ 3,936,750</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General governmental	\$ 22,323
Public safety	4,770
Transportation	1,677
Culture and recreation	35,835
Total depreciation expense - governmental activities	<u>\$ 64,605</u>

Business-type activities:

Water utility	\$ 177,913
Total depreciation expense - business-type activities	<u>\$ 177,913</u>

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Long-Term Debt:

For the fiscal year ended September 30, 2025, a summary of the long-term liability transactions for the Town is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences, net	\$ 8,744	\$ -	\$ (4,594)	\$ 4,150	\$ 4,150
Business-type activities:					
State revolving fund loans	\$ 484,831	\$ -	\$ (484,831)	\$ -	\$ -
NRWA revolving fund loans	26,979	-	(10,927)	16,052	11,259
Equipment financing payable	-	150,254	(32,753)	117,501	27,465
Business-type activities –	<u>\$ 511,810</u>	<u>\$ 150,254</u>	<u>\$ (528,511)</u>	<u>\$ 133,553</u>	<u>\$ 38,724</u>
Total long-term liabilities					

The change in compensated absences is presented as a net change.

Annual debt service requirements for notes and equipment financing payable are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 38,724	\$ 5,616	\$ 44,340
2027	33,494	4,089	37,583
2028	29,992	2,760	32,752
2029	31,343	1,410	32,753
Total	<u>\$ 133,553</u>	<u>\$ 13,875</u>	<u>\$ 147,428</u>

Long-term obligations of the Town's business-type activities at September 30, 2025, consist of the following:

National Rural Water Association (NRWA) revolving fund note payable, dated April 1, 2017, due in monthly payments of \$966, including interest at 3% through April 1, 2037. Repayment of loan balance is secured by a pledge of interest in the assets of the Water Utility fund.	\$ 16,052
Ring Investments, Inc. equipment financing payable, dated July 10, 2025, secured by the financed equipment, due in annual payments of \$32,752.55, including interest at 4.50% through June 12, 2029.	117,501
Total long-term debt, business-type activities	<u>\$ 133,553</u>

The state revolving fund (SRF) loans are secured by pledged water utility revenues. The Town did not meet the SRF loan rate coverage requirement for fiscal year 2025 based on scheduled debt service and pledged revenues as defined in the agreement. The SRF loan was paid in full during fiscal year 2025, and no related obligation or lien remained outstanding at September 30, 2025. No penalties or other amounts related to the covenant shortfall were recorded.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Employees' Retirement Plans:

A. Florida Retirement System and Health Insurance Subsidy

Plan Description and Administration

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all of the Town's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Town are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Employees' Retirement Plans: (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The Town participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect during the year ended September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2025	After June 30, 2025
Regular Class	13.63%	14.03%
Senior Management	34.52%	33.24%
Special Risk	32.79%	35.19%
Town Elected Officers	58.68%	54.57%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Employees' Retirement Plans: (Continued)

For the plan year ended June 30, 2025, actual contributions made for employees participating in FRS and HIS were as follows:

Contributions – FRS	\$ 15,213
Contributions – HIS	2,152
Employee Contributions – FRS	3,228

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2025, the Town reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 79,074
HIS	30,864
Total	<u>\$ 109,938</u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and June 30, 2024, the Town's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2025	2024
FRS	0.000254789%	0.000281327%
HIS	0.000240800%	0.000248635%

For the plan year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 1,257
HIS	496
Total	<u>\$ 1,753</u>

Deferred outflows/inflows related to pensions:

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,446	\$ -	\$ 184	\$ (49)
Changes of assumptions	9,183	-	273	(7,465)
Net difference between projected and actual investment earnings	-	(13,202)	-	(26)
Change in proportionate share	-	(21,355)	384	(2,987)
Contributions subsequent to measurement date	7,821	-	955	-
Total	<u>\$ 25,450</u>	<u>\$ (34,557)</u>	<u>\$ 1,796</u>	<u>\$ (10,527)</u>

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Employees' Retirement Plans: (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2026	\$ 4,670	\$ (2,862)	\$ 1,808
2027	(9,257)	(2,514)	(11,771)
2028	(7,860)	(1,882)	(9,742)
2029	(4,481)	(1,459)	(5,940)
2030	-	(969)	(969)
Thereafter	-	-	-
	<u>\$ (16,928)</u>	<u>\$ (9,686)</u>	<u>\$ (26,614)</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) **Employees' Retirement Plans:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.2%
Fixed income	29.0%	5.5%
Global equities	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%
Total	<u>100.0%</u>	

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

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 155,182	\$ 79,074	\$ 15,264
HIS	5.20%	34,805	30,864	27,560

(8) **Other Postemployment Benefits:**

The Town provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(9) **Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(10) Contingencies:

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town is involved in various legal proceedings incidental to the conduct of its affairs. It is the Town's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2025, no amounts have been accrued.

(11) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Authority's financial statements:

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions are effective for fiscal years beginning after June 15, 2026.

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 407,310	\$ 407,310	\$ 424,331	\$ 17,021
Licenses, permits, and assessments	134,150	134,150	170,446	36,296
Intergovernmental	76,234	76,234	77,079	845
Charges for services	4,750	4,750	8,836	4,086
Interest revenues	6,000	6,000	12,157	6,157
Miscellaneous	28,050	28,050	103,069	75,019
Total revenues	<u>656,494</u>	<u>656,494</u>	<u>795,918</u>	<u>139,424</u>
Expenditures				
Current:				
General government	645,850	645,850	471,227	174,623
Public safety	77,315	77,315	72,310	5,005
Physical environment	17,000	17,000	11,553	5,447
Transportation	195,000	195,000	101,303	93,697
Culture and recreation	93,400	93,400	43,531	49,869
Capital outlay	52,000	52,000	4,033	47,967
Total expenditures	<u>1,080,565</u>	<u>1,080,565</u>	<u>703,957</u>	<u>376,608</u>
Excess (deficiency) of revenues over expenditures	<u>(424,071)</u>	<u>(424,071)</u>	<u>91,961</u>	<u>516,032</u>
Other financing sources (uses)				
Issuance of debt	58,245	58,245	-	(58,245)
Total other financing sources (uses)	<u>58,245</u>	<u>58,245</u>	<u>-</u>	<u>(58,245)</u>
Net change in fund balances	<u>(365,826)</u>	<u>(365,826)</u>	<u>91,961</u>	<u>457,787</u>
Fund balances, beginning of year	914,381	914,381	914,381	-
Fund balances, end of year	<u>\$ 548,555</u>	<u>\$ 548,555</u>	<u>\$ 1,006,342</u>	<u>\$ 457,787</u>

The accompanying notes to the schedule of revenues, expenditures and changes in fund balance budget to actual are an integral part of this schedule.

TOWN OF YANKEETOWN, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2025

The Town adopts an annual budget for the General Fund. The Town generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Administrator submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Any revision that alters the expenditures of any fund must be approved by the Town Council. The fund is the legal level of control.

The budget amounts presented in the accompanying financial schedule were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

TOWN OF YANKEETOWN, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.000254789%	0.000281327%	0.000309654%	0.000368133%	0.000381538%	0.000403221%	0.000424921%	0.000434677%	0.000252338%	0.000323039%
Proportionate share of the net pension liability	\$ 79,074	\$ 108,830	\$ 123,387	\$ 136,975	\$ 28,821	\$ 174,762	\$ 146,337	\$ 130,927	\$ 74,640	\$ 81,568
Covered payroll	107,609	105,251	97,529	92,573	90,442	99,237	107,940	94,358	114,010	141,665
Proportionate share of the net pension liability as a percentage of covered payroll	73.48%	103.40%	126.51%	147.96%	31.87%	176.11%	135.57%	138.76%	65.47%	57.58%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.000240800%	0.000248635%	0.000246114%	0.000253966%	0.000255416%	0.000285869%	0.000322680%	0.000288832%	0.000357667%	0.000458890%
Proportionate share of the net pension liability	\$ 30,864	\$ 37,298	\$ 39,086	\$ 26,899	\$ 31,331	\$ 34,904	\$ 36,105	\$ 30,570	\$ 38,244	\$ 53,482
Covered payroll	107,609	105,251	97,529	92,573	90,442	99,237	107,940	94,358	114,010	141,665
Proportionate share of the net pension liability as a percentage of covered payroll	28.68%	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.75%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

TOWN OF YANKEETOWN, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	For the Fiscal Year Ended September 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Contractually required contribution	\$ 18,683	\$ 16,099	\$ 15,105	\$ 15,420	\$ 15,443	\$ 13,397	\$ 13,176	\$ 12,388	\$ 7,830	\$ 7,704
Contributions in relation to the contractually required contribution	(18,683)	(16,099)	(15,105)	(15,420)	(15,443)	(13,397)	(13,176)	(12,388)	(7,830)	(7,704)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 126,812	\$ 107,021	\$ 98,141	\$ 94,456	\$ 93,856	\$ 99,237	\$ 107,940	\$ 94,358	\$ 114,010	\$ 141,665
Contributions as a percentage of covered payroll	14.73%	15.04%	15.39%	16.33%	16.45%	13.50%	12.21%	13.13%	6.87%	5.44%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 2,536	\$ 2,140	\$ 1,720	\$ 1,568	\$ 1,558	\$ 1,647	\$ 1,792	\$ 1,566	\$ 1,749	\$ 2,278
Contributions in relation to the contractually required contribution	(2,536)	(2,140)	(1,720)	(1,568)	(1,558)	(1,647)	(1,792)	(1,566)	(1,749)	(2,278)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 126,812	\$ 107,021	\$ 98,141	\$ 94,456	\$ 93,856	\$ 99,237	\$ 107,940	\$ 94,358	\$ 114,010	\$ 141,665
Contributions as a percentage of covered payroll	2.00%	2.00%	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.53%	1.61%

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

To the Honorable Mayor and Town Council,
Town of Yankeetown, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Yankeetown, Florida, (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 3, 2026.

As discussed in Note (8) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the utility fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the Utility Fund, has not been determined.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, as described below, that we consider to be a material weakness.

2025-001 Financial Reporting, Record Retention, and Year-End Close

During the audit, we identified deficiencies in the Town's financial reporting, record-retention, and year-end closing processes. Significant staff turnover, inadequate transition records, and continuing hurricane-related disruptions limited the availability of supporting documentation and institutional knowledge. In addition, the Town did not consistently perform or document timely reconciliations, accrual analyses, and reviews necessary to identify and record year-end adjustments.

As a result, the audit identified multiple adjustments affecting depreciation and capital assets, accounts payable and accrued liabilities, payroll-related balances, receivables and revenues, debt activity, utility accounts receivable, restricted fund balance, and other year-end classifications including a donated-asset transaction. Certain adjustments were material or potentially material to the applicable reporting units. These conditions indicate that there is a reasonable possibility that a material misstatement of the financial statements would not be prevented, or detected and corrected, on a timely basis.

We recommend that the Town establish and document a formal year-end closing process that includes timely reconciliation of all significant accounts and subsidiary records, review and approval of journal entries, procedures for identifying accruals and unusual transactions, retention of supporting documentation, and supervisory review of significant financial reporting schedules. We also recommend that the Town develop written financial and information technology procedures and implement structured transition and cross-training practices to preserve institutional knowledge during personnel changes.

Report on Compliance and Other Matters

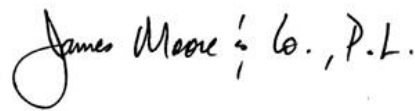
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Town's Response to Finding

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

Purpose of this Report

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



Gainesville, Florida
August 3, 2026

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

To the Honorable Mayor and Town Council,
Town of Yankeetown, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Yankeetown, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated August 3, 2026.

As discussed in Note (8) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the utility fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the utility fund, has not been determined.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 3, 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. The following summarizes the status of prior year findings and recommendations.

2024-001 Significant Impacts during Fiscal Year – Repeated as 2025-001.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we noted no special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

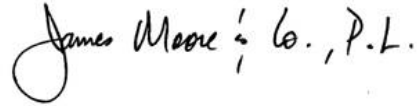
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants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

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

Purpose of this Letter

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

Gainesville, Florida
August 3, 2026

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

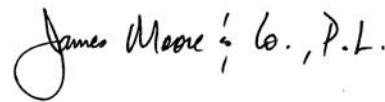
To the Honorable Mayor, Town Council, and Town Administrator,
Town of Yankeetown, Florida

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

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance by evaluating the Town's compliance with the Statute for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Town's compliance with those requirements for the year then ended, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Town was not in compliance with the aforementioned requirements, in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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



Gainesville, Florida
August 3, 2026



AUDITEE'S RESPONSE TO:
Independent Auditors' Management Letter
August 3, 2026

2025-001 Financial Reporting, Record Retention, and Year-End Close

During the audit, we identified deficiencies in the Town's financial reporting, record-retention, and year-end closing processes. Significant staff turnover, inadequate transition records, and hurricane-related disruptions limited the availability of supporting documentation and institutional knowledge. In addition, the Town did not consistently perform or document timely reconciliations, accrual analyses, and reviews necessary to identify and record year-end adjustments.

RESPONSE to 2025-001 Significant Impacts during Fiscal Year: The Town acknowledges the deficiencies identified during the audit. The hurricane occurred in September 2024, near the beginning of the 2024–2025 fiscal year and resulted in the loss or disruption of supporting documentation. Throughout the fiscal year, the Town also continued to experience significant staff turnover, which contributed to the loss of institutional knowledge and created additional challenges in locating and maintaining financial records. These circumstances adversely affected the Town's financial reporting, record retention, and year-end closing processes, including the timely preparation and review of reconciliations and year-end accruals. The Town is evaluating and strengthening its record-retention practices, financial reporting procedures, staff transition processes, and year-end closing procedures to improve continuity, ensure adequate supporting documentation is retained, and promote the timely preparation and review of financial information in future periods