

**LAKE CLARKE SHORES
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025**

**LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balances	10
Notes to the Financial Statements	11-15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	16
Notes to Required Supplementary Information	17
OTHER INFORMATION	
Data Elements required by FL Statute 218.39 (3) (c)	18
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, AND SECTIONS 163.387(6) AND 163.387(7), FLORIDA STATUTES	20
MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	21-22



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Lake Clarke Shores Community Redevelopment Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lake Clarke Shores Community Redevelopment Agency (the "Agency"), a component unit of the Town of Lake Clarke Shores, Florida, as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Information Included in the Financial Report

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2026, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Gruen & Associates

May 1, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Lake Clarke Shores Community Redevelopment Agency (the "Agency") provides a narrative overview of the Agency's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the Agency's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$309,257.
- The change in the Agency's total net position in comparison with the prior fiscal year was (\$55,544), a decrease. The key components of the Agency's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2025, the Agency's governmental funds reported combined ending fund balances of \$309,257, a decrease of \$55,544 in comparison with the prior fiscal year. The fund balance is restricted for community redevelopment projects.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements include all governmental activities that are principally supported by incremental tax revenue. The Agency does not have any business-type activities. The function/program is community development.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency has one fund category: governmental funds.

Governmental Funds

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

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

The Agency maintains one governmental fund for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the Community Redevelopment Agency (CRA) fund which is considered a major fund.

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	NET POSITION SEPTEMBER 30,	
	2025	2024
Current and other assets	\$ 332,980	\$ 367,642
Total assets	332,980	367,642
Current liabilities	23,723	2,841
Total liabilities	23,723	2,841
Net position		
Restricted	309,257	364,801
Total net position	\$ 309,257	\$ 364,801

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The restricted portion of the Agency's net position represents resources that are subject to external restrictions on how they may be used.

The Agency's net position decreased during the most recent fiscal year. The decrease is the result of the transfer to the primary government.

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

	CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2025	2024
Revenues:		
Program revenues		
Investment earnings	12,426	13,387
General revenues		
Property taxes	177,156	147,296
Total revenues	189,582	160,683
Expenses:		
Community development	60,386	30,432
Total expenses	60,386	30,432
Transfers	(184,740)	-
Change in net position	(55,544)	130,251
Net position - beginning	364,801	234,550
Net position - ending	\$ 309,257	\$ 364,801

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2025 was \$60,386. The costs of the Agency's activities were primarily funded by general revenues. The remainder of the current year revenue includes interest revenue. General revenues are comprised of ad valorem assessments which increased during the fiscal year. In total, expenses increased from the prior fiscal year. The majority of the increase was the result of an increase in professional services.

CRA FUND BUDGETARY HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the Agency pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Agency Council. The budget for the fiscal year ended September 30, 2025 was amended to increase use of fund balance and interfund transfer out by \$104,740. Actual CRA fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Agency's investments in capital assets have been transferred to the Town as the Agency's enabling legislation and Plan do not facilitate the care, maintenance, and ownership of capital assets. As a result, at September 30, 2025, the Agency owned no capital assets for its governmental activities.

Capital Debt

At September 30, 2025, the Agency had no capital debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Agency does not anticipate any significant changes to its budget or economic factors for the subsequent fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, landowners, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Emilie Pearson, Deputy Town Manager, 1701 Barbados Road, Lake Clarke Shores, Florida, 33406.

LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 221,910
Investments	111,070
Total assets	332,980
LIABILITIES	
Accounts payable	12,753
Contracts payable	10,970
Total liabilities	23,723
NET POSITION	
Restricted	
Community redevelopment agency	309,257
Total net position	\$ 309,257

See notes to the financial statements

LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Community development	\$ 60,386	\$ -	\$ 12,426	\$ -	\$ (47,960)
Total governmental activities	\$ 60,386	\$ -	\$ 12,426	\$ -	\$ (47,960)

General revenues:	
Property taxes	177,156
Total general revenues	177,156
Transfer to primary government	(184,740)
Change in net position	(55,544)
Net position - beginning	364,801
Net position - ending	\$ 309,257

See notes to the financial statements

LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	<u>Community Redevelopment Agency</u>
ASSETS	
Cash and cash equivalents	\$ 221,910
Investments	111,070
Total assets	<u>\$ 332,980</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	12,753
Contracts payable	10,970
Total liabilities	<u>23,723</u>
Fund balance:	
Restricted	<u>309,257</u>
Total fund balance	<u>309,257</u>
Total liabilities and fund balance	<u>\$ 332,980</u>

See notes to the financial statements

LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>Community Redevelopment Agency</u>
REVENUES	
Property taxes	\$ 177,156
Interest income	<u>12,426</u>
Total revenues	<u>189,582</u>
EXPENDITURES	
Current:	
Community development	<u>60,386</u>
Total expenditures	<u>60,386</u>
Excess (deficiency) of revenues over (under) expenditures	129,196
OTHER FINANCING SOURCES (USES)	
Transfer to primary government	<u>(184,740)</u>
Total other financing sources (uses)	<u>(184,740)</u>
Net change in fund balances	(55,544)
Fund balance - beginning	<u>364,801</u>
Fund balance - ending	<u>\$ 309,257</u>

See notes to the financial statements

LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The Town of Lake Clarke Shores Community Redevelopment Agency (the “Agency”), a component unit of the Town of Lake Clarke Shores, Florida (the “Town” and “Primary Government”), was established by the Town of Lake Clarke Shores, Florida Town Council (“Town Council”) via Ordinance 2016-03 in July 2016. The Agency is a legal entity, separate, distinct, and independent of the Town. The Agency was created to promote the rehabilitation, conservation and/or redevelopment of the Community Redevelopment Area (the “Area”).

Revenue sources for the Agency consist primarily of Town and County increment financing from property taxes and grants. Any bond issue authorizations are approved by the Town Council and the legal liability for the general obligation portion of the Agency’s debt remains with the primary government.

The Agency operates under a Board-Executive Director structure, with the Town Manager serving as the Agency’s Executive Director. The Board is comprised of five commissioners, all of whom also serve as members of the Town Council. The Agency does not exercise control over other governmental agencies or authorities.

The accompanying financial statements present only the operations of the Agency and are not intended to present the financial position and results of the Town of Lake Clarke Shores, Florida. Complete financial statements for the Town of Lake Clarke Shores, Florida may be obtained at the Town’s administrative offices located at 1701 Barbados, Lake Clarke Shores, Florida 33406.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The Agency receives from the Town of Lake Clarke Shores and Palm Beach County a portion of the property taxes collected by each within the 53-acre Agency project area. These tax increment financing (TIF) payments are established under Section 163.387, Florida Statutes.

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

The Agency reports the following major governmental fund:

Community Redevelopment Agency (CRA) Fund

The CRA Fund is used to account for revenue and expenditures applicable to the Agency.

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

Assets, Liabilities and Net Position or Equity

Restricted Assets

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

Deposits and Investments

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

Deposits available within various funds of the Primary Government were consolidated for investment purposes. Substantially all deposits of the Primary Government at September 30, 2025, were invested using the pooled investment concept. Interest earned was allocated monthly to the Agency based on its month ending cash and investment balances in proportion to the Primary Government.

Investments for the Agency are reported at fair value (generally based on quoted market prices) except for certificates of deposit which are stated at cost; and the Agency's positions in the Florida Municipal Investment Trust (FMVIT), which are local government investment pools that meet all of the specified criteria in Section 150: Investments to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the Town's position in the pool is equal to the value of the pooled shares.

Receivables

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

The Agency's investments in capital assets are transferred to the Town, as the Agency's enabling legislation and Plan do not facilitate the care, maintenance, and ownership of capital assets. This investment in capital assets includes land, buildings, improvements, and infrastructure in designated areas of the Town which have been specifically identified for redevelopment initiatives.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Unearned Revenue

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

Fund Equity/Net Position

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

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

Implementation of Accounting Pronouncements

The Agency implemented the following Governmental Accounting Standards Board Statements during the current fiscal year.

GASB 101: Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB 102: Certain Risk Disclosures

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Recently Issued Accounting Pronouncements Not Yet Adopted

A brief description of new accounting pronouncements that might have a significant impact on the Agency's financial statements is presented below.

GASB Statement No. 103: Financial Reporting Model Improvements

This statement, issued in April 2024 and effective for fiscal years beginning after June 15, 2025, aims to improve the financial reporting model by enhancing the clarity and usefulness of financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Accounting Pronouncements (Continued)

GASB Statement No. 104: Disclosure of Certain Capital Assets

This statement, issued in September 2024 and effective for fiscal years beginning after June 15, 2025, requires enhanced disclosures about certain capital assets, including detailed information on the nature and extent of capital assets held by a governmental entity.

GASB Statement No. 105: Subsequent Events

This statement, issued in December 2025 and effective for fiscal years beginning after June 15, 2026, updates reporting for subsequent events and requires disclosure of the date through which subsequent events were evaluated.

The Agency's management has not yet determined the effect these Statements will have on the Agency's financial statements.

Other Disclosures

Use of Estimates

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

NOTE 3 – BUDGETARY INFORMATION

The Agency is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the CRA fund. All annual appropriations lapse at fiscal year-end.

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

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

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

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

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

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

	Fair Value	Credit Risk	Maturities
Florida Municipal Investment Trust	\$ 111,070	S&P AAAm	Weighted average maturity: 328 days
	<u>\$ 111,070</u>		

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Town has no formal policy for custodial risk.

The Town's investments are held by a third-party custodian and held in the Town's name.

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

Concentration risk – The Town's policy limits the amount the Town may invest in any one issuer for certain investment types.

Interest rate risk – The Town's policy limits investment maturities by investment type as a means of managing exposure to fair value losses arising from increasing interest rates.

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

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

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

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

Fixed income – Some of the underlying securities have observable level 1 quoted pricing inputs. However, while the underlying asset values may be based on quoted market prices, the net asset value of the portfolios is not publicly quoted. Additionally, some of the underlying securities employ matrix pricing. Accordingly, these investments have been reported as level 2.

NOTE 5 – RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases separate commercial insurance coverage for workers' compensation, liability, and property damage that covers the Agency. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the Town faces under Florida statutes. The Agency had no settled claims in excess of insurance coverage during the last three fiscal years.

LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Budgeted Amounts Final		
REVENUES				
County and Town TIF Contribution	\$ 177,137	\$ 177,137	\$ 177,156	\$ 19
Investment income	2,500	2,500	12,426	9,926
Total revenues	<u>179,637</u>	<u>179,637</u>	<u>189,582</u>	<u>9,945</u>
EXPENDITURES				
Current:				
Community development	109,637	109,637	60,386	49,251
Total expenditures	<u>109,637</u>	<u>109,637</u>	<u>60,386</u>	<u>49,251</u>
Excess (deficiency) of revenues over (under) expenditures	70,000	70,000	129,196	59,196
OTHER FINANCING SOURCES (USES)				
Use of fund balance	10,000	114,740	-	(114,740)
Transfer to primary government	(80,000)	(184,740)	(184,740)	-
Total other financing sources (uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(184,740)</u>	<u>(114,740)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(55,544)	<u>\$ (55,544)</u>
Fund balance - beginning			<u>364,801</u>	
Fund balance - ending			<u>\$ 309,257</u>	

See notes to required supplementary information

LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Agency Council. The budget for the fiscal year ended September 30, 2025 was amended to increase use of fund balance and interfund transfer out by \$104,740. Actual CRA fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.

LAKE CLARKE SHORES COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Clarke Shores, Florida)
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
UNAUDITED

<u>Element</u>	<u>Comments</u>
Number of Agency employees compensated in the last pay period of the Agency's fiscal year being reported.	0
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the Agency's fiscal year being reported.	0
Employee compensation for last pay period of the Agency's fiscal year	\$0
Independent contractor compensation in the last month of the fiscal year	\$0
Construction projects with total cost ≥ \$65,000 scheduled to begin on or after October 1 of the reported fiscal year: approved budget and total expenditures during the reported fiscal year	N/A
Budget variance report	See the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Ad Valorem taxes	
Millage rate imposed by the Town on the Agency's behalf	5.9950
Millage rate imposed by the County	4.5000
Ad valorem taxes collected on behalf of the Agency	\$177,156
Outstanding Bonds:	n/a



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

To the Town Council
Lake Clarke Shores Community Redevelopment Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Lake Clarke Shores Community Redevelopment Agency (the "Agency"), a component unit of the Town of Lake Clarke Shores, Florida, as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our opinion thereon dated May 1, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Purpose of this Report

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

Grau & Associates

May 1, 2026



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, AND SECTIONS 163.387(6)
AND 163.387(7), FLORIDA STATUTES**

To the Town Council
Lake Clarke Shores Community Redevelopment Agency

We have examined the Lake Clarke Shores Community Redevelopment Agency's (the "Agency"), a component unit of the Town of Lake Clarke Shores, Florida, compliance with the requirements of Section 218.415, Florida Statutes, and Sections 163.387(6) and (7), Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2025. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes, and Sections 163.387(6) and (7), Florida Statutes. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

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

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

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Commissioners of the Lake Clarke Shores Community Redevelopment Agency and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

May 1, 2026



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

To the Town Council
Lake Clarke Shores Community Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Lake Clarke Shores Community Redevelopment Agency (the "Agency"), a component unit of the Town of Lake Clarke Shores, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 1, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 1, 2026, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Commissioners of the Lake Clarke Shores Community Redevelopment Agency, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Lake Clarke Shores Community Redevelopment Agency, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

May 1, 2026

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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

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

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

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

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

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

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

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

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

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

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 18.

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