Annual Financial Report

September 30, 2023

THE TOWN OF
Windermere

Introductory Section

Page

I. Introductory Section:
Table of Contents i
List of Principal Officials ii

II. Financial Section:
Independent Auditor's Report 1-2
Management Discussion and Analysis 3-7
Basic Financial Statements:
Government-Wide Financial Statements:
Statement of Net Position 8
Statement of Activities 9
Fund Financial Statements:
Balance Sheet - Governmental Funds 10
Statement of Revenues, Expenditures and Changes in Fund Balances -. Governmental Funds 11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities 12
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund 13
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Stormwater Special Revenue Fund 14
Notes to Financial Statements 15-26

III. Other Reports:
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 27-28
Independent Accountant's Report on Compliance with the Requirements Of Section 218.415, Florida Statutes 29
Management Letter 30-31
Appendix A – Significant Deficiency 32
Response to Management Letter 33

Elected Officials

Mayor	Jim O'Brien
Town Council Members:	Loren Williams
	Mandy David
	Tony Davit
	Tom Stroup
	Molly Rose

Town Officials

Town Manager	Robert Smith
Town Attorney	Tom Wilkes
Town Clerk	Dorothy Burkhalter

Financial Section

This section contains the following subsections:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Windermere, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund of the *Town of Windermere, Florida*, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the *Town of Windermere*'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the *Town of Windermere*, as of September 30, 2023, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Stormwater Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 *Town of Windermere,* 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 *Town of Windermere*'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 *Town of Windermere*'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 *Town of Windermere*'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 of Windermere*'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 on page 3 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the financial statements and 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 February 19, 2024 on our consideration of *Town of Windermere*'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 *Town of Windermere*'s internal control over financial reporting and compliance.

McDirmit Davis

Orlando, Florida
February 19, 2024

As management of the Town of Windermere, Florida (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2023.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $11,185,943 (net position). Of this amount, $1,531,190 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $831,556.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $1,743,471, an increase of $865,093 in comparison with the prior year. Unassigned fund balance for the general fund was $1,308,136 or 18% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two 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 Town is improving or deteriorating.

The statement of activities presents information showing how the Town'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 (e.g., uncollected taxes and earned but unused vacation leave).

Since the Town has no business-type activities such as water and sewer systems, the government-wide financial statements include only governmental activities. The governmental activities of the Town include general government, public safety, physical environment and culture and recreation.

The government-wide financial statements can be found on pages 8-9 of this report.

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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has two governmental funds - the General Fund and the Stormwater Special Revenue Fund.

Governmental Funds

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

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

The Town adopts an annual appropriated budget for the General Fund and Stormwater Fund. A budgetary comparison statement has been provided for the General Fund and Stormwater Special Revenue Fund on pages 13-14 to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 - 14 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by $11,185,943 at the close of the most recent fiscal year. The following table reflects the condensed Statement of Net Position for the current year. For more detail see the Statement of Net Position on page 8.

Net Position as of September 30:

	Governmental Activities 2023	Governmental Activities 2022
Assets:		
Current and other assets	$ 3,640,490	$ 2,827,896
Capital assets, net of depreciation	14,541,486	14,922,693
Total assets	18,181,976	17,750,589
Liabilities:		
Long-term liabilities	5,048,189	5,391,961
Other liabilities	1,947,844	2,004,241
Total liabilities	6,996,033	7,396,202
Net Position:		
Net investment in capital assets	9,614,446	9,620,411
Restricted for public safety	40,307	-
Unrestricted	1,531,190	733,976
Total net position	$ 11,185,943	$ 10,354,387

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The balance of unrestricted net position, $1,531,190, may be used to meet the Town's ongoing obligations to citizens and creditors.

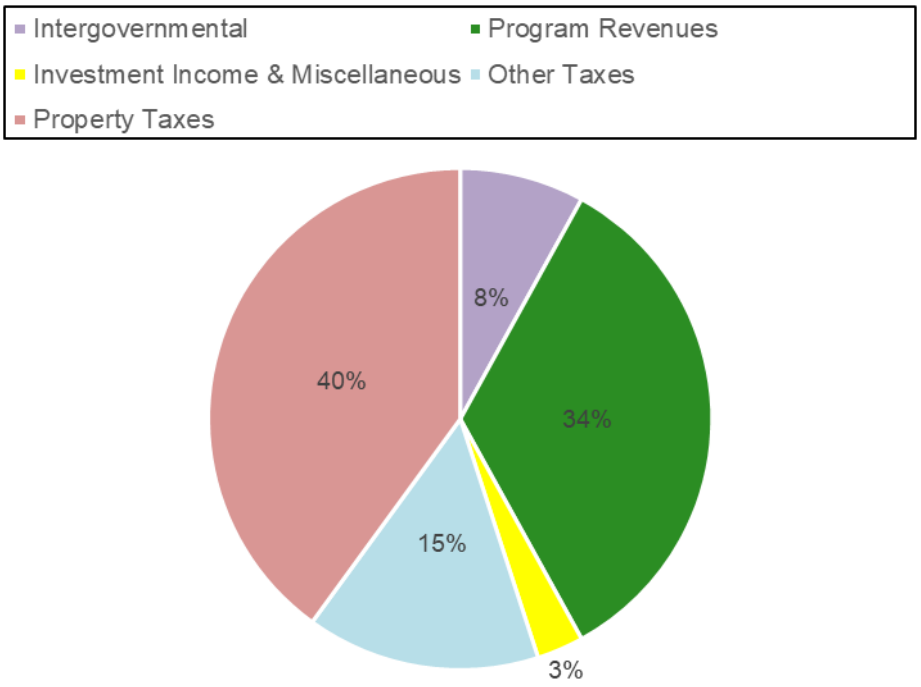
Statement of Activities
The following table reflects the condensed Statement of Activities for the current year. For more detailed information see the Statement of Activities on page 9.

Governmental activities increased the Town's net position by $831,556. Key elements of this increase are as follows:

Changes in Net Position

	Governmental Activities 2023	Governmental Activities 2022
Revenues:		
Program Revenues:		
Charges for services	$ 2,283,624	$ 1,988,905
Operating grants and contributions	632,255	291,410
Capital grants and contributions	10,000	17,277
Total program revenues	2,925,879	2,297,592
General Revenues:		
Property taxes	3,167,818	2,943,000
Franchise and utility taxes	1,245,680	1,150,981
Intergovernmental	767,274	709,845
Investment income and miscellaneous	249,213	81,772
Total revenues	8,355,864	7,183,190
Expenses:		
General government	2,256,397	1,891,548
Public safety	2,452,709	2,319,808
Physical environment	2,522,763	2,009,097
Culture and recreation	178,147	186,169
Interest on long-term debt	114,292	128,310
Total expenses	7,524,308	6,534,932
Change in net position	831,556	648,258
Net position, beginning	10,354,387	9,706,129
Net position, ending	$ 11,185,943	$ 10,354,387

Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds
As noted earlier, the Town used fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

As of September 30, 2023, the Town governmental funds reported combined ending fund balances of $1,743,471.

The general fund is the chief operating fund of the Town. At September 30, 2023, the total fund balance of the general fund was $1,927,724 and the unassigned fund balance of the general fund was $1,308,136. The fund balance of the general fund increased by $855,654.

General Fund Budgetary Highlights
During the year, there was a need for a budget amendment in the general fund primarily to reallocate appropriations between departments. Actual revenues were $1,383,527 less than budget primarily due to grant revenues not recognized and expenditures for the year ended September 30, 2023 were $2,901,870 less budgeted amounts primarily due to grant expenditures not incurred. Total general fund balance increased by $855,654.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental activities as of September 30, 2023 amounts to $14,541,486, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment and machinery, infrastructure, and intangibles.

Town of Windermere Capital Assets (Net of Depreciation)

	Governmental Activities 2023	Governmental Activities 2022
Land	$ 510,317	$ 510,317
Buildings	6,269,987	5,987,610
Improvements other than buildings	502,696	516,972
Equipment and machinery	468,669	453,598
Infrastructure	5,052,690	5,587,033
Intangibles	164,114	68,091
Construction in progress	1,573,013	1,799,072
Total	$ 14,541,486	$ 14,922,693

Additional information on the Town's capital assets can be found in Note 6 of this report.

Long-Term Debt

At the end of the current fiscal year, the Town had total debt outstanding of $4,927,040. This debt includes notes payable related to equipment and construction of the new town administrative facility and subscription liabilities. Additional information on long-term debt can be found in Note 10 of this report.

	Governmental Activities 2023	Governmental Activities 2022
Revenue notes payable	$ 4,639,000	$ 5,488,500
Promissory notes payable	168,982	308,622
Subscription liabilities	119,058	-
	$ 4,927,040	$ 5,797,122

Next Year's Budget and Rates

During the current fiscal year, the unassigned fund balance in the General fund increased to $1,308,136. Assigned fund balance of $88,041 was appropriated for spending in the 2024 budget.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, Town of Windermere, 614 Main Street, Windermere, FL 34786.

Basic Financial Statements

Town of Windermere, Florida
Statement of Net Position
September 30, 2023

	Governmental Activities
Assets:	
Cash	$ 3,496,623
Receivables	108,529
Prepaids	35,338
Capital assets not being depreciated	2,083,330
Capital assets being depreciated, net	12,458,156
Total assets	18,181,976
Liabilities:	
Accounts payable	131,357
Accrued liabilities	111,331
Accrued interest payable	50,825
Unearned revenues	1,491,866
Customer deposits	162,465
Noncurrent Liabilities:	
Due within one year	545,131
Due in more than one year	4,503,058
Total liabilities	6,996,033
Net Position:	
Net investment in capital assets	9,614,446
Restricted for:	
Building permits	40,307
Unrestricted	1,531,190
Total net position	$ 11,185,943

Town of Windermere, Florida
Statement of Activities
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government					
Governmental Activities:					
General government	$ 2,256,397	$ 593,022	$ 51,225	$ -	$ (1,612,150)
Public safety	2,452,709	908,216	-	10,000	(1,534,493)
Physical environment	2,522,763	748,021	581,030	-	(1,193,712)
Culture and recreation	178,147	34,365	-	-	(143,782)
Interest on long-term debt	114,292	-	-	-	(114,292)
Total governmental activities	$ 7,524,308	$ 2,283,624	$ 632,255	$ 10,000	(4,598,429)
		General Revenues:			
		Property taxes			3,167,818
		Franchise and utility taxes			1,245,680
		Intergovernmental			767,274
		Investment income and miscellaneous			249,213
		Total general revenues			5,429,985
		Change in net position			831,556
		Net position, beginning			10,354,387
		Net position, ending			$ 11,185,943

Town of Windermere, Florida
Balance Sheet
Governmental Funds
September 30, 2023

	General	Stormwater Special Revenue	Total Governmental Funds
Assets			
Cash	$ 3,445,846	$ 50,777	$ 3,496,623
Receivables	108,529	-	108,529
Due from other funds	229,853	-	229,853
Prepaids	35,338	-	35,338
Total assets	$ 3,819,566	$ 50,777	$ 3,870,343
Liabilities			
Accounts payable	127,858	3,499	131,357
Accrued liabilities	109,653	1,678	111,331
Due to other funds	-	229,853	229,853
Customer deposits	162,465	-	162,465
Unearned revenue	1,491,866	-	1,491,866
Total liabilities	1,891,842	235,030	2,126,872
Fund Balances			
Nonspendable	35,338	-	35,338
Restricted	40,307		40,307
Assigned	543,943	-	543,943
Unassigned	1,308,136	(184,253)	1,123,883
Total fund balances	1,927,724	(184,253)	1,743,471
Total liabilities and fund balances	$ 3,819,566	$ 50,777	
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			14,541,486
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.			
Accrued interest payable			(50,825)
Notes payable			(4,807,982)
Subscription arrangements			(119,058)
Compensated absences			(121,149)
Net position of governmental activities			$ 11,185,943

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Windermere, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2023

	General	Stormwater Special Revenue	Total Governmental Funds
Revenues:			
Taxes:			
Property	$ 3,167,818	$ -	$ 3,167,818
Franchise and utility	1,245,680	-	1,245,680
Licenses and permits	360,595	-	360,595
Intergovernmental revenues	1,409,529	-	1,409,529
Charges for services	1,556,160	346,780	1,902,940
Fines and forfeitures	20,089	-	20,089
Investment income	43,449	2,090	45,539
Miscellaneous	203,674	-	203,674
Total revenues	8,006,994	348,870	8,355,864
Expenditures:			
Current:			
General government	2,109,930	-	2,109,930
Public safety	2,540,046	-	2,540,046
Physical environment	1,854,100	363,913	2,218,013
Culture and recreation	129,350	-	129,350
Debt Service:			
Principal	508,196	11,300	519,496
Interest and other charges	116,330	1,860	118,190
Total expenditures	7,257,952	377,073	7,635,025
Excess (Deficit) of revenues over expenditures	749,042	(28,203)	720,839
Other Financing Sources (Uses):			
Subscription agreements	144,254	-	144,254
Transfers in	-	37,642	37,642
Transfers out	(37,642)	-	(37,642)
Total other financing sources (uses)	106,612	37,642	144,254
Net change in fund balances	855,654	9,439	865,093
Fund balance, beginning of year	1,072,070	(193,692)	878,378
Fund balance, end of year	$ 1,927,724	$ (184,253)	$ 1,743,471

The accompanying Notes to Financial Statements are an integral part of this statement.

Town of Windermere, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended September 30, 2023

Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds:		$ 865,093
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	$ 597,940	
Current year depreciation	(979,147)	(381,207)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Debt repayments		519,496
Subscription liabilities		(144,254)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid.		3,898
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(31,470)
Change in Net Position of Governmental Activities		$ 831,556

Town of Windermere, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	$ 3,115,509	$ 3,115,509	$ 3,167,818	$ 52,309
Franchise and utility	1,142,250	1,142,250	1,245,680	103,430
Licenses and permits	309,500	309,500	360,595	51,095
Intergovernmental revenues	3,079,510	3,079,510	1,409,529	(1,669,981)
Charges for services	1,608,750	1,608,750	1,556,160	(52,590)
Fines and forfeitures	25,000	25,000	20,089	(4,911)
Investment income	10,002	10,002	43,449	33,447
Miscellaneous	100,000	100,000	203,674	103,674
Total revenues	9,390,521	9,390,521	8,006,994	(1,383,527)
Expenditures:				
Current:				
General government:				
Finance & administrative	1,346,327	1,506,598	1,441,579	65,019
Other	552,615	699,619	668,351	31,268
Total general government	1,898,942	2,206,217	2,109,930	96,287
Public safety	2,924,418	3,089,288	3,020,318	68,970
Physical environment:				
Streets & buildings	4,761,457	4,251,670	1,519,887	2,731,783
Solid waste	342,393	342,393	340,197	2,196
Total physical environment	5,103,850	4,594,063	1,860,084	2,733,979
Culture and recreation	126,000	126,000	123,366	2,634
Total expenditures	10,053,210	10,015,568	7,113,698	2,901,870
Excess of revenues over expenditures	(662,689)	(625,047)	893,296	1,518,343
Other Financing Sources (uses):				
Transfers out	-	(37,642)	(37,642)	-
Total other financing sources (uses)	-	(37,642)	(37,642)	-
Net change in fund balances	(662,689)	(662,689)	855,654	1,518,343
Fund balance, beginning	1,072,070	1,072,070	1,072,070	-
Fund balance, ending	$ 409,381	$ 409,381	$ 1,927,724	$ 1,518,343

Town of Windermere, Florida
Stormwater Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 358,002	$ 349,353	$ 346,780	$ (2,573)
Investment income	-	-	2,090	2,090
Total revenues	358,002	349,353	348,870	(483)
Expenditures:				
Current:				
Physical environment	358,002	386,995	377,073	9,922
Total expenditures	358,002	386,995	377,073	9,922
Excess (deficit) of revenues over expenditures	-	(37,642)	(28,203)	9,439
Other financing sources (uses):				
Transfers in	-	37,642	37,642	-
Total other financing sources	-	37,642	37,642	-
Net change in fund balances	-	-	9,439	9,439
Fund balance, beginning of year	(193,692)	(193,692)	(193,692)	-
Fund balance, end of year	$ (193,692)	$ (193,692)	$ (184,253)	$ 9,439

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town was created by the laws of Florida 59-1614. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, streets and roads, sanitation, culture and recreation, and general administrative services. The accompanying financial statements include all those separately administered departments and funds for which the Town has financial accountability. There are no potential component units or related organizations of the Town.

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 Town. Since the Town has no business-type activities, only governmental activities are reported on the government-wide financial 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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The Town has no fiduciary funds, which would be excluded from the government-wide financial statements.

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 recognized as revenues 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

Stormwater Special Revenue Fund accounts for stormwater management operations and related capital improvements.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, as well as fines. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity

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 of the Town are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The Town's investments consist of investments authorized per the Town's investment policies adopted in accordance with Section 218.415, Florida Statutes.

Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based on past collection experience and current economic conditions.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities' column in the government-wide financial statements. Infrastructure assets acquired prior to October 1, 2003 have not been recorded since Governmental Accounting Standards Board (GASB) No. 34 does not require a Town the size of Windermere to retroactively record infrastructure. Capital assets are defined by the Town as assets with an initial, individual cost of more than $750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

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

Depreciation on all capital assets is calculated using the straight-line method over the following useful lives:

Assets	Years
Buildings	50 years
Improvements	10 - 30 years
Infrastructure	20 years
Equipment & machinery	5 - 15 years
Intangible assets	5 years

Contributions

Contributions in the form of cash and capital assets to the governmental activities of the Town are recognized on the Statement of Activities as revenues in the period they are received. Contributions of capital assets are recognized at the acquisition value at the date of donation. All contributions are reported on the Statement of Activities as program revenues, with operating contributions reported separately from capital contributions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets
Assets are reported as restricted in the government-wide statement of net position when constraints are placed on net position use. The constraints are either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law or through constitutional provisions or enabling legislation.

Compensated Absences
Town employees may accumulate vacation and sick leave with certain limitations as to the number of hours of accumulation. Employees are paid 100% of their accumulated vacation when they terminate for any reason. Additionally, employees with more than 10 years of service are paid 50% of their sick time upon termination. Since the Town's policy is to pay both vacation and sick pay when employees separate from service, all vacation and 50% of sick pay for eligible employees is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the General fund.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any item that qualifies for reporting in this category for the year ended September 30, 2023.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town does not have any item that qualifies for reporting in this category for the year ended September 30, 2023.

Net Position Flow Assumptions
Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions
Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the town's highest level of decision-making authority. The Council is the highest level of decision-making authority for the town that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts in the assigned fund balance classification are intended to be used by the town for specific purposes but do not meet the criteria to be classified as committed. The council has maintained authority to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Use of Estimates
The preparation of financial statements, in accordance with GAAP, 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 amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards
In fiscal year 2023, the Town implemented Government Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Arrangements*. There were no changes to beginning fund balance as a result of implementation.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position
The governmental fund balance sheet includes reconciliation between fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities
The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information
The Town follows these procedures set forth below in establishing the budgetary data reflected in the financial statements:

1. At least 90 days prior to the beginning of each budget year, the Town Manager shall submit to the Town Council a budget.
2. Public hearings are conducted to obtain taxpayer comments.
3. The Budget shall be finally adopted no later than the last day of the last month of the fiscal year.
4. Formal budgetary accounting is employed as a management control for the General Fund and Stormwater Fund. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution and amended as required for the General Fund and Stormwater Fund. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.
5. The Town Manager may transfer part or all of any unencumbered appropriation balance among programs within a department and upon written request by the Town Manager, the Town Council may by resolution transfer part or all of any unencumbered appropriation balance from one department to another.
6. All unexpended budget appropriations lapse at the end of each fiscal year.
7. The Town does not utilize an encumbrance system of accounting.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The General Fund budget is prepared on a budgetary basis, whereby the Town includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures. Also, the Town does not budget for capital outlay expenditures and other financing sources related to the acquisition of assets through capital leases or other debt.

In fiscal year 2023, the following adjustments were necessary to convert General Fund expenditures on a GAAP basis to the budgetary basis:

	Expenditures	Other Financing Sources (Uses)
GAAP basis	$ 7,257,952	$ 106,612
Nonbudgeted subscription agreements	(144,254)	(144,254)
Budgetary basis	$ 7,113,698	$ (37,642)

Appropriations in Excess of Estimated Revenues and Funds Available
For the year ended September 30, 2023, appropriations in the Stormwater Special Revenue Fund were in excess of anticipated revenue and prior years' fund balance due to a beginning fund balance deficit.

NOTE 4 CASH AND INVESTMENTS

Deposits
At year-end, the carrying amount of the Town's deposits was $3,496,623 and the bank balance was $3,693,641. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law.

Investments
The Town's investment policies are governed by State Statutes and Town ordinances. Town ordinance allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1. The State Board of Administration Local Government Investment Pool (LGIP);
2. Repurchase Agreements collateralized by U.S. Government Securities;
3. Interest bearing savings accounts, money market accounts and certificates of deposits at banks certified as a Qualified Public Depository by the State of Florida;
4. The Florida Municipal Investment Trust, administered by the Florida League of Cities, Inc.;
5. Direct obligations of the U.S. Government and its agencies;
6. Fixed interest mutual funds.

The Town follows GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment* Pools, which requires the adjustments of the carrying values of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available market values. Per GASB No. 72, *Fair Value Measurement and Application*, The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. As of September 30, 2023, the town has no investments as defined by GASB 72.

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

The Town's investment policy limits credit risk by restricting authorized investments to those described above. These policies also control concentration of credit risk by setting limits on the maximum percentage that certain investments may comprise in the portfolio. Since the Town has no investments at September 30, 2023, it has no exposure to credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The Town's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2023, all the Town's bank deposits were in qualified public depositories.

NOTE 5 PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by March 31. Orange County Government, Florida (the County) bills and collects property taxes. Collections of the property taxes by the County and remittance of them to the Town are accounted for in the General fund. Town property tax revenues are recognized when levied to the extent that they result in current receivables.

The Town is permitted by the Municipal Finance Law of the State to levy taxes up to $10 per $1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended September 30, 2023 was $3.7425 per $1,000 which means the Town has a tax margin of $6.2575 per $1,000 and could raise up to $5,407,670 (before discount) additional per year from the present assessed valuation of $864,190,216 before the limit is reached.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

Primary Government	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 510,317	$ -	$ -	$ 510,317
Construction in progress	1,799,072	296,834	(522,893)	1,573,013
Total capital assets not being depreciated	2,309,389	296,834	(522,893)	2,083,330
Capital assets, being depreciated:				
Buildings	6,979,575	415,955		7,395,530
Improvements	1,313,433	62,329	-	1,375,762
Equipment & machinery	1,751,149	136,422	(82,821)	1,804,750
Infrastructure	11,775,996	65,039	-	11,841,035
Intangibles	150,474	-	-	150,474
Intangibles - software	-	144,254	-	144,254
Total capital assets being depreciated	21,970,627	823,999	(82,821)	22,711,805
Less accumulated depreciation for:				
Buildings	(991,965)	(133,578)	-	(1,125,543)
Improvements	(796,461)	(76,605)	-	(873,066)
Equipment & machinery	(1,297,551)	(121,351)	82,821	(1,336,081)
Infrastructure	(6,188,963)	(599,382)	-	(6,788,345)
Intangibles	(82,383)	(24,189)	-	(106,572)
Intangibles - software	-	(24,042)	-	(24,042)
Total accumulated depreciation	(9,357,323)	(979,147)	82,821	(10,253,649)
Total capital assets being depreciated, net	12,613,304	(155,148)	-	12,458,156
Governmental activities capital assets, net	$ 14,922,693	$ 141,686	$ (522,893)	$ 14,541,486

Depreciation Allocation:	
General government	$ 174,863
Public safety	111,503
Physical environment	643,984
Culture and recreation	48,797
	$ 979,147

NOTE 7 INTERFUND RECEIVABLES AND PAYABLES

At September 30, 2023, the Stormwater Special Revenue Fund owed the General Fund $229,853 mainly due to the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

NOTE 8 RETIREMENT PLAN

The Town adopted the Town of Windermere Employee Retirement Plan effective October 1, 2001. The plan is a money purchase defined contribution plan which was established and can be amended by the Town Council. The plan covers all full time employees. The Town is required to contribute 19% of eligible employee compensation for sworn police officers, and 10% for remaining employees each year. Employees may not make contributions to the plan. At September 30, 2023, there were 24 active participants. Total contributions made by the Town during the year ended September 30, 2023 amounted to $228,114.

The Town adopted the Town of Windermere Deferred Compensation Plan effective March 20, 2002. The plan is a deferred compensation defined contribution plan which was established and can be amended by the Town Council. The plan covers all full time employees who may elect to make contributions. The Town does not match employee contributions or otherwise contribute to the plan. At September 30, 2023, the plan had 16 active participants.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

Pursuant to Resolution 2010-15, the Town has elected not to make continuation of group health insurance through the Town's current provider available to retirees and eligible dependents.

NOTE 10 LONG-TERM DEBT

A summary of long-term debt activity for the year ended September 30, 2023 follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Promissory notes payable- Private Placement	$ 228,282	$ -	$ (59,300)	$ 168,982	$ 61,138
Revenue notes payable- Private Placement	5,074,000	-	(435,000)	4,639,000	449,000
Subscription liabilities	-	144,254	(25,196)	119,058	22,878
Compensated absences	89,679	117,863	(86,393)	121,149	12,115
	$ 5,391,961	$ 262,117	$ (605,889)	$ 5,048,189	$ 545,131

NOTE 10 LONG-TERM DEBT (CONTINUED)

Notes Payable
Notes payable outstanding at September 30, 2023, are as follows:

	Sale Date	Original Borrowing	Outstanding 9/30/2023	Final Maturity	Interest Rates to Maturity
Note Payable:					
Communication services tax refunding Note, Series 2014	11/14/2014	$ 1,856,500	$ 224,000	10/1/2024	3.54%
CIRN Note, Series 2019	12/20/2019	5,200,000	4,415,000	10/1/2039	2.13%
Promissory Notes:					
Promissory Note 802856-6	3/2/2017	74,940	32,733	3/2/2027	3.05%
Promissory Note 802856-7	12/13/2016	148,493	64,838	12/13/2026	3.05%
Promissory Note 802856-13	11/1/2018	82,000	17,540	11/1/2023	3.62%
Promissory Note 802856-14	11/25/2019	39,634	16,711	11/25/2024	3.65%
Promissory Note 802856-16	12/10/2020	35,495	21,806	12/10/2025	2.40%
Promissory Note 802856-17	4/23/2021	25,000	15,354	4/23/2026	2.40%

The Town has pledged future communication services tax revenues to repay the Communication Services Tax Refunding Revenue Note, Series 2014. Proceeds from the original note, issued in 2004, provided financing for various Town capital projects. The note is payable solely from the communication services tax revenues. To the extent that communication services tax revenues are insufficient to pay principal and interest on the note, the Town will, in each year while the note is outstanding, budget and appropriate sufficient non-ad valorem revenues to make payments of the principal of and interest on the note as it becomes due. Total communication services tax revenues pledged for the year was $433,974. In the event of default, all principal and interest of the Note will become immediately due and payable.

The promissory notes payable were issued to fund the purchase of various capital equipment. Each of the notes are secured by the underlying equipment and are not general obligations of the Town. In the event of default, the Lender may declare the entire amount immediately due and payable without notice to the Town. The Lender may also exercise the right to take possession of the collateral with or without a court order.

NOTE 10 LONG-TERM DEBT (CONTINUED)

Debt service requirements of notes payable are as follows:

	Maximum Annual Debt Service	Fiscal Year Principal & Interest Paid	Principal and Interest Remaining	Payment Schedule
Note Payable:				
Communication services tax refunding Note, Series 2014	$ 229,597	$ 218,360	$ 229,597	Bi-annual
CIRN Note, Series 2019	327,714	327,714	5,259,069	Annual
Promissory Notes:				
Promissory Note 802856-6	8,828	8,828	35,309	Annual
Promissory Note 802856-7	17,492	17,492	69,938	Annual
Promissory Note 802856-9	6,976	6,976	-	Annual
Promissory Note 802856-10	4,499	4,499	-	Annual
Promissory Note 802856-11	4,499	4,499	-	Annual
Promissory Note 802856-12	7,609	7,609	-	Annual
Promissory Note 802856-13	18,224	18,224	18,175	Annual
Promissory Note 802856-14	8,817	8,817	17,633	Annual
Promissory Note 802856-16	7,626	7,626	22,877	Annual
Promissory Note 802856-17	5,366	5,366	16,098	Annual

Annual debt service requirements to maturity are as follows:

	Governmental Activities	
Year Ending September 30,	Principal	Interest
2024	$ 510,138	$ 103,629
2025	279,910	91,240
2026	267,448	84,880
2027	270,486	78,868
2028	245,000	72,846
2029 - 2033	1,310,000	282,813
2034 - 2038	1,455,000	136,426
2039 - 2040	470,000	10,012
	$ 4,807,982	$ 860,714

NOTE 10 LONG-TERM DEBT (CONTINUED)

Subscription Based Information Technology Arrangements
During the year, the Town entered into a six year subscription contract for police software. Total subscription assets under the arrangements are $144,254, and total accumulated amortization was $24,042.

Annual debt service requirements to maturity are as follows:

	Subscription liability	
Year Ending September 30,	**Principal**	**Interest**
2024	$ 22,878	$ 2,381
2025	23,336	1,924
2026	23,802	1,457
2027	24,278	981
2028	24,764	495
	$ 119,058	$ 7,238

NOTE 11 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; job-related illnesses or injuries to employees; and natural disasters. Risk of loss from the above is transferred by the Town to various commercial insurers through the purchase of insurance.

There has been no significant reduction in insurance coverage from the previous year. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

NOTE 12 LITIGATION CONTINGENCIES, AND COMMITMENTS

Litigation
During the ordinary course of its operations, the Town is a party to various claims, legal actions, and complaints. In addition, although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's management and legal counsel, these matters are not anticipated to have a material financial impact on the Town.

NOTE 13 FUND BALANCES

At September 30, 2023, the Town's governmental fund balances were classified as follows:

Fund Balances:	General	Stormwater Special Revenue	Total
Nonspendable:			
Prepaid expenses	$ 35,338	$ -	$ 35,338
Spendable:			
Restricted	40,307	-	40,307
Assigned to:			
Parks & recreation	115,331	-	115,331
Capital improvements	100,000	-	100,000
Other	240,571	-	240,571
Subsequent years expenditures	88,041	-	88,041
Unassigned:			
Unassigned	1,308,136	(184,253)	1,123,883
Total Fund Balances	$ 1,927,724	$ (184,253)	$ 1,743,471

Other Reports

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

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*

Honorable Mayor and Town Council
Town of Windermere, *Florida*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, of the *Town of Windermere* as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the *Town of Windermere*'s basic financial statements, and have issued our report thereon dated February 19, 2024.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the *Town of Windermere*'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 of Windermere*'s internal control. Accordingly, we do not express an opinion on the effectiveness of the *Town of Windermere*'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Appendix A that we consider to be significant deficiencies.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the *Town of Windermere*'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 of Windermere's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the *Town of Windermere*'s response to the findings identified in our audit. The *Town of Windermere*'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 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.

McDirmit Davis

Orlando, Florida
February 19, 2024

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Town Council
Town of Windermere, *Florida*

We have examined Town of Windermere's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, Town of Windermere complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023, except for the noncompliance disclosed in management letter comment ML23-2 on page 30.

McDirmit Davis

Orlando, Florida
February 19, 2024

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

MANAGEMENT LETTER

Honorable Mayor and Town Council
Town of Windermere, Florida

Report on the Financial Statements
We have audited the financial statements of the Town of Windermere, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 19, 2024.

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 Florida 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 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 February 19, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i.)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Management has decided to acknowledge and accept the finding which was repeated in the prior two annual financial reports:

Tabulation of Uncorrected Audit Findings		
FY 2023 Finding #	**FY 2022 Finding #**	**FY 2021 Finding #**
ML 23-01	ML 22-01	ML 21-01

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

Financial Condition and Management
Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Windermere 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 of Windermere, Florida 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 of Windermere. It is management's responsibility to monitor the Town of Windermere, Florida'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 have one such recommendation.

ML 23-3 Purchasing Policy
During our audit, we noted that quotes were not obtained for certain purchases when required by policy. We recommend reviewing the purchasing policy, and updating purchasing thresholds where quotes are required. We also recommend that all purchasing documentation is reviewed to ensure quotes are obtained prior to purchase when required by policy.

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 note one finding of noncompliance.

ML 23-2 Investment Policy
During our audit, we noted that due to staff turnover in the finance department, the required continuing education courses were not taken by the designated individual as required by the Town's investment policy and Florida Statutes. We recommend the Town implement procedures to ensure the proper continuing education courses are taken and documented each year as required by Florida Statutes.

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

McDirmit Davis

Orlando, Florida
February 19, 2024

23-01 - INTERNAL CONTROLS OVER THE PREPARATION OF FINANCIAL STATEMENTS

Criteria
AUC 265, *Communicating Internal Control Related Matters Identified in an Audit*, requires auditors to evaluate whether or not the Town has the necessary expertise to draft the financial statements, including footnote disclosures, without the assistance of auditors.

Condition
During the course of our audit, we determined that the Town does not have the necessary expertise to draft the financial statements without our assistance.

Cause
Due to the small size of the Town, none of the staff is qualified to prepare the financial statements.

Effect
Errors in financial reporting could go undetected by management.

Recommendation
We recommend continued training of existing staff to improve financial reporting.

THE TOWN OF
Windermere

MAYOR
JIM O'BRIEN

TOWN MANAGER
ROBERT SMITH

CLERK
DOROTHY BURKHALTER

614 MAIN STREET, WINDERMERE, FL 34786
407-876-2563

February 15, 2024

RE: Comments and Recommendations from Auditor FY22-23
Mayor and Council,

For FY 22-23, the auditors had one finding relative to internal controls. The Following is my response to that finding:

22-01 INTERNAL CONTROLS OVER THE PREPARATION OF FINANCIAL STATEMENTS:

Finding: AUC 265 *Communicating Internal Control Related Matters Identified in an Audit*, requires auditors to evaluate whether or not the Town has the necessary expertise to draft financial statements, including footnote disclosures, without the assistance of auditors.

Recommendation: "We recommend continued training of existing staff to improve financial reporting."

Response: Management acknowledges and accepts this deficiency due to the size and limited resources of the Town. We will continue to develop and train staff in improving financial reporting capabilities.

Regards,

Robert Smith
Town Manager

Mayor
JIM O'BRIEN

THE TOWN OF
Windermere

Town Manager
ROBERT SMITH

Clerk
DOROTHY BURKHALTER

614 Main Street, Windermere, FL 34786
Office: (407) 876-2563 Fax: (407) 876-0103

August 10, 2024

RE: Comments and Recommendations from Auditor FY22-23.

For FY 22-23, The auditors had two findings relative to Financial Management.

Reference: Section 218.39(7), Florida Statutes; Sections 10.557(3)(i) and 10.558(2), Rules of Auditor General.

Finding#1: **ML 23-3 Purchasing Policy-** During the audit, it was noted that quotes were not obtained for certain purchases when required by policy.

Recommendation: We recommend reviewing the purchasing policy, and updating purchasing thresholds where quotes are required. We also recommend that all purchasing documentation is reviewed to ensure quotes are obtained prior to purchase when required by policy.

Response: The Town has revised its purchasing policy and implemented new guidelines following the recommendations of the Auditor.

Finding #2: **ML 23-2 Investment Policy** - During our audit, we noted that due to staff turnover in the finance department, the required continuing education courses were not taken by the designated individual as required by the Town's investment policy and Florida Statutes.

Recommendation: We recommend the Town implement procedures to ensure the proper continuing education courses are taken and documented each year as required by Florida Statutes.

Response: Finance staff has completed and documented the Continuing Education courses as required by Florida Statutes.

Regards,

Robert Smith

Town Manager