FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

TOWN OF DUNDEE, FLORIDA

September 30, 2025

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FINANCIAL SECTION

RIVERO, GORDIMER & COMPANY, P.A.

CPAS AND ADVISORS

Member
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Herman V. Lazzara
Sam A. Lazzara
Kevin R. Bass
Jonathan E. Stein
Stephen G. Douglas
Brooke B. Dawson
Marc D. Sasser, of Counsel
Cesar J. Rivero, in Memoriam (1942-2017)
Michael E. Helton
James K. O'Connor
David M. Bohnsack
Julie A. Davis
Karl N. Swan
Dennis A. Paleveda

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Commission
Town of Dundee, Florida

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dundee, Florida'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 Dundee, Florida's ability to continue as a going concern for a reasonable period of time.

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

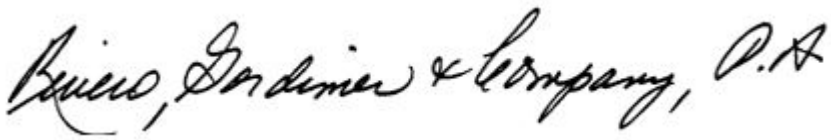
Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Town'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 Town's internal control over financial reporting and compliance.

Tampa, Florida
October 20, 2026



Town of Dundee, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2025

As management of the Town of Dundee, 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, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 17.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $34,082,857 (net position). Of this amount, $1,266,704 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors which compares to $2,449,428 at the end of the prior year as previously reported, a decrease of $1,182,724.

- The government's total net position increased by $4,938,715 because of current year operations or a 17% increase compared to the prior years due to increased development services and capital grants.

- As of the close of the current fiscal year, the Town's governmental funds reported ending fund balance of $11,073,349 (compared to $7,878,918 at the prior year end as previously reported). Of this total amount, $3,142,458 is available for spending at the government's discretion (unassigned fund balance) compared to $2,932,433 at the end of the prior year, a $210,025 increase or 7%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town'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. This report also contains required and 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 like a private-sector business.

The Statement of Net Position presents information on all the Town's assets, liabilities, and deferred inflows and outflows of resources with the residual measure 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.

Government-Wide Financial Statements - Continued

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

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, building/zoning and code enforcement, law enforcement, fire control, streets, library, parks, the historic depot and recreation. The business-type activities of the Town include water, sewer, stormwater, and sanitation.

The government-wide financial statements can be found by referencing the table of contents of this report.

Fund Financial Statements

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

Governmental Funds - Governmental fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance, which is further categorized as to whether it is nonspendable, restricted, committed, assigned or unassigned. Unassigned fund balance generally indicates the amount that can be used to finance the next fiscal year's activities. The statement of revenues, expenditures and changes in fund balances for governmental funds reports only those revenues and expenditures that were collected or paid during the current period or very shortly after the end of the year.

Fund Financial Statements - Continued

For the most part, the balances and activities accounted for in the governmental funds are also reported in the governmental activities' columns of the government-wide financial statements. However, because of the difference in accounting basis and measurement focus used to prepare fund financial statements and government-wide financial statements, there are often significant differences between the totals presented.

For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of net position presented in the governmental activities' column on the statement of net position. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities' column in the statement of activities.

The Town has three governmental funds which are the general fund, impact fee special revenue fund and the fire service special revenue fund which can be found by referencing the table of contents of this report.

Proprietary Funds - Proprietary fund financial statements consist of a statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows. These statements are prepared on an accounting basis and measurement focus that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into enterprise funds and internal service funds.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses a single enterprise fund for its water, sewer, stormwater and sanitation departments. Internal service funds are an accounting device used to accumulate and allocate costs internally among the government's various functions. The Town does not use internal service funds.

The proprietary fund financial statements can be found by referencing the table of contents of this report.

Fiduciary Funds - Assets held by the Town for other parties, either as a trustee or as an agent, and that cannot be used to finance the Town's own operating programs are reported as fiduciary funds. The Town reports one fiduciary fund, a custodial fund to account for impact fees collected on behalf of Polk County, Florida (the "County"). These funds are collected on behalf of the County as new construction takes place within the Town and remitted to the County monthly.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found by referencing the table of contents of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information consisting of the budgetary comparison statements of the major governmental funds which can be found by referencing the table of contents of this report.

Government-wide Financial Analysis

The following is a summary of the information presented in the statement of net position which can be located by referencing the table of contents of this report.

Statement of Net Position (Summary)
as of September 30, 2025

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 13,321,967	$ 10,494,059	$ 917,644	$ 963,427	$ 14,239,611	$ 11,457,486
Capital assets	12,843,761	10,074,070	17,032,038	17,138,785	29,875,799	27,212,855
Total assets	26,165,728	20,568,129	17,949,682	18,102,212	44,115,410	38,670,341
Current and other liabilities	2,252,999	2,607,889	2,176,194	888,418	4,429,193	3,496,307
Long-term liabilities	800,415	1,027,223	4,802,945	4,998,147	5,603,360	6,025,370
Total liabilities	3,053,414	3,635,112	6,979,139	5,886,565	10,032,553	9,521,677
Deferred inflows	-	4,522	-	-	-	4,522
Net position:						
Net investment in capital assets	12,114,290	9,080,549	12,522,248	12,418,956	24,636,538	21,499,505
Restricted	7,905,891	4,921,485	273,724	273,724	8,179,615	5,195,209
Unrestricted	3,092,133	2,926,461	(1,825,429)	(477,033)	1,266,704	2,449,428
Total net position	$ 23,112,314	$ 16,928,495	$ 10,970,543	$ 12,215,647	$ 34,082,857	$ 29,144,142

Seventy-two (72%) of the Town's net position reflects its net investment in capital assets (e.g., land, buildings, sewer and water system, machinery, 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. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis - Continued

Twenty-four (24%) of the Town's net position represents resources that are subject to external restrictions on how they may be used and are reported as restricted net position. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

The following is a summary of the information presented in the Statement of Activities which can be located by referencing the table of contents of this report.

Statement of Activities (Summary)
For the year ended September 30,2025

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	$ 1,772,745	$ 960,523	$ 3,541,777	$ 3,434,602	$ 5,314,522	$ 4,395,125
Operating grants and contributions	28,016	104,959	-	-	28,016	104,959
Capital grants and contributions	5,249,837	1,215,935	636,408	1,073,999	5,886,245	2,289,934
General revenues:						
Property taxes	2,908,583	2,708,170	-	-	2,908,583	2,708,170
Other taxes	1,735,201	1,459,376	-	-	1,735,201	1,459,376
State shared revenue	614,986	683,661	-	-	614,986	683,661
Other	51,898	70,147	322,242	29,757	374,140	99,904
Total revenues	12,361,266	7,202,771	4,500,427	4,538,358	16,861,693	11,741,129
Expenses:						
Governmental Activities:						
General government	1,285,347	1,331,570	-	-	1,285,347	1,331,570
Library	228,979	209,753	-	-	228,979	209,753
Law enforcement	1,045,300	1,019,529	-	-	1,045,300	1,019,529
Fire control	1,043,971	762,766	-	-	1,043,971	762,766
Development services	797,077	725,703	-	-	797,077	725,703
Transportation & public facilities	1,031,171	933,131	-	-	1,031,171	933,131
Parks and recreation	455,567	413,334	-	-	455,567	413,334
Historic train depot	64,150	49,647	-	-	64,150	49,647
Code enforcement	198,788	152,178	-	-	198,788	152,178
Interest on long-term debt	27,097	42,130	-	-	27,097	42,130
Business-type Activities:						
Water	-	-	2,586,274	1,808,524	2,586,274	1,808,524
Sewer	-	-	1,599,663	1,064,299	1,599,663	1,064,299
Stormwater	-	-	286,149	316,697	286,149	316,697
Sanitation	-	-	1,273,445	1,117,552	1,273,445	1,117,552
Total expenses	6,177,447	5,639,741	5,745,531	4,307,072	11,922,978	9,946,813
Increase (decrease) in net						
Change in net position	6,183,819	1,563,030	(1,245,104)	231,286	4,938,715	1,794,316
Net position - Beg.	16,928,495	15,365,465	12,215,647	11,938,839	29,144,142	27,304,304
Restatement	-	-	-	45,522	-	45,522
Net position - End	$ 23,112,314	$ 16,928,495	$ 10,970,543	$ 12,215,647	$ 34,082,857	$ 29,144,142

Government-wide Financial Analysis - Continued

Governmental activities:

Governmental activities' change in net position for 2025 was an increase of $6,183,819 as compared to an increase of $1,563,030 for the prior year.

- Total revenue increased by $5,158,495 (72%) mainly due to the following:
    - Capital contributions increased by $4,033,902 (332%) mainly due to donated roadways recognized in 2025
    - Charges for services revenue increased by $812,222 or 85% mainly due to increased permitting during the year from new development.
- Total expenses increased by $537,706 (10%) mainly due to the following:
    - Fire control activities increased $281,205 (37%) due to increased personnel as a result of growth in the Town.
    - The remaining increase of approximately $256,501 is due to general increases/decreases in a large variety of diverse expense categories within the governmental activities.

Business-type activities:

Business-type activities' change in net position for 2025 was a decrease of $1,245,104 before transfers, as compared to an increase of $231,286 for the prior year as previously reported.

Total revenues for the business-type activities stayed relatively consistent during 2025 as compared to 2024.

- Charges for services increase $107,175 (3%) as a result of the growth of the population being served.
- Capital grants and contributions decreased by $437,591 as these are projects and donated infrastructure that are one-time in nature.

Total expenses for the business-type activities increased by $1,438,459 (33%) due to the following:

- Water operating expenses increased by $777,750 (43%) due to professional and engineering costs for future infrastructure planning as well as an increase in costs associated with the Polk Regional Water Cooperative for water interconnection.
- Wastewater operating expenses increased by $535,364 (50%) due to significant repairs and maintenance costs.

Government-wide Financial Analysis - Continued

- Sanitation operating costs increased by $155,893 (14%) due to an increase in need for contract labor as well as increased fuel costs.

Financial Analysis of the Government's Funds

Governmental Funds: The focus of the Town's governmental funds statements 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. Unassigned and assigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported ending fund balance of $11,073,349, an increase of $3,194,431 in comparison with the reported balance in the prior year. Of this total, $3,142,458 constitutes unassigned fund balance, which is available for spending at the government's discretion which was $2,932,433 in the prior year. The remainder of fund balance is nonspendable or restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

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

- Total governmental funds revenues increased by $3,252,438 or 48% due to increased tax revenue of $344,061, licenses and permits of $2,646,090, and increased intergovernmental revenue of $256,014.

- Total governmental funds expenditures increased by $590,580 or 9% due to increases in expenses described in the government activities section above.

Proprietary funds: The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The major changes between 2024 and 2025 are discussed above under the "business-type activities" heading.

General Fund Budgetary Highlights

Actual resources (revenues and other financing sources) were more than budgeted resources by $1,273,941 and actual charges to appropriations (expenditures) were $592,842 more than budgeted resulting in an overall favorable budget variance of $681,099. These budgetary variances were due to differences between original estimates and actual results. These differences were caused by many budgetary variances within a large pool of diverse revenue and expenditure categories. The changes between original and final budget were due to the Town Commission approved budget amendments that increased budgeted resources by $340,953 and decreased budgeted outflows by $31,171 in an attempt to align the budget with the anticipated final actual amounts to be received and expended.

Capital Assets

Capital assets: The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $29,875,799 (net of accumulated depreciation) which is an increase of $2,662,944 or 10%. This increase is the result of current year additions in excess of current year disposals and depreciation expense.

Information on the Town's capital assets net of accumulated depreciation is summarized in the following table:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	$ 1,288,354	$ 1,288,354	$ 806,276	$ 806,276	$ 2,094,630	$ 2,094,630
Buildings and improvements	2,887,547	2,926,314	14,019,129	14,630,750	16,906,676	17,557,064
Vehicles and equipment	1,641,626	931,489	2,026,140	1,601,833	3,667,766	2,533,322
Leased equipment	14,352	28,802	-	-	14,352	28,802
Construction in progress	-	-	180,493	99,926	180,493	99,926
Infrastructure	7,011,882	4,899,111	-	-	7,011,882	4,899,111
Total	$ 12,843,761	$ 10,074,070	$ 17,032,038	$ 17,138,785	$ 29,875,799	$ 27,212,855

Additional information on the Town's capital assets can be found in note E of the notes to financial statements which can be found by referencing the table of contents of this report.

Debt Administration

Long-Term Debt: As shown in the table below, the Town had total long-term debt outstanding of $5,497,302 which represents a decrease of approximately $469,100 or 8% over the prior year:

Notes and Leases Payable
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenue notes	$ 426,624	$ 631,820	$ 4,767,831	$ 4,972,881	$ 5,194,455	$ 5,604,701
Other notes and leases	302,847	361,701	-	-	302,847	361,701
Total	$ 729,471	$ 993,521	$ 4,767,831	$ 4,972,881	$ 5,497,302	$ 5,966,402

Additional information on the Town's long-term debt can be found in note G of the notes to financial statements which can be found by referencing the table of contents of this report.

Economic Factors and Next Year's Budget and Rates

The Town continues to face challenges in finding sufficient funding to support basic services and growth. As a result, the Town is concentrating on holding the line on expenses going forward and finding ways to increase revenues.

Requests for Information

This financial report is designed to provide users with a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Town of Dundee, Office of the Town Manager, P.O. Box 1000, Florida 33838 or call (863) 438-8330.

Town of Dundee, Florida

STATEMENT OF NET POSITION

September 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,998,033	$ -	$ 1,998,033
Receivables, net:			
Customer accounts, net	-	353,093	353,093
Franchise and public service taxes	105,420	-	105,420
Intergovernmental	115,889	14,862	130,751
Deposits	25,000	-	25,000
Internal balances	1,078,294	(1,078,294)	-
Restricted assets:			
Cash and cash equivalents	9,999,331	549,689	10,549,020
Capital assets:			
Non-depreciable	1,288,354	986,769	2,275,123
Depreciable, net	11,555,407	16,045,269	27,600,676
TOTAL ASSETS	26,165,728	16,871,388	43,037,116
LIABILITIES			
Accounts payable	362,539	364,991	727,530
Accrued payroll	43,117	49,632	92,749
Accrued interest payable	4,381	12,163	16,544
Due to other governments	-	4,702	4,702
Unearned revenue	1,811,759	381,712	2,193,471
Customer deposits	31,203	284,700	315,903
Long-term obligations:			
Due within one year	260,990	204,036	465,026
Due in more than one year	539,425	4,598,909	5,138,334
TOTAL LIABILITIES	3,053,414	5,900,845	8,954,259
NET POSITION			
Net investment in capital assets	12,114,290	12,522,248	24,636,538
Restricted for:			
Debt service	-	273,724	273,724
Water system improvements	1,312,159	-	1,312,159
Sewer system improvements	960,114	-	960,114
Building code enforcement	1,167,878	-	1,167,878
Transportation improvements	2,978,002	-	2,978,002
Parks and recreation improvements	(36,646)	-	(36,646)
Library improvements	565,696	-	565,696
Public safety improvements	624,779	-	624,779
Fire control	333,909	-	333,909
Unrestricted	3,092,133	(1,825,429)	1,266,704
TOTAL NET POSITION	$ 23,112,314	$ 10,970,543	$ 34,082,857

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

Town of Dundee, Florida

STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

Functions / programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grant and Contributions	Program Revenues: Capital Grant and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government:							
Governmental activities:							
General government	$ 1,285,347	$ 59,703	$ 17,403	$ 1,068,700	$ (139,541)	$ -	$ (139,541)
Law enforcement	1,045,300	24,752	-	12,402	(1,008,146)	-	(1,008,146)
Fire control	1,043,971	268,481	-	78,624	(696,866)	-	(696,866)
Development services	797,077	1,327,454	-	-	530,377	-	530,377
Transportation & public facilities	1,031,171	-	-	3,511,722	2,480,551	-	2,480,551
Library	228,979	44,909	9,202	68,094	(106,774)	-	(106,774)
Parks and recreation	455,567	29,883	1,000	510,295	85,611	-	85,611
Historic train depot	64,150	-	411	-	(63,739)	-	(63,739)
Code enforcement	198,788	17,563	-	-	(181,225)	-	(181,225)
Interest on long-term debt	27,097	-	-	-	(27,097)	-	(27,097)
Total governmental activities	6,177,447	1,772,745	28,016	5,249,837	873,151	-	873,151
Business-type activities							
Water utility	2,586,274	1,336,896	-	636,408	-	(612,970)	(612,970)
Sewer utility	1,599,663	950,569	-	-	-	(649,094)	(649,094)
Stormwater management	286,149	189,254	-	-	-	(96,895)	(96,895)
Sanitation	1,273,445	1,065,058	-	-	-	(208,387)	(208,387)
Total business-type activities	5,745,531	3,541,777	-	636,408	-	(1,567,346)	(1,567,346)
Total primary government	$ 11,922,978	$ 5,314,522	$ 28,016	$ 5,886,245	873,151	(1,567,346)	(694,195)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,908,583	-	2,908,583
Franchise taxes					428,478	-	428,478
Public service taxes					865,190	-	865,190
Fuel taxes for transportation purposes					441,533	-	441,533
State shared revenue - unrestricted					614,986	-	614,986
Investment earnings					-	21,301	21,301
Other revenues					51,898	300,941	352,839
Total general revenues and transfers					5,310,668	322,242	5,632,910
Change in net position					6,183,819	(1,245,104)	4,938,715
NET POSITION, beginning of year					16,928,495	12,215,647	29,144,142
NET POSITION, end of year					$ 23,112,314	$ 10,970,543	$ 34,082,857

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

Town of Dundee, Florida

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2025

	General Fund	Impact Fee Special Revenue Fund	Fire Service Special Revenue Fund	Total
ASSETS				
Cash and cash equivalents	$ 1,998,033	$ 6,757,262	$ 237,726	$ 8,993,021
Receivables, net:				
Franchise and public service taxes	105,420	-	-	105,420
Intergovernmental	115,889	-	-	115,889
Due from other funds	1,285,286	925	263,166	1,549,377
Deposits	-	-	25,000	25,000
Restricted assets:				
Cash and cash equivalents	3,004,343	-	-	3,004,343
TOTAL ASSETS	$ 6,508,971	$ 6,758,187	$ 525,892	$ 13,793,050
LIABILITIES				
Accounts payable	$ 218,633	$ 138,586	$ 5,320	$ 362,539
Accrued payroll	26,051	-	17,066	43,117
Due to other funds	-	326,486	144,597	471,083
Unearned revenue	1,811,759	-	-	1,811,759
Customer deposits	31,203	-	-	31,203
TOTAL LIABILITIES	2,087,646	465,072	166,983	2,719,701
FUND BALANCE				
Nonspendable	-	-	25,000	25,000
Restricted for:				
Parks	76,092	-	-	76,092
Building code enforcement	1,167,878	-	-	1,167,878
Recreation improvements (impact fees)	-	(112,738)	-	(112,738)
Library improvements (impact fees)	-	565,696	-	565,696
Law enforcement improvements (impact fees)	-	340,652	-	340,652
Roads improvements (impact fees)	-	2,978,002	-	2,978,002
Fire improvements (impact fees)	-	284,127	-	284,127
Water system improvements (impact fees)	-	1,312,159	-	1,312,159
Sewer system improvements (impact fees)	-	960,114	-	960,114
Fire control	-	-	333,909	333,909
Unassigned	3,177,355	(34,897)	-	3,142,458
TOTAL FUND BALANCE	4,421,325	6,293,115	358,909	11,073,349
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 6,508,971	$ 6,758,187	$ 525,892	$ 13,793,050

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

Town of Dundee, Florida

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

September 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
FUND BALANCE - TOTAL GOVERNMENTAL FUND	$ 11,073,349
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,843,761
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds.	(4,381)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(800,415)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 23,112,314

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

Town of Dundee, Florida

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the year ended September 30, 2025

	General Fund	Impact Fee Special Revenue Fund	Fire Service Special Revenue Fund	Total
REVENUES:				
Taxes	$ 4,521,415	$ -	$ -	$ 4,521,415
Licenses and permits	1,247,511	2,658,352	-	3,905,863
Intergovernmental revenue	1,032,904	-	8,100	1,041,004
Charges for services	202,368	-	268,480	470,848
Fines and forfeitures	42,315	-	-	42,315
Other	53,309	-	-	53,309
Total revenues	7,099,822	2,658,352	276,580	10,034,754
EXPENDITURES:				
Current:				
General government	1,204,473	-	-	1,204,473
Development services	842,070	-	-	842,070
Public safety	1,215,785	-	951,024	2,166,809
Transportation & public facilities	631,316	-	-	631,316
Culture & recreation	668,616	-	-	668,616
Capital outlay	367,884	658,021	8,997	1,034,902
Debt service	230,017	-	62,120	292,137
Total expenditures	5,160,161	658,021	1,022,141	6,840,323
EXCESS OF REVENUES OVER EXPENDITURES	1,939,661	2,000,331	(745,561)	3,194,431
OTHER FINANCING SOURCES				
Transfer in (out)	(883,516)	-	883,516	-
Total other financing sources	(883,516)	-	883,516	-
NET CHANGE IN FUND BALANCE	1,056,145	2,000,331	137,955	3,194,431
FUND BALANCE, beginning of year	3,365,180	4,292,784	220,954	7,878,918
FUND BALANCE, end of year	$ 4,421,325	$ 6,293,115	$ 358,909	$ 11,073,349

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

Town of Dundee, Florida

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$	3,194,431
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount of capital assets recorded in the current period.		3,465,917
This is the amount of depreciation expense recorded in the current period.		(696,226)
Revenues not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.		
This represents the change caused by the "availability" criterion.		(8,100)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the governmental funds. The following amount represents the change in accrued interest payable from the prior year.		989
Long-term obligations including bonds and notes payable and compensated absences are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:		
This is the change in accrued compensated absences during the year.		(37,242)
Repayment of loan/lease principal reported as an expenditure in governmental funds.		264,050
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	6,183,819

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

Town of Dundee, Florida

STATEMENT OF NET POSITION - PROPRIETARY FUND

September 30, 2025

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ -
Customer accounts receivable, net	353,093
Due from other governments	14,862
Total current assets	367,955
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	549,689
Capital assets:	
Non-depreciable	986,769
Depreciable, net	16,045,269
Total noncurrent assets	17,581,727
TOTAL ASSETS	17,949,682
LIABILITIES	
Current liabilities:	
Accounts payable	364,991
Accrued payroll	49,632
Due to other governments	4,702
Due to other funds	1,078,294
Compensated absences, current	3,512
Long-term debt current	200,524
Total current liabilities	1,701,655
Noncurrent liabilities:	
Compensated absences, noncurrent	31,602
Unearned revenue	381,712
Liabilities payable from restricted assets:	
Customer deposits	284,700
Accrued interest payable	12,163
Long-term debt, noncurrent	4,567,307
Total noncurrent liabilities	5,277,484
TOTAL LIABILITIES	6,979,139
NET POSITION	
Net investment in capital assets	12,522,248
Restricted for:	
Debt service	273,724
Unrestricted	(1,825,429)
TOTAL NET POSITION	$ 10,970,543

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

Town of Dundee, Florida

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION - PROPRIETARY FUND

For the year ended September 30, 2025

	Enterprise Fund
OPERATING REVENUES:	
Charges for services	$ 3,541,777
Total operating revenues	3,541,777
OPERATING EXPENSES:	
Personnel services	1,538,976
Operating expenses	3,077,684
Depreciation	917,122
Total operating expenses	5,533,782
OPERATING INCOME	(1,992,005)
NONOPERATING REVENUE (EXPENSE)	
Interest expense	(211,749)
Interest revenue	21,301
Other, net	300,941
Total nonoperating revenues (expenses)	110,493
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(1,881,512)
Capital contributions - other	636,408
Total contributions and transfers	636,408
CHANGE IN NET POSITION	(1,245,104)
TOTAL NET POSITION, beginning of year	12,215,647
TOTAL NET POSITION, end of year	$ 10,970,543

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

Town of Dundee, Florida

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the year ended September 30, 2025

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 3,506,303
Other receipts	305,929
Payments to suppliers	(2,930,673)
Payments for salaries and benefits	(1,506,366)
Net cash flows used by operating activities	(624,807)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Change in interfund receivables/payables net	1,077,369
Net cash flows provided by noncapital financing activities	1,077,369
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(810,375)
Principal paid on long-term debt	(210,039)
Interest paid on borrowings	(212,114)
Capital grants received	636,408
Net cash used for capital and related financing activities	(596,120)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	21,301
Net cash flows provided by investing activities	21,301
NET DECREASE IN CASH AND CASH EQUIVALENTS	(122,257)
CASH AND CASH EQUIVALENTS, beginning of year	671,946
CASH AND CASH EQUIVALENTS, end of year	$ 549,689
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	$ -
Restricted cash and cash equivalents	549,689
Total cash and cash equivalents	$ 549,689
Noncash financing and investment activities:	
Joint venture loan guarantee	$ 4,989

Town of Dundee, Florida

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - CONTINUED

For the year ended September 30, 2025

	Enterprise Fund
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income	$ (1,992,005)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	917,122
Nonoperating revenue reported as operating cash flows	305,929
Increase in accounts receivable	(60,687)
Increase in amounts due from other governments	(14,862)
Increase in customer deposits	40,075
Increase in accounts payable	148,064
Increase in accrued wages and compensated absences	32,610
Decrease in amounts due to other governments	(1,053)
Net cash flows used by operating activities	$ (624,807)

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

Town of Dundee, Florida

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

September 30, 2025

	Custodial Fund
ASSETS	
Cash and cash equivalents	$ 818,025
TOTAL ASSETS	818,025
LIABILITIES	
Due to other governments	818,025
TOTAL LIABILITIES	818,025
NET POSITION	-
TOTAL NET POSITION	$ -

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

Town of Dundee, Florida

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

For the year ended September 30, 2025

	Custodial Fund
ADDITIONS:	
Fees collected on behalf of other governments	$ 2,936,549
Total additions	2,936,549
DEDUCTIONS:	
Remittances of fees to other governments	2,936,549
Total deductions	2,936,549
NET INCREASE (DECREASE)	-
NET POSITION - beginning of year	-
NET POSITION - end of year	$ -

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established in GAAP and used by the Town are discussed below.

1. Reporting Entity

The Town of Dundee, Florida (the "Town") is a municipal corporation incorporated on December 16, 1924 by general vote of the registered voters of the incorporating limits under then sections 1825 of the Revised General Statutes of Florida. The Corporation operates under a charter form of government created by Ordinance No. 77-6 adopted at the general election on November 1, 1977, and most recently re-codified and readopted by Ordinance No. 93-09 dated June 8, 1993. The Town is governed by a board of five elected commission members. These financial statements include all the funds, organizations, agencies and departments of the Town (the "primary government") and any legally separate entities ("component units") required by generally accepted accounting principles to be included in the reporting entity.

The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Criteria for determining if other entities are potential component units of the Town which should be reported with the Town's basic financial statements are identified and described in the GASB Codification of Governmental Accounting and Financial Reporting Standards. The application of these criteria provides for identification of any entities for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. A blended component unit, although legally separate, is in substance part of the Town's operations and presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds are combined with those of the primary government for financial reporting purposes.

Based on these criteria, the financial reporting entity does not include or exclude any component units.

The financial reporting entity does not include the assets of the employee defined contribution pension plan, which were determined not to be assets of the Town.

2. Basis of Presentation

The basic financial statements consist of the government-wide financial statements and fund financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the Town.

The Town's fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, including depreciation. The Town does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. 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.

Fund Financial Statements - The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. Due to the Town's fund structure, there were no non-major funds. The various funds are reported by type within the financial statements.

The following fund types and funds are used and reported by the Town:

Governmental Funds - The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the Town:

- General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Impact Fee Special Revenue Fund – In response to the requirements of Section 163.31801, Florida Statutes, this fund was created to account for the financial transactions of the Town impact fees, including water and sewer impact fees, which were previously accounted for in the enterprise fund.

- Fire Control Special Revenue Fund – A special revenue fund used to account for the proceeds of the Town's fire services assessment and the cost of providing fire control and related public safety services to area residents.

Proprietary Funds - The focus of proprietary fund measurement is upon determination of operating income, changes in net position, overall financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The following is a description of the proprietary fund used by the Town:

- Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Town has one Enterprise Fund which accounts for the activities associated with providing sanitation services; potable water services; sewer collection, treatment and disposal services; and stormwater management services to area residents.

Fiduciary Fund - The Town uses a fiduciary fund to report assets held in a trustee or agency capacity that are, therefore, not available to support Town programs. The accounting for fiduciary funds is much like that used for proprietary funds. Town reports the following fiduciary fund:

- Custodial Fund – The custodial fund is to account for impact fees collected on behalf of Polk County, Florida (the “County”). These funds are collected on behalf of the County as new construction takes place within the Town and remitted to the County monthly.

3. Measurement Focus and Basis of Accounting

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Proprietary fund operating revenues generally result from producing and providing goods and services such as sanitation services, stormwater management, potable water services and sewer collection and disposal services. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services.

All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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. Changes in fair value of investments are recognized at the end of each year. Revenues are considered to be available when they are collectible 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 claims and judgments, are recorded only when payment is due.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure.

In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e. revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria. All other revenue items are measurable and available only when cash is received by the government.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents – Includes all short-term highly liquid investments with a maturity of three months or less when purchased, including all bank demand deposits, certificates of deposit, local government investment pool investments reported at amortized cost, money-market and savings accounts. As of September 30, 2025, all the Town's cash and investments met this definition.

Investments - The types of investments in which the Town may invest are governed by Section 218.415(17), Florida Statutes. In accordance with Section 218.415(17), Florida Statutes, the Town is authorized to invest in the following instruments: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act; S.E.C. registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories or direct obligations of the U.S. Treasury.

Receivables - The Town accrues unbilled service of its enterprise fund representing the estimated value of service from the last billing date to year end which totaled $94,953 on September 30, 2025. A reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the utility customer receivables that are not expected to be collected. As of September 30, 2025, the reserve for doubtful accounts totaled $88,747 for the utility service receivables.

Inventory - Supplies inventories of the general fund and the enterprise fund are immaterial and not recorded as assets. Such items are charged to expense when purchased.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets - In the government-wide financial statements, capital assets include land, buildings, improvements, utility and infrastructure with an individual cost of $25,000 and furniture and equipment with an individual cost of $2,000. Such assets are recorded at historical cost, if purchased, and at acquisition value at date of gift, if donated. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting system), acquired prior to October 1, 2003, have not been reported as allowed by GASB Cod. Sec. 1400.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives, as follows:

	Years
Utility plant in service	40-50
Buildings and improvements	40
Machinery and equipment	3-10
Vehicles	5-10
Infrastructure:	
Streets	50-75
Drainage	50

Restricted Assets – Restricted assets include cash and investments that are legally restricted to specific uses by external parties. The Town generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

Interest Costs - Interest costs incurred before the end of a construction period is a financing activity separate from the related capital asset and interest costs incurred before the end of the construction period are recognized as an expense in the period in which the cost is incurred. These interest costs are not capitalized as part of the historical cost of the capital asset.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net 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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Town does not report any deferred inflows or deferred outflows for the year ended September 30, 2025.

Long-Term Obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

Compensated Absences - The Town's policies permit employees to accumulate vacation and sick time up to certain limits and to be compensated for the accumulated vacation time upon termination of employment. The liability for these compensated absences is recorded as long-term in the government-wide statements and in the proprietary fund financial statements because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability because it is generally not payable from expendable available financial resources.

Connection Fees and Impact Fees - Connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid impact fees received which reserve capacity in the Town's future water or wastewater facilities are reported as capital contributions when the requirements of the developer agreements are met by the Town.

Interfund Balances and Transfers - Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

EQUITY CLASSIFICATIONS

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

EQUITY CLASSIFICATIONS - Continued

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and unearned impact fees that are attributable to the acquisition, construction, or improvement of those assets. The calculation of the net investment in capital assets is as follows:

	Governmental Activities	Business-type Activities
Capital assets, net	$ 12,843,761	$ 17,032,038
Less:		
Long-term debt related to capital assets:		
Vehicle purchase note, 2019	(1,440)	
Equipment purchase note, 2021	-	(7,007)
Vehicle purchase note, 2024	(284,674)	-
Sanitation vehicle purchase note, 2024	-	(893,165)
Capital Improvement Revenue Note, Series 2007A	(426,624)	-
Leases payable	(16,733)	-
USDA Water and Sewer, Series 2001	-	(1,095,769)
USDA Water and Sewer, Series 2011	-	(2,513,849)
Net investment in capital assets	$ 12,114,290	$ 12,522,248

Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the Town's policy to use restricted net position first, and then unrestricted net position as they are needed.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the Town's circumstances. The following classifications describe the relative strength of the spending constraints:

- Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

- Restricted - amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed - amounts constrained to specific purposes by formal action (ordinance) of the Town using its highest level of decision-making authority (the Town Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Town Commission takes the same highest-level action (ordinance) to remove or change the constraint.

- Assigned - amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Commission or through the Town Commission delegating this responsibility to the Town Manager through the budgetary process. The Town Commission has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.

- Unassigned - This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed or assigned.

The Town uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Leases - Lessee: The Town applies the provisions of GASB Cod Sec L20, Leases, to determine the recognition of lease liabilities and related right-to-use assets. Lease arrangements are evaluated based on the substance of the agreement and the materiality of the resulting financial statement elements. The Town exercises professional judgment in assessing each lease on a case-by-case basis to determine whether recognition under GASB Cod Sec L20 is appropriate.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset & liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Use of Estimates – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

5. Reclassifications

Certain amounts from the September 30, 2024 financial statements have been reclassified to conform to the September 30, 2025 presentation.

NOTE B - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the Town is established by the Town Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The Town's millage rate in effect for the fiscal year ended September 30, 2025, was 7.900.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE C - BUDGETARY LAW AND PRACTICE

The budget is adopted by resolution on a Town-wide basis for all Town funds on or before October 1 of each year as required by State Statute. Town Ordinance establishes the legal level of budgetary control at the individual fund level. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations subject to notification of the Town Commission. The budgets for the governmental funds are adopted on the accounting basis used for financial reporting purposes and the enterprise fund budget is adopted essentially on the cash basis.

For the fiscal year ended September 30, 2025, actual expenditures exceeded final budgeted appropriations in the following funds:

- General Fund by $592,842
- Fire Services Special Revenue Fund by $157,234

These over-expenditures represent budgetary noncompliance at the fund level and will be considered by management in future budgetary planning and monitoring.

NOTE D - DEPOSITS AND INVESTMENTS

Deposits in Financial Institutions - The Town's deposits are insured by the FDIC up to $250,000 per financial institution. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the Chief Financial Officer, State of Florida ("CFO") in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the CFO will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08 Florida Statutes.

Investments - The Town invests surplus funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Florida PRIME meets all the necessary criteria to elect to measure all of the investment in Florida PRIME at amortized cost, as a cash equivalent.

The dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2025 was 47 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME on September 30, 2025 was 73 days.

Regarding redemption gates, Chapter 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

Regarding liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

NOTE D - DEPOSITS AND INVESTMENTS - Continued

The captions on the government-wide statement of net position for “cash and cash equivalents", both restricted and unrestricted, are summarized below.

Cash and cash equivalents:		
Cash on hand	$	700
Deposits in financial institutions:		
Insured or fully collateralized bank deposits		12,069,601
State Board of Administration - local government pool		476,752
Total cash and cash equivalents	$	12,547,053

The Town has no policy regarding custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk.

NOTE E - CAPITAL ASSETS

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

	October 1, 2024	Transfers	Increases	Decreases	September 30, 2025
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 1,288,354	$ -	$ -	$ -	$ 1,288,354
Total capital assets, not being depreciated	1,288,354	-	-	-	1,288,354
Capital assets, being depreciated:					
Buildings and improvements	5,145,845	-	130,874	-	5,276,719
Equipment and vehicles	2,043,429	-	861,375	-	2,904,804
Right to use leased equipment	47,359	-	-	-	47,359
Infrastructure:					
Road network	5,912,448	-	2,334,611	-	8,247,059
Sidewalk network	409,343	-	-	-	409,343
Parks	59,393	-	139,057	-	198,450
Total capital assets, being depreciated	13,617,817	-	3,465,917	-	17,083,734
Less accumulated depreciation for:					
Buildings and improvements	(2,219,531)	-	(169,641)	-	(2,389,172)
Equipment and vehicles	(1,111,940)	-	(151,238)	-	(1,263,178)
Right to use leased equipment	(18,557)	-	(14,450)	-	(33,007)
Infrastructure:					
Road network	(1,403,259)	-	(334,491)	-	(1,737,750)
Sidewalk network	(55,318)	-	(20,467)	-	(75,785)
Parks	(23,496)		(5,939)		(29,435)
Total accumulated depreciation	(4,832,101)	-	(696,226)	-	(5,528,327)
Total capital assets being depreciated, net	8,785,716	-	2,769,691	-	11,555,407
Governmental activities capital assets, net	$ 10,074,070	$ -	$ 2,769,691	$ -	$ 12,843,761
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 806,276	$ -	$ -	$ -	$ 806,276
Construction-in-progress	99,926	(99,925)	180,492	-	180,493
Total capital assets, not being depreciated	906,202	(99,925)	180,492	-	986,769
Capital assets, being depreciated:					
Utility plant	26,119,857	-	53,750	-	26,173,607
Equipment and vehicles	2,174,149	99,925	576,133	-	2,850,207
Total capital assets, being depreciated	28,294,006	99,925	629,883	-	29,023,814
Less accumulated depreciation for:					
Utility plant	(11,489,107)	-	(665,371)	-	(12,154,478)
Equipment and vehicles	(572,316)	-	(251,751)	-	(824,067)
Total accumulated depreciation	(12,061,423)	-	(917,122)	-	(12,978,545)
Total capital assets being depreciated, net	16,232,583	99,925	(287,239)	-	16,045,269
Business-type activities capital assets, net	$ 17,138,785	$ -	$ (106,747)	$ -	$ 17,032,038

NOTE E - CAPITAL ASSETS - Continued

Depreciation expense was charged to the following programs and functions:

Governmental Activities:	
General government	$ 93,717
Law enforcement	10,317
Fire control	76,371
Development services	42,936
Code enforcement	543
Transportation & public facilities	396,669
Library	18,077
Parks and recreation	47,421
Depot Express	10,175
Total depreciation expense - governmental activities	$ 696,226
Business-type Activities:	
Water	$ 374,582
Sewer	402,659
Stormwater	30,429
Sanitation	109,452
Total depreciation expense - business-type activities	$ 917,122

NOTE F - LEASES

Lease payable - The following is information related to the Town's lease's payable on September 30, 2025:

	Balances as of September 30, 2025							
Leased asset(s)	Cost	Accumulated Amortization	Lease Payable	Payment Frequency	Payment Amount	Interest Rate	Inception Year	Lease Term at Inception (months)
Multifunction copiers	$ 36,242	$ (26,530)	$ 14,288	Monthly	$ 1,160	9.50%	2024	36
Multifunction copier	8,200	(4,291)	2,381	Monthly	$ 154	5.00%	2022	60
Postage equipment	2,917	(2,186)	64	Monthly	$ 66	5.00%	2020	60
Governmental activities	$ 47,359	$ (33,007)	$ 16,733					

NOTE G - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2025:

	October 1, 2024	Increases	Decreases	September 30, 2025	Due within One Year
Governmental Activities:					
Long-term debt:					
Notes payable:					
Vehicle purchase note, 2019	$ 22,229	$ -	$ (20,789)	$ 1,440	$ 1,440
Vehicle purchase note, 2024	308,341	-	(23,667)	284,674	25,059
Capital Improvement Revenue Note, Series 2007A	631,820	-	(205,196)	426,624	215,795
Total long-term debt	962,390	-	(249,652)	712,738	242,294
Other liabilities:					
Compensated absences	33,702	90,078	(52,836)	70,944	3,724
Leases payable	31,131	-	(14,398)	16,733	14,972
Total other liabilities	64,833	90,078	(67,234)	87,677	18,696
Total long-term liabilities	$ 1,027,223	$ 90,078	$ (316,886)	800,415	$ 260,990
Less amount due in one year				(260,990)	
Net long-term liabilities in excess of one year				$ 539,425	
Business-type Activities:					
Long-term debt:					
Revenue certificates:					
USDA Water and Sewer, Series 2001	$ 1,146,760	$ -	$ (50,991)	$ 1,095,769	$ 53,322
USDA Water and Sewer, Series 2011	2,570,865	-	(57,016)	2,513,849	59,368
Notes payable:					
Sanitation vehicle purchase note, 2024	971,140	-	(77,975)	893,165	82,566
Equipment purchase note, 2021	31,064	-	(24,057)	7,007	5,268
Other long-term debt:					
Joint venture loan guarantee	253,052	4,989	-	258,041	-
Total long-term debt	4,972,881	4,989	(210,039)	4,767,831	200,524
Other liabilities:					
Compensated absences	25,266	61,134	(51,286)	35,114	3,512
Total other liabilities	25,266	61,134	(51,286)	35,114	3,512
Total long-term liabilities	$ 4,998,147	$ 66,123	$ (261,325)	4,802,945	$ 204,036
Less amount due in one year				(204,036)	
Net long-term liabilities in excess of one year				$ 4,598,909	

NOTE G - LONG-TERM OBLIGATIONS - Continued

Long term liabilities, including compensated absences, are typically liquidated by the individual fund to which the liability is directly associated, in the governmental funds, such long-term obligations have been liquidated by the general fund.

All the Town's long-term debt arose through direct borrowings or direct placements.

Governmental Activities:

- Capital Improvement Revenue Note, Series 2007A - This note is secured by the Town's franchise and utility taxes on the sale of electricity, natural gas, propane and the communication services tax. Principal and interest are payable semi-annually on February 1 and August 1, in equal amounts of $114,900 through maturity on August 1, 2027. The original amount of the loan was $2,800,000 and was used for capital acquisitions and renovations of certain municipal facilities and bears interest at 5.10%.

- Vehicle Purchase Note 2019 – The Town financed the purchase of a fire rescue vehicle through a loan with a local bank in the original amount of $130,000. The terms of the note require monthly payments of principal and interest in the amount of $1,774 and matures on October 4, 2025. The note bears interest at 3.89%.

- Vehicle Purchase Note 2024 – The Town financed the purchase of a fire rescue vehicle through a loan with a local bank in the original amount of $310,262. The terms of the note require monthly payments of principal and interest in the amount of $3,403 and matures on August 19, 2034. The note bears interest at 5.7%.

Business-Type Activities:

- USDA Water and Sewer Revenue Bonds, Series 2001 - These bonds are secured by the net revenues of the water and sewer systems and the half cent sales tax reported in the general fund, and the sewer impact fees on deposit in the enterprise fund. The original bond amount was $1,857,840 and was used primarily to construct a sewer system and related improvements. The bonds bear interest at 4.375% with principal and interest payable annually on September 1 in the amount of $101,160 with a final maturity of September 1, 2040.

- USDA Water and Sewer Revenue Bonds, Series 2011 - These bonds are secured by the net revenues of the water and sewer systems and the half cent sales tax reported in the General Fund, and the sewer impact fees on deposit in the enterprise fund. The original bond amount was $3,136,000 and was used to construct a new water plant. The bonds bear interest at 4.125% with principal and interest payable annually on September 1 in the amount of $163,072 with a final maturity of September 1, 2050.

NOTE G - LONG-TERM OBLIGATIONS - Continued

- Equipment Purchase Note 2021 – The Town financed the purchase of a Vac-Tron series vacuum excavation technology vehicle and equipment through a financed purchase in the original amount of $112,157. The terms of the note require monthly payments of principal and interest in the amount of $2,150 and matures in December 2025. The note bears interest at 5.64%.

- Sanitation Vehicle Purchase Note 2024 – The Town financed the purchase of three sanitation vehicles through a financed purchase in the original combined amount of $1,004,533. The terms of the note require monthly payments of principal and interest in the amount of $11,019 and matures in May 2034. The note bears interest at 5.7%.

- Joint Venture Loan Guarantee – The Town has entered into an agreement with the Florida Department of Environmental Protection to guarantee to pay the principal and interest of the Town's proportional share of the State Revolving Fund (SRF) loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on August 15, 2027 for a ten-year term to maturity on February 15, 2037. As of September 30, 2025, the Polk Regional Water Cooperative has borrowed $10,617,972 through this SRF funding of which, $258,040 has been guaranteed by the Town and has been recorded as a liability in the Town's enterprise fund. See Note N for more information on the Polk Regional Water Cooperative.

Remedies upon Default – The debt obligations all allow for the obligors/lenders to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of default as follows:

- Capital Improvement Revenue Note, Series 2007A – The lender may increase the interest rate to the lender's published prime rate plus 2%, retroactive to the date of default. Upon the cure of default, the interest rate shall return to the rate in effect immediately preceding the default. If a default is not cured within 30 days, the lender may declare all outstanding amounts immediately due and payable.

- Vehicle Purchase Note 2019, Equipment Purchase Note 2021, Vehicle Purchase Note 2024 and Sanitation Vehicle Purchase Note 2024 - In the event of default, the lenders generally have the right to seize the equipment and vehicles pledged as collateral.

NOTE G - LONG-TERM OBLIGATIONS - Continued

Maturities: Annual requirements to repay the long-term debt of the governmental and business-type activities as of September 30, 2025, were as follows:

	Governmental Activities		Business-type Activities	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2026	$ 237,049	$ 35,358	$ 201,937	$ 200,968
2027	247,959	22,674	221,740	193,649
2028	28,230	12,605	238,782	185,568
2029	29,891	10,944	249,900	174,454
2030 - 2034	169,609	26,170	1,382,638	685,704
2035 - 2039	-	-	958,553	432,335
2040 - 2044	-	-	664,606	251,914
2045 - 2049	-	-	694,838	120,522
2050 - 2054	-	-	154,837	6,444
Total	$ 712,738	$ 107,751	$ 4,767,831	$ 2,251,558

Annual requirements to repay the leases payable of the governmental and business-type activities as of September 30, 2025, were as follows:

	Governmental Activities		Business-type Activities	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2026	$ 14,972	$ 874	$ -	$ -
2027	1,761	15	-	-
Total	$ 16,733	$ 889	$ -	$ -

The Town has pledged various future revenue sources for various debt issues. For the water system, the Town has pledged future revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the Town’s outstanding debt issues.

NOTE G - LONG-TERM OBLIGATIONS - Continued

Additional information regarding the Town's pledged revenue can be found in the preceding sections of this note:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Franchise, public services and communication taxes	8/1/2027	$ 459,595	$ 229,798	$ 1,187,054	516.56%
Water and sewer net revenues and half cent sales tax	9/1/2050	$ 5,593,567	$ 264,231	$ 343,217	129.89%

NOTE H - DEFINED CONTRIBUTION PLAN

The Town Commission has established by Resolution an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan covering all employees who have completed one year of service. Since these assets do not belong to the Town, they are not reported in the accompanying financial statements. The benefit terms and contribution rates were established by the Town Commission passing a resolution and may be amended in the same manner. Under these plans, employees may purchase life insurance annuities with pretax earnings or invest in a selection of mutual funds. Participation is voluntary, and the employee determines the amount of their contribution. The Town will match the employee's contribution up to 5% of gross pay. Amounts of compensation deferred under the plans are not available to employees until termination, retirement, death, disability or unforeseeable emergency and are held in trust accounts solely for the benefit of the participants. Town contributions for the fiscal year ended September 30, 2025 totaled $20,993. The Town reports no unpaid employer and employee contributions on September 30, 2025.

NOTE I - INTERFUND TRANSACTIONS

Interfund transfers for the year ended September 30, 2025, consisted of:

	General Fund	Fire service special revenue Fund	Total Governmental Fund	Enterprise Fund
Transfer in (out):	$ (883,516)	$ 883,516	$ -	$ -
	$ (883,516)	$ 883,516	$ -	$ -

NOTE I - INTERFUND TRANSACTIONS - Continued

The transfer from the general fund to the fire service special revenue fund was to help the fire service special revenue fund cover annual expenditure.

Interfund Receivables and payables:

		Interfund (payable)				
	Interfund Receivable	Impact fee special revenue Fund	Fire control special revenue Fund	General Fund	Enterprise Fund	Total, net
General Fund	$ 1,285,286	$ (63,320)	$ (144,597)	$ -	$ (1,077,369)	$ (1,285,286)
Impact fee fund	925	-	-	-	(925)	(925)
Fire Fund	263,166	(263,166)	-	-	-	(263,166)
	$ 1,549,377	$ (326,486)	$ (144,597)	$ -	$ (1,078,294)	$ (1,549,377)

The year-end interfund receivables and payables generally arose from a myriad of transactions including revenues, expenditures and cash transfers that were not reported in the correct fund when the original transaction was posted and the interfund balances reflect those amounts being moved to the correct fund. The Town had not paid off these accumulated interfund balances as of September 30, 2025.

NOTE J - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Town has outstanding debt secured by its water and sewer revenues. The water and sewer operations are accounted for in a single enterprise fund along with sanitation and stormwater. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the enterprise fund as of and for the year ended September 30, 2025, is presented below:

	Water & Sewer System	Sanitation System	Stormwater System	Total
Condensed statement of revenues, expenses and changes in net position:				
Operating revenues	$ 2,287,465	$ 1,065,058	$ 189,254	$ 3,541,777
Personnel services	(1,065,927)	(304,509)	(168,540)	(1,538,976)
Operating expenses	(2,187,007)	(803,496)	(87,181)	(3,077,684)
Depreciation	(777,242)	(109,452)	(30,428)	(917,122)
Operating income (loss)	(1,742,711)	(152,399)	(96,895)	(1,992,005)
Non-operating revenues (expenses):				
Interest income	21,301	-	-	21,301
Interest expense	(155,761)	(55,988)	-	(211,749)
Other, net	300,941	-	-	300,941
Capital contributions and transfers:				
Capital grant revenue	636,408	-	-	636,408
Change in net position	$ (939,822)	$ (208,387)	$ (96,895)	$ (1,245,104)
Summary information from statement of net position:				
Capital assets, net	$ 15,441,582	$ 1,299,713	$ 290,743	$ 17,032,038
Long-term debt, including current portion	$ 3,909,780	$ 893,165	$ -	$ 4,802,945

NOTE K - OTHER POST EMPLOYMENT BENEFITS

The Town follows GASB Cod. Sec. P50 for certain post-employment health care and dental benefits provided by the Town.

Plan Description – The Other Postemployment Benefits Plan (OPEB Plan) is a single employer defined benefit plan administered by the Town. The OPEB Plan allows employees who retire and meet retirement eligibility requirements under the Town's defined contribution plan to continue medical insurance coverage as a participant in the Town's health insurance plan.

NOTE K - OTHER POST EMPLOYMENT BENEFITS - Continued

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Town are eligible to participate in the Town's healthcare and life insurance benefits. The Town subsidizes the premium rates paid by retirees by allowing them to participate in the

OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees.

The Town does not offer any explicit other postemployment benefits for Town retirees. The Town doesn't issue a stand-alone report for the OPEB Plan, and the OPEB Plan is not included in the annual report of a public employee retirement system or another entity.

Funding Policy – OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes. The Town has not advance-funded or established a funding methodology for the annual

Other postemployment benefit (OPEB) costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis.

Benefits Provided – The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the Town who meet the eligibility requirements of the Town's defined contribution plan are eligible to receive postemployment health care benefits. All retirees, spouse and dependent coverage is at the expense of the retiree.

Total OPEB Liability – The Town engaged an actuary to calculate the Town's total OPEB liability as of September 30, 2024, which was determined by an actuarial valuation as of September 30, 2024. The actuarial assumptions used in the September 30, 2024, valuation were as follows:

Inflation Rate	2.50%
Salary Increase Rate	2.50%
Discount Rate	4.06%
Initial Healthcare Cost Trend Rate	6.75%
Ultimate Healthcare Cost Trend Rate	4.00%
Years to Ultimate Trend Rate	50

Mortality rates were based on the PubG-2010 mortality tables projected to the valuation date using Projection Scale MP-2019.

NOTE K - OTHER POST EMPLOYMENT BENEFITS - Continued

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 4.06%, The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest is used.

The results of the September 30, 2024 actuarial valuation produced an estimated actuarial determined total OPEB liability and OPEB expense that was immaterial to the Town's financial statements and accordingly, there is no OPEB liability recorded in the financial statements. It is the intent of the Town to engage an actuary to calculate the Town's total OPEB liability on a biennial basis. The total OPEB liability will be assessed biennially and will be reported if material to the financial statements taken as a whole.

NOTE L - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Town maintains commercial insurance coverage in

amounts management feels are adequate to protect and safeguard the assets of the Town. There have been no significant reductions in coverage nor have settlement amounts exceeded the Town's coverage during the year ended September 30, 2025 or the previous two fiscal years. In the opinion of the Town's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the Town. The Town's workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool. Settled claims resulting from these risks have not exceeded insurance coverage.

NOTE M - COMMITMENTS AND CONTINGENCIES

Contract with Polk County Sheriff's Office: The Town is under contract with the Polk County Sheriff's Office to provide law enforcement services to the Town through the year ended September 30, 2025. The Town is required to provide the Sheriff with adequate office space at the Town's expense and the contract can be terminated by either party upon 365 days written notice. The Town paid $994,308 for the year ended September 30, 2025. The contract calls for the following minimum costs going forward: $1,003,483 for fiscal year 2026.

NOTE M - COMMITMENTS AND CONTINGENCIES - Continued

Grants: The Town participates in several programs that are fully or partially funded by grants received from Federal, state, or county agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government/agency. If expenditures are disallowed due to non-compliance with grant program regulations, the Town may be required to reimburse the grantor government/agency. As of September 30, 2025, the Town believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Town.

Unemployment claims: The Town has elected to reimburse the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provision for potential claims has been made in the financial statements.

NOTE N - JOINT VENTURE

Background - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the Town of Dundee, City of Auburndale, City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, City of Mulberry, Polk City, City of Winter Haven, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes.

These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

Membership fees - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2025, the total annual working capital needs of the PRWC was $233,289 of which the Town's proportionate share was $2,070.

Combined projects background - The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total

NOTE N - JOINT VENTURE - Continued

estimated cost of $23,000,000. The Southwest Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments.

Combined projects funding - The PRWC has entered into a state revolving fund (SRF) loan agreement with the State of Florida Department of Environmental Protection (FDEP) to borrow up to $13,624,440, as amended, to assist Member Governments in meeting their local share of the total estimated combined project costs. Member Governments had the choice to elect to fund their local share of the project costs from their existing funds or participate in the SRF loan agreement. The Town has elected to participate in the SRF loan agreement to fund their estimated local share ($331,104) of the project costs and as a result have entered into an agreement with FDEP to guarantee the Town's payment of their share of the SRF loan debt service requirements. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on August 15, 2027 for a ten-year term to maturity on February 15, 2037.

As of September 30, 2025, $10,617,972 of SRF funds have been drawn by the PRWC. The Town's proportionate share of this liability totaled $258,041 as of September 30, 2025 and has been recorded as a Town liability and the current year change as a nonoperating expense in the business-type activities/enterprise fund. See Note G for more details.

Project implementation agreements - Effective April 19, 2021, the City entered into a project implementation agreement with other PRWC participating to be a project participant in the Southeast Wellfield (the Project), a new lower Floridan aquifer public water supply wellfield located in southeast Polk County, Florida. Project participants agree to receive potable water from the Project once completed. The Project is being funded through the PRWC using a combination of grants and loans and the ultimate debt service and operating costs of the project will be passed through to the project participants through the water service charges which are determined each year by the RPWC board of directors. The Town water charges to the PRWC for the fiscal year ending September 30, 2025 were $286,901.

Contact - Complete financial statements of the PRWC may be obtained from the PRWC's Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.

NOTE O - SUBSEQUENT EVENTS

The Town of Dundee has evaluated events and transactions occurring subsequent to September 30, 2025 as of October 20, 2026, which was the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Dundee, Florida

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended September 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes	$ 4,039,514	$ 4,416,864	$ 4,521,415	$ 104,551
Licenses and permits	887,379	887,379	1,247,511	360,132
Intergovernmental revenue	314,688	314,688	1,032,904	718,216
Charges for services	201,597	162,700	202,368	39,668
Fines and forfeitures	11,500	14,000	42,315	28,315
Other	30,250	30,250	53,309	23,059
Total revenues	5,484,928	5,825,881	7,099,822	1,273,941
EXPENDITURES:				
General government	922,197	919,697	1,204,473	(284,776)
Public safety	1,215,777	1,187,106	1,215,785	(28,679)
Transportation & public facilities	714,501	714,501	631,316	83,185
Culture/recreation	563,749	563,749	668,616	(104,867)
Development services	685,390	685,390	842,070	(156,680)
Capital outlay	284,000	284,000	367,884	(83,884)
Debt service	212,876	212,876	230,017	(17,141)
Total expenditures	4,598,490	4,567,319	5,160,161	(592,842)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	886,438	1,258,562	1,939,661	681,099
OTHER FINANCING SOURCES (USES):				
Interfund transfers in (out)	(886,438)	(1,408,562)	(883,516)	525,046
Transfer from Enterprise Fund	-	150,000	-	(150,000)
Total other financing sources (uses)	(886,438)	(1,258,562)	(883,516)	375,046
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 1,056,145	$ 1,056,145

Notes to Budgetary Comparison Schedule:

Basis of Accounting - The budget for the general fund was prepared on the modified accrual basis of accounting.

Town of Dundee, Florida

BUDGETARY COMPARISON SCHEDULE - IMPACT FEE SPECIAL REVENUE FUND

For the year ended September 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	$ 1,306,084	$ 1,306,084	$ 2,658,352	$ 1,352,268
Total revenues	1,306,084	1,306,084	2,658,352	1,352,268
EXPENDITURES:				
Capital outlay	741,850	861,644	658,021	203,623
Total expenditures	741,850	861,644	658,021	203,623
NET CHANGE IN FUND BALANCE	$ 564,234	$ 444,440	$ 2,000,331	$ 1,555,891

Notes to Budgetary Comparison Schedule:

Basis of Accounting - The budget for the impact fee special revenue fund was prepared on the modified accrual basis of accounting.

Town of Dundee, Florida

BUDGETARY COMPARISON SCHEDULE - FIRE SERVICES SPECIAL REVENUE FUND

For the year ended September 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental revenue	$ -	$ -	$ 8,100	$ 8,100
Charges for services	255,469	255,469	268,480	13,011
Total revenues	255,469	255,469	276,580	21,111
EXPENDITURES:				
Public safety	781,407	781,407	951,024	(169,617)
Capital outlay	17,000	17,000	8,997	8,003
Debt service	66,500	66,500	62,120	4,380
Total expenditures	864,907	864,907	1,022,141	(157,234)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(609,438)	(609,438)	(745,561)	(136,123)
OTHER FINANCING SOURCES (USES):				
Interfund transfers in (out)	864,901	864,901	883,516	(18,615)
Total other financing sources (uses)	864,901	864,901	883,516	(18,615)
NET CHANGE IN FUND BALANCE	$ 255,463	$ 255,463	$ 137,955	$ (154,738)

Notes to Budgetary Comparison Schedule:

Basis of Accounting - The budget for the fire services special revenue fund was prepared on the modified accrual basis of accounting.

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*

Town of Dundee, Florida

September 30, 2025

RIVERO, GORDIMER & COMPANY, P.A.

CPAS AND ADVISORS

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

Honorable Mayor and Members of the Town Commission
Town of Dundee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town of Dundee, Florida (the "Town") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 20, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001, 2023-001, 2024-001, and 2025-001 to be material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-002 and 2022-006 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

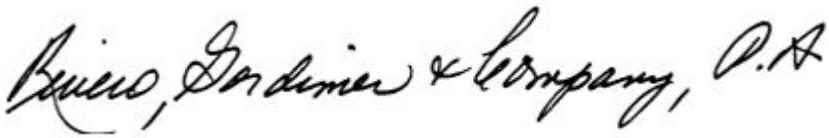
Town of Dundee, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Dundee, Florida's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Dundee, Florida'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.

Tampa, Florida
October 20, 2026



MANAGEMENT LETTER

Town of Dundee, Florida

September 30, 2025

RIVERO, GORDIMER & COMPANY, P.A.

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MANAGEMENT LETTER BASED ON RULE 10.554 OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and Members of the Town Commission
Town of Dundee, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Dundee, Florida (the "Town"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon October 20, 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 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 and schedule, which are dated October 20, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

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Corrective actions are in process to address findings and recommendations made in the preceding financial audit report:

Tabulation of Uncorrected Audit Findings

Current Year Finding No.	FY2023-24 Finding No.	FY2022-23 Finding No.
2020-001	2020-001	2020-001
2020-002	2020-002	2020-002
2022-001	2022-001	2022-001
2022-004	2022-004	2022-004
2022-005	2022-005	2022-005
2022-006	2022-006	2022-006
2023-001	2023-001	2023-001
2023-002	2023-002	2023-002
2023-003	2023-003	2023-003
2024-001	2024-001	N/A

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. For legal authority of the Town of Dundee, Florida, see footnote A of the summary of the significant accounting policies 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 has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had one such recommendation noted as finding 2022-004 and 2025-002 in the accompanying schedule of finding and recommendations.

Property Assessed Clear Energy (PACE) Programs

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

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we noted findings 2022-001, 2022-005, 2023-002, 2023-002 and 2023-003 in the accompanying schedule of findings and recommendations.

Town of Dundee's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying letter of management response. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Letter

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

Tampa, Florida
October 20, 2026

Brent, Gardner & Company, P.A.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, *FLORIDA STATUTES*

Town of Dundee, Florida

September 30, 2025

RIVERO, GORDIMER & COMPANY, P.A.

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

Honorable Mayor and Members of the Town Commission
Town of Dundee, Florida

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

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied in all material respects, with the specified compliance requirements above during the year ended September 30, 2025.

Tampa, Florida
October 20, 2026

Rivero, Gordimer & Company, P.A.

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED

Town of Dundee, Florida

September 30, 2025

2020-001 – Bank Reconciliations

Type: Material Weakness - Uncorrected from prior year.

Criteria: Good internal control requires that a proper reconciliation between the Town's bank statements and the related general ledger balances be performed monthly, and this bank reconciliation process should be performed by someone other than the preparer of bank deposits and the individuals preparing checks.

Condition: During our current audit we report that the Town's bank accounts were not being reconciled in a timely manner. The September 30, 2025 bank reconciliations were completed in July 2026.

Cause: Improper and untimely bank reconciliation processes due to lack of proper staffing.

Effect: Without a proper reconciliation between the Town's bank statements and the related general ledger balances, there is no assurance that all cash transactions have been recorded nor any assurance that errors are identified and corrected in a timely manner.

Recommendation: We recommend that the activity posted to the Town's bank accounts be monitored and reconciled monthly to provide assurance that the activity posted to the bank accounts and the related general ledger balances are correct.

View of Responsible Official: *See accompanying letter of management's response.*

2020-002 – Internal Control Over Financial Reporting

Type: Significant Deficiency - Uncorrected from prior year.

Criteria: The Town's internal control over financial reporting should provide reasonable assurance that all transactions are properly recorded in the general ledger in a timely manner, including properly classifying transactions, recording the transactions in the proper funds and departments and periodic review to ensure accuracy.

Condition: We report that the transactions were not being recorded in a timely manner which led to an untimely financial close and reporting during the fiscal year. While the Town did hire an external accounting firm to assist, the external accounting firm was hired in the Spring of 2026.

Cause: The condition was caused by inadequate internal control exacerbated by finance department staff with inadequate skills, knowledge, and experience to properly record Town transactions and to monitor these processes.

Effect: The financial information used to manage the Town's finances contained many errors, some of which were material, which created additional costs as the Town's financial reporting consultant was engaged to make the necessary corrections to prepare for the annual audit.

Recommendation: Effective internal controls over financial reporting, including controls to ensure financial records are prepared and maintained by personnel with the appropriate knowledge and capabilities, are essential to management's assurance regarding accurate financial reporting. We recommend training of Town accounting personnel to further the knowledge and improve the skills required to adequately review the general ledger and prepare financial reports that are free of material misstatement.

View of Responsible Official: *See accompanying letter of management's response.*

2022-001 – Restricted Cash Monitoring

Type: Management letter finding under Chapter 10.554(1)(i)(3), Rules of the Auditor General – Uncorrected from prior year.

Criteria: Section 218.33(3), Florida Statutes requires the establishment and maintenance of internal control to provide reasonable assurance that the Town is in compliance with restrictions placed upon certain resources by enabling legislation and debt-related covenants.

Condition: During our audit we noted:

- Debt service sinking fund bank accounts were not adjusted monthly as required by debt-related covenants.

- Transportation infrastructure, parkland reserve fees, customer deposits, stormwater fees, debt service and the unspent building permits bank accounts were not adjusted during the year to reflect the required balances in these accounts.

Cause: The process of reviewing and adjusting restricted cash balances was not performed for all restricted sources, resulting in numerous over and under restricted amounts being reported across all activities and funds.

Effect: Noncompliance.

Recommendation: We recommend that management establish and maintain internal controls to monitor the sources and uses of all restricted funds and to ensure compliance with enabling legislation and debt-related covenants. We also recommend that this process be performed on a timely basis.

View of Responsible Official: *See accompanying letter of management's response.*

2022-004 – Water Loss

Type: Management letter finding under Chapter 10.554(1)(i)(2), Rules of the Auditor General – Uncorrected from prior year.

Criteria: The ratio of water volume sold (gallons) compared to the volume of water produced of less than 90% is an indicator of concern.

Condition: During our prior audit we identified the water volume sold (gallons) compared to the volume of water produced was calculated at 66% for the fiscal year ended September 30, 2024 compared to 70% in the prior year.

Cause: Unknown.

Effect: Excessive water loss could indicate leaks, faulty meters, unbilled water consumption or inaccurate monitoring of gallons of water pumped at the Town water facilities.

Recommendation: We continue to recommend that management perform a review of the Town's water system in an attempt to reduce the water loss ratio to a reasonable level.

View of Responsible Official: *See accompanying letter of management's response.*

2022-005 – Developer Deposits

Type: Management letter finding under Chapter 10.554(1)(i)(3), Rules of the Auditor General – Uncorrected from prior year.

Criteria: The Land Development Code of the Town's Code of Ordinances contains regulations for transactions related to development review costs. It is the intent of these regulations that the town shall not be required to bear any part of the costs of development review, and that the fees and established charges represent the actual costs involved in the processing of petitions for development approval.

These regulations require a deposit to be paid and utilized for the staff time of Town employees, advertising expenses and legal fees pertaining to the review and processing of the development application. When the deposit has been reduced to 25% of the initial fee, a supplemental payment is required by the applicant before any further processing takes place. Upon completion of the review and processing of the application any remaining deposit will be refunded to the applicant.

Condition: During our audit we noted that this process had not changed during the fiscal year. The prior auditor identified the initial deposit is collected and recorded as a developer review deposit liability in the Town's accounting information system but no further processing or monitoring of these fees takes place.

Cause: Unknown.

Effect: Without monitoring these deposits and the related costs incurred by the Town, it is not possible to determine when the actual costs have exceeded the amounts on deposit nor when to request additional funds from the applicant. Furthermore, there is no processing taking place once a review is complete to refund any residual balances in the deposit account.

Recommendation: We recommend that management design and implement accounting policies and related internal controls to provide assurance that Town development review activity is in compliance with the Land Development Code of the Town's Code of Ordinances.

View of Responsible Official: *See accompanying letter of management's response.*

2022-006 – Accounts Receivable and Customer Deposit Reconciliations

Type: Significant Deficiency - Uncorrected from prior year.

Criteria: Good internal control requires that a periodic reconciliation be performed that would agree the utility accounts receivable and customer deposit subsidiary ledger to the amounts posted to the general ledger control accounts.

Condition: During our audit we noted that management does not reconcile the utility accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.

Cause: Unknown.

Effect: Due to the lack of periodic reconciliations between the subsidiary ledgers and the general ledger, the Town's financial statements could contain misstatements, possibly material, that would not be detected by employees in the ordinary course of performing their assigned functions.

Recommendation: We recommend that management design and implement accounting policies that require monthly reconciliations between the utility accounts receivable and customer deposit subsidiary ledgers to the general ledger control accounts.

View of Responsible Official: *See accompanying letter of management's response.*

2023-001 – Payroll Related Liabilities

Type: Material weakness - Uncorrected from prior year.

Criteria: Adequate internal controls are required to be designed and implemented to provide reasonable assurance that payroll related transactions are properly calculated and recorded, and the amounts paid reconcile to the amounts recorded in the Town's general ledger.

Condition: Payroll liabilities, including insurance premiums and retirement contributions are not being reviewed or reconciled to the amounts being paid.

Cause: Lack of adequate internal controls.

Effect: The internal control deficiencies noted above could result in material misstatements due to errors or fraud which could remain undetected by management.

Recommendation: We recommend that management design and implement adequate internal controls over payroll-related transactions to provide reasonable assurance that the correct amounts are deducted from employee paychecks, properly accrued as a Town liability, and that the ultimate payment of these liabilities is reviewed for accuracy and reconciled with the amounts recorded in the Town's general ledger.

View of Responsible Official: *See accompanying letter of management's response.*

2023-002 – Audit Completion

Type: Management letter finding under Chapter 10.554(1)(i)(3), Rules of the Auditor General.

Criteria: Section 218.32(d), Florida Statutes requires the final audit report of the Town to be submitted to the State of Florida Department of Financial Services no later than 9 months after the end of each fiscal year.

Condition: The Town's audit was after the deadline prescribed by Section 218.32(d), Florida Statutes. The fiscal year 2023 audit was completed in January 2025, the fiscal year 2024 audit was completed in January 2026, and the fiscal year 2025 audit was completed in October 2026.

Cause and Effect: The delay was primarily caused by a shortage of Town staff to adequately prepare for the audit and to facilitate timely responses to audit requests which resulted in a violation of Section 218.32(d), Florida Statutes.

Recommendation: We recommend the hiring of qualified staff to be able to prepare for and complete the annual audit within the prescribed time frame as required by Section 218.32(d), Florida Statutes.

View of Responsible Official: *See accompanying letter of management's response.*

2023-003 – Polk County Impact Fee Collections and Remittances

Type: Management letter finding under Chapter 10.554(1)(i)(3), Rules of the Auditor General.

Criteria: Section 5b of the Town's interlocal agreement with Polk County, Florida (the "County") requires the Town to remit county impact fees no later than the 15th day of the month following collection.

Condition: During the audit we noted that impact fees were not remitted timely to the County.

Cause: The Town does not have adequate processes to ensure accurate and timely collection, remittance and reconciliation of impact fees received on behalf of Polk County, Florida.

Effect: Noncompliance

Recommendation: We recommend that management establish and document a well-defined process for identifying, collecting, remitting and reconciling impact fees received on behalf of Polk County, Florida.

View of Responsible Official: *See accompanying letter of management's response.*

2024-004 – Budgetary Compliance

Type: Material weakness - Uncorrected from prior year.

Criteria: Adequate internal controls are required to be designed and implemented to monitor budgetary compliance in accordance with Section 166.241(2), Florida Statutes. Florida law requires municipalities to adopt an annual budget and restrict spending to the appropriated amounts. The adopted budget regulates expenditures, and municipal officers may not expend or contract for expenditures except pursuant to the adopted budget.

Condition: During our audit, RG&CO noted that expenditures in the General Fund exceeded the final budget by $592,842 and expenditures in the Fire Services Special Revenue Fund exceeded the final budget by $157,234. In addition, the Town made interfund transfers that were not included in the approved budget or formally adopted through the budget amendment process. These matters represent noncompliance with the Town's adopted budget and established budgetary control procedures.

Cause: Lack of adequate internal controls.

Effect: The effect led to budgetary noncompliance in accordance with Florida Statutes.

Recommendation: We recommend that management design and implement adequate internal controls to monitor budgetary compliance during the fiscal year and provide timely and accurate budgetary reporting to the Town Commission for monitoring on a regular basis. Any additional expenditures above budget should be approved by the Town Commission and properly documented within a budget amendment in the Town Commission meeting minutes.

View of Responsible Official: *See accompanying letter of management's response.*

2025-001 – Use of Impact Fees

Type: Material weakness

Criteria: Effective internal controls should be implemented over the reconciliation of the available impact fee assets for use.

Condition: The town undertook a splash pad project to be funded through recreation impact fees. However, total project costs exceeded the available recreation impact fee funds, resulting in the use of impact fees collected for other purposes to finance a portion of the project. Because these impact fees were restricted for specific purposes unrelated to recreation, the Town inappropriately used restricted resources for expenditures that were inconsistent with the purpose for which the fees were originally collected.

Cause: The Town did not have adequate internal controls in place to monitor and review restricted net asset activity and ensure expenditures were charged to the appropriate funding source. Staff turnover and changes in personnel responsible for financial reporting contributed to the oversight, resulting in restricted impact fee resources being used for expenditures in excess of amounts permitted under the restriction.

Effect: The Town used restricted resources for purposes exceeding the available restricted funds, resulting in noncompliance with the applicable restrictions governing the use of impact revenues.

Recommendation: We recommend that the Town implement and maintain effective internal controls over the monitoring, review, and reporting of restricted net asset balances. Management should periodically reconcile restricted fund activity, review available restricted balances prior to authorizing expenditures, and ensure personnel responsible for financial reporting are adequately trained to promote compliance with applicable restrictions on the use of restricted resources.

View of Responsible Official: *See accompanying letter of management's response.*

2025-002 – Enterprise Fund

Type: Management letter finding under Chapter 10.554(1)(i)(2), Rules of the Auditor General.

Criteria: An enterprise fund by definition should be operated in a manner similar to private businesses, where the intent is that the costs of providing services be recovered primarily through user charges.

Condition: During the audit we noted that the enterprise fund operated at a deficit.

Cause: The Town has not evaluated utility billing rates since 2022 while there have been substantial increases in the costs of operating the enterprise fund due to substantial delayed repairs and maintenance as well as substantial general inflation.

Effect: The Town's enterprise fund operated at a net deficit resulting in the use of equity and reserves from the General Fund as the enterprise fund has an unrestricted net position of deficit of $1,825,429.

Recommendation: We recommend that management implement a strategic plan to evaluate the costs of services as well as the amounts billed to ensure that the enterprise fund can operate effectively without delayed repairs and maintenance.

View of Responsible Official: *See accompanying letter of management's response.*

OTHER INFORMATION

Town of Dundee

Town Hall

◆202 E. Main Street ◆ PO Box 1000 ◆ Dundee, Florida 33838 ◆ (863) 438-8330 ◆ Fax (863) 438-8333

October 20, 2026

Dundee Town Commission
202 E. Main Street
Dundee, Florida 33838

Honorable Mayor and Commissioners:

Town Management acknowledges the findings and recommendations arising from the audit of the Town of Dundee contained in the Schedule of Findings and Recommendations for the fiscal year ended September 30, 2025. Management accepts responsibility for strengthening financial controls, maintaining accurate accounting records, and addressing the conditions identified in the audit. The following responses describe the corrective actions management proposes to implement and monitor.

The findings reflect longstanding gaps in staffing continuity, reconciliation procedures, and supervisory review. The Town has filled key management positions, including the Finance Director position, and retained external accounting assistance to address accounting backlogs. These resources support recovery efforts while corrective work is continuing after the close of FY2026.

Responsibility for the Town's accounting records and internal controls remains with Town Management. Completing historical reconciliations does not, by itself, establish that a recurring control is operating effectively. Management will evaluate each finding using documented evidence and ongoing review. Concurrently current financial records and reports will facilitate the decision-making ability of a team of professionals dedicated to providing services to the community.

2020 001 Bank Reconciliations
Management agrees that bank reconciliations must be timely and independently reviewed. The FY2025 audit draft states that the September 30, 2025, bank reconciliations were completed in July 2026. Finance will verify that the completed reconciliations agree to the general ledger, resolve outstanding differences, and establish a schedule for completing subsequent months.

The proposed recurring standard is completion and documented review of each bank reconciliation within 30 days after month-end. Preparation will be assigned to personnel independent of cash receipts and disbursements where staffing permits. Where full separation is not practical, an independent reviewer will examine bank activity, reconciling items, and supporting documentation. Unresolved or aged items will be escalated to the Finance Director and Town Manager.

2020 002 Internal Control Over Financial Reporting
The Finance Director will establish a monthly close calendar identifying required entries, account reconciliations, responsible employees, and review deadlines. Finance will document procedures for payroll, accounts payable, utility receipts, journal entries, and financial reporting, and provide training appropriate to assigned duties. Material adjustments will require supporting documentation and approval. Monthly reports will identify incomplete reconciliations or other limitations that could affect management's use of financial information.

2022 001 Restricted Cash Monitoring
Management agrees that restricted resources require separate accounting and regular monitoring. Finance will maintain a schedule identifying each restriction, its governing document, required bank balances where applicable, beginning balances, receipts, eligible expenditures, and remaining resources. The schedule will be reconciled monthly to the general ledger and applicable bank accounts, including required debt service accounts.

Differences will be investigated and any necessary accounting corrections or cash movements will be reviewed and documented. Finance will review restricted resources as transactions occur and will not defer current monitoring until all historical accounting backlogs have been resolved. Exceptions requiring additional funding or management action will be reported promptly.

2022 004 Water Loss
Management acknowledges the need to determine and reduce unexplained differences between water produced and water billed. Utilities personnel, with Finance support, will validate production and billing data for consistent reporting periods and identify authorized unbilled uses. The review will address potential leaks, meter accuracy, incomplete meter reads, billing exceptions, and data-transfer issues.

Management will assess meter replacement needs, available meter-reading technology, and billing-system reporting and training requirements. Utilities personnel will document monthly production and billed-volume comparisons, investigate unusual usage and zero-read exceptions, and track corrective work. Finance will review the relationship between usage data and reported utility revenue. The Town Manager will coordinate priorities and funding for operational improvements based on the results of this review.

2022 005 Developer Deposits
Finance will coordinate with Development Services to establish a project-level record of developer deposits, related review costs, additional amounts billed, and refunds. Historical balances will be reconciled to supporting project records and the general ledger. Staff will apply eligible costs promptly and monitor balances against the replenishment requirements in the Town's Code and applicable agreements.

Development Services will notify Finance when projects are completed or discontinued so remaining deposits and unpaid costs can be reviewed. Refunds and additional billings will be supported and approved. Finance and Development Services will review open projects monthly, including low balances, inactive projects, and unresolved differences.

2022 006 Accounts Receivable and Customer Deposit Reconciliations
Finance will implement separate documented monthly reconciliations of utility accounts receivable and customer deposit subsidiary ledgers to their general ledger control accounts. Posting subsidiary activity to the general ledger will be followed by a reconciliation of beginning balances, current activity, and ending balances. Differences will be investigated and corrected through approved entries. The review will include customer deposit receipts, refunds, applications to bills, and related cash restrictions. An employee independent of preparation will review and sign off on the reconciliations. Historical differences will be tracked separately so current reconciliations can proceed while older balances are being resolved.

2023 001 Payroll Related Liabilities
Management will review payroll processing, benefit calculations, and general ledger posting to identify and correct errors in payroll expenses and liabilities. Finance will document how payroll registers, employee deductions, employer contributions, vendor invoices, remittances, and journal entries are reconciled. Changes to payroll rates, deductions, or benefit settings will require authorization and verification.

Each payroll will receive a documented review before release. Payroll liabilities will be reconciled monthly by category, showing beginning balances, amounts accrued or withheld, payments, and ending balances. Differences and overdue items will be investigated promptly. The Finance Director or another reviewer independent of preparation will approve reconciliations and correcting entries, with records retained for audit support.

2023 002 Audit Completion
Management agrees that audit preparation and completion must be managed throughout the year. The Finance Director will coordinate an audit-readiness calendar with the external auditors, identify the schedules and records required, assign responsibility, and track requests through completion. Historical accounting backlogs and unresolved audit items will be included in a recovery schedule with defined milestones.

Management's objective is to complete and submit future audits within applicable reporting deadlines. The Town Manager will receive regular updates on readiness, overdue requests, resource needs, and risks to timely completion. Unresolved delays will be escalated early enough to allow corrective action.

2023 003 Polk County Impact Fee Collections and Remittances
Finance and Building Department personnel will document procedures for identifying County impact fees when collected, recording the corresponding liability, reconciling receipts, and preparing remittances. A monthly schedule will show beginning amounts owed, collections, remittances, and ending amounts due to Polk County.

A designated employee will prepare each remittance in time to meet the deadline in the interlocal agreement, and an independent reviewer will verify the amount and supporting detail. Management will review any outstanding balances with County personnel and resolve differences. A monthly reconciliation will supplement the remittance process and will not delay required payments.

Budgetary Compliance
Management acknowledges the expenditure overruns and unbudgeted transfers identified in the FY2025 audit. Finance will verify that the adopted budget and approved amendments are accurately entered in the accounting system and agree to Town Commission records. Monthly budget-to-actual reports will include expenditures, outstanding commitments, significant variances, and projected year-end results.
Department heads will review available appropriations before initiating purchases or contracts. Finance will review proposed commitments and transfers and identify amendments needed before obligations exceed authorized amounts. Amendments will be presented for approval and recorded within applicable requirements and deadlines. Historical accounting corrections will be distinguished from budget authorizations; accounting adjustments will not be treated as retroactive spending approval.

2025 001 Use of Impact Fees
Management acknowledges the finding that splash pad expenditures exceeded available recreation impact fee resources and used fees restricted for other purposes. Finance will reconcile project costs, funding sources, and impact fee balances by category to determine the amount requiring correction and the periods affected.

The Finance Director will work with the Town Manager, Town Attorney, and external accountants to determine an appropriate correction, identify eligible funding to restore affected restricted resources, and obtain any required Town Commission authorization. Corrections will be documented and reconciled to the general ledger and supporting cash records. Management will retain evidence of the amounts restored and any remaining corrective work.

For future projects, Finance will verify both the eligibility of the proposed expenditure and the available balance in the specific impact fee category before funding is approved. Total cash in a pooled account will not be used as evidence that a particular category has available resources. Project commitments and expenditures will be monitored against authorized funding, with periodic review by the Finance Director.

2025 002 Enterprise Fund
Management acknowledges the Enterprise Fund's operating losses, negative unrestricted net position, and dependence on advances from other Town funds. Finance will work with utility operations personnel to evaluate the cost and revenue of water, sewer, stormwater, and sanitation services separately. The analysis will distinguish recurring operating costs from unusual repairs, planning costs, depreciation, debt service, and capital needs.
The review will evaluate billing completeness, collection practices, water loss, cost allocations, and the adequacy of existing rates. Management will present service-specific recommendations to the Town Commission, including rate adjustments or other measures needed to support operations, debt obligations, maintenance, and appropriate reserves.
Finance will also prepare a cash forecast and reconcile interfund balances. Management will evaluate a documented funding and repayment plan for advances, subject to available resources and required approvals. Any proposed subsidy or transfer will be separately identified and reviewed for authorization and funding restrictions. Enterprise Fund results and cash needs will be monitored monthly.

Implementation and Oversight
The Finance Director will coordinate the financial corrective actions, with support from department heads and external accountants. The Town Manager will oversee staffing, resources, and operational coordination. Within 30 days after management approves this plan, Finance will prepare an implementation schedule identifying an owner, target date, current status, and supporting evidence for each action. Management will provide quarterly progress updates to the Town Commission and report significant exceptions sooner.

The Town appreciates the auditors' recommendations and is committed to completing the corrective work and maintaining documented controls that support accurate reporting and responsible stewardship of public resources.

Respectfully,

Kenneth Cassel
Town Manager
Town Of Dundee