

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY

(a component unit of the City of Lake Alfred, Florida)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
Fiscal year ended September 30, 2025

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 9

Statement of Activities 10

Fund Financial Statements:

Balance Sheet – Governmental Fund 11

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund 12

Notes to Financial Statements 13

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General fund 21

OTHER INFORMATION SECTION

Data Elements required by Section 218.32(1)(e), *Florida Statutes* 22

GOVERNMENT AUDITING SECTION

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* 24

Independent Accountant's Report on Compliance with Sections 218.415, 163.387 (6) and 163.387(7), Florida Statutes 26

Management Letter 27

Schedule of Findings and Recommendations 29

OTHER INFORMATION

Letter of Management's Response 32

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Chair and Members of the City of Lake Alfred Community Redevelopment Agency
City of Lake Alfred, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Lake Alfred Community Redevelopment Agency (the CRA), a dependent special district and blended component unit of the City of Lake Alfred, Florida (the City), as of and for the year ended September 30, 2025 and the related notes to the financial statements as listed in the table of contents.

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

Basis for Opinions

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

Other Matter

The CRA is a blended component unit of the City and is included in the City's financial statements as a non-major governmental fund. The accompanying financial statements represent a separate audit engagement and were audited independently of the City's financial statements, although the audits were performed concurrently. This report is intended to present only the financial position and changes in financial position of the CRA and does not purport to present the financial position or results of operations of the City.

Management's Responsibility for the Financial Statements

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

Management's Responsibility for the Financial Statements (concluded)

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 CRA's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 CRA'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 CRA'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 provided 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.

Required Supplementary Information (concluded)

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 Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CRA's basic financial statements. The other information section, as provided in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2026, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA'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 CRA's internal control over financial reporting and compliance.

Other Reporting Required by Chapter 10.550, Rules of the Auditor General

In accordance with *Chapter 10.550, Rules of the Auditor General,* we have also issued our report dated June 22, 2026, on our examination of compliance with requirements of Sections 218.415, 163.387(6) and 163.387(7), *Florida Statutes*. The purpose of this report is to describe the scope of our examination and the issuance of an opinion on the CRA's compliance with requirements of Section 218.415, 163.387(6) and 163.387(7), *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 22, 2026

The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the financial activities of the City of Lake Alfred Community Redevelopment Agency ("CRA"), a component unit of the City of Lake Alfred, Florida ("City"). The analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the CRA's financial activity, identify the changes in the CRA's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues of concern.

Financial Highlights

- The assets of the CRA exceeded its liabilities by $304,080 (net position) compared to $398,467 at the end of the prior year.
- The CRA's total net position decreased by $94,387 during the year ended September 30, 2025 compared to a decrease of $10,289 in the prior year.
- As of the close of the current fiscal year, the CRA's general fund reported ending fund balance of $246,942 compared to $245,345 at the end of the prior fiscal year, an increase of $1,597.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. The CRA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required 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 CRA's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the CRA'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 CRA is improving or deteriorating.

The statement of activities presents information showing how the CRA's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector business in that 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 are designed to distinguish functions of the CRA 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 CRA does not engage in business-type activities and as such, no business-type activities are reported in the financial statements.

The governmental activities of the CRA are exclusively comprised of the community redevelopment function.

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 CRA, rather than reporting on the CRA as a whole. The CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The CRA maintains only one fund, a major governmental fund designated as the general fund.

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

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes 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 certain required supplementary information concerning the CRA's general fund budgetary comparisons. Required supplementary information can be found by referencing the table of contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - The following table reflects the condensed statement of net position for the current year, as compared to the prior year. For more detailed information see 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,

	Governmental Activities	
	2025	**2024**
Current and other assets	$ 264,424	$ 359,429
Capital assets	57,138	39,038
Total assets	321,562	398,467
Current liabilities	17,482	-
Total liabilities	17,482	-
Net position:		
Investment in capital assets	57,138	39,038
Restricted	246,942	359,429
Total net position	$ 304,080	$ 398,467

As of September 30, 2025, the CRA reported net position of $304,080, consisting of $57,138 invested in capital assets and $246,942 restricted for community redevelopment purposes.

Statement of Activities - The following table reflects a summary of the statement of activities compared to the prior year. The statement of activities can be found by referencing the table of contents of this report.

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

	Governmental Activities	
	2025	**2024**
Revenues:		
General revenues:		
Property taxes	$ 514,174	$ 464,357
Total revenues	514,174	464,357
Expenses:		
Governmental activities:		
Community redevelopment	608,561	474,646
Total expenses	608,561	474,646
Change in Net Position	(94,387)	(10,289)
Net position - Beginning	398,467	294,672
Restatement	-	114,084
Net position - Ending	$ 304,080	$ 398,467

Governmental Activities – During 2025, governmental activities' net position decreased by $94,387 compared to a decrease of $10,289 in the prior year. The main reason for the current year changes are as follows:

- Total property tax increment revenue increased by $49,817 or 11% due to increased property values within the CRA district, including the effect of new construction and increased valuations on existing properties.

- Total expenses increased by $133,915 or 28% mainly due to the following:
    - The City's Central Park improvement project has been ongoing and has been partially funded through CRA contributions. The CRA's contributions to the project increased by approximately $145,000 in 2025.
    - In 2024, the CRA initiated a street widening project and incurred project costs totaling $39,038. During 2025, the CRA incurred additional project costs of $18,100, which were reported as construction in progress.
    - Residential improvement grant expenses increased by $31,073, and commercial improvement grant expenses increased by $91,624 in 2025 due to increased participation in these programs.
    - The CRA previously reported a grant revenue receivable that expired during 2025 before the grantor approved a complete reimbursement request. As a result, the CRA recognized bad debt expense of $114,084 during 2025, which was reported as a redevelopment expense.
    - The administrative cost allocation to the City increased by approximately $5,000 in 2025 compared to the prior year, reflecting the City's assignment of additional personnel to support CRA management activities.

FINANCIAL ANALYSIS OF THE CRA'S FUNDS

Governmental funds: The focus of the CRA's governmental fund (general fund) statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA's financing requirements.

As of the end of the current fiscal year, the CRA's sole fund, the general fund, reported ending fund balances of $246,942 an increase of $1,597 in comparison with the previously reported balance in the prior year of $245,345. The entire fund balance of the CRA's general fund is restricted for community development expenditures.

Revenue increased by $49,817 and is discussed above in the governmental activities section.

Expenditures increased by $227,061 mainly due to the increased residential and commercial improvement grant activity and increased funding of the City's Central Park improvement project as discussed above in the governmental activities section.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenue was equal to budgeted revenue, and actual expenditures were $17,055 greater than budgeted expenditures resulting in an overall unfavorable budgetary variance of $17,055. The general fund budget was amended to decrease revenue by $13,359 (3%) and increase expenditures (excluding budgeted carryover reserve) by $31,986 (4%). The amendment was made to reflect less than anticipated revenues and higher than anticipated expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: As of September 30, 2025, the CRA reported $57,138 in construction in progress, compared to $39,038 at the end of the prior year. The current year amount relates to an ongoing street widening project, which will continue to be reported as a capital asset within the CRA until its completion. Upon completion, the asset will be transferred to the City and recognized as a community redevelopment expense in the statement of activities.

The CRA frequently undertakes the construction, renovation, or acquisition of capital assets, including land, buildings, improvements, or equipment. However, these assets are rarely titled in the CRA's name, nor does the CRA assume operational responsibility or maintenance obligations. Instead, such assets are typically transferred to the City upon acquisition or project completion.

For long term construction or renovation projects, the costs are capitalized as construction work in process in the governmental activities of the CRA and are transferred to the City upon completion.

Long-Term Debt: The CRA reported no long-term obligations as of September 30, 2025 or 2024.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The Community Redevelopment Agency (CRA) continues to grow new revenue. This is allowing us to pursue larger scale capital projects in parks and recreation while also funding façade grants. The CRA has several priorities, including setting aside approximately $275,000 per year for downtown capital improvements and $200,000 per year for improvement grants. In the next several years, as the CRA continues to grow, we will also be able to concurrently pursue streetscaping projects in the downtown area.

REQUESTS FOR INFORMATION

The financial report is designed to provide an overview of the City of Lake Alfred Community Redevelopment Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lake Alfred, 155 E Pomelo Street, Lake Alfred, Florida, 33850.

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Lake Alfred)
Statement of Net Position
September 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 264,424
Capital assets:	
Non-depreciable	57,138
TOTAL ASSETS	321,562
LIABILITIES	
Accounts payable and accrued expenditures	17,482
TOTAL LIABILITIES	17,482
NET POSITION	
Investment in capital assets	57,138
Restricted for:	
Community redevelopment	246,942
TOTAL NET POSITION	$ 304,080

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Lake Alfred)
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
Governmental activities:					
Community redevelopment	$ 608,561	$ -	$ -	$ -	$ (608,561)
Total governmental activities	$ 608,561	$ -	$ -	$ -	(608,561)
GENERAL REVENUES					
Taxes:					
Property taxes, levied for community redevelopment					514,174
Total general revenues					514,174
CHANGE IN NET POSITION					(94,387)
NET POSITION, beginning of year					398,467
NET POSITION, end of year					$ 304,080

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Lake Alfred)
Balance Sheet – Governmental Fund
September 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	$ 264,424
Total assets	$ 264,424
LIABILITIES	
Accounts payable and accrued expenditures	17,482
Total liabilities	17,482
FUND BALANCE	
Restricted for:	
Community redevelopment	246,942
Total fund balances	246,942
Total liabilities and fund balance	$ 264,424

SUMMARY RECONCILIATION TO THE GOVERNMENT WIDE FINANCIAL STATEMENTS:

FUND BALANCES - TOTAL GOVERNMENTAL FUND	$ 246,942
Reconciling items:	
Capital assets are not financial resources and therefore are not reported in the funds.	57,138
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 304,080

See Accompanying Notes to Financial Statements

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Lake Alfred)
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund
For the year ended September 30, 2025

	General Fund
REVENUES:	
Taxes	$ 514,174
Total revenues	514,174
EXPENDITURES:	
Current:	
Economic environment	244,477
Capital outlay	268,100
Total expenditures	512,577
NET CHANGE IN FUND BALANCE	1,597
FUND BALANCE, beginning of year	245,345
FUND BALANCE, end of year	$ 246,942
SUMMARY RECONCILIATION TO THE GOVERNMENT WIDE FINANCIAL STATEMENTS:	
NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	$ 1,597
Reconciling items:	
Grant receivable previously reported as revenue in the governmental activities that expired before reimbursement in 2025. This was reported as unavailable revenue in the general fund in the prior year.	(114,084)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense or donated to the City of Lake Alfred.	
Current year additions to capital projects in process.	18,100
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (94,387)

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lake Alfred Community Redevelopment Agency's ("CRA") 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 CRA are discussed below.

REPORTING ENTITY - The CRA is a dependent special district created in 2014 by the City of Lake Alfred, Florida (the "City") under Chapter 163, Part III, of the Florida Statutes via Ordinance No. 1335-14. The CRA's mission is to eliminate and prevent conditions of slum and blight by facilitating redevelopment activities and encouraging private investment. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Board of the CRA is comprised of the five members of the City Commission.

While the City and the CRA are separate legal entities, the parties share the mutual goal of redeveloping the CRA areas. The City provides administrative support services in the same manner as provided by the City in the conduct of its own affairs or as otherwise provided by the CRA Plan. City Management has operational responsibility for the CRA.

For the year ended September 30, 2025, the CRA paid the City approximately $113,802 for the provision of administrative and maintenance support services.

The accompanying financial statements present the CRA and its component units, entities for which the CRA is financially accountable. Criteria for determining if other entities are potential component units of the CRA which should be reported with the CRA's basic financial statements are identified and described in the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The application of these criteria provides for identification of any entities for which the CRA is financially accountable and other organizations for which the nature and significance of their relationship with the CRA are such that exclusion would cause the CRA's basic financial statements to be misleading or incomplete. Based on these criteria, the financial reporting entity does not include or exclude any component units.

The City is financially accountable for the CRA and as such, the CRA is reported as a blended component unit in the City's basic financial statements.

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

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 CRA. The effects of interfund activity would have been removed from these statements if there were any interfund activity. 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 CRA does not engage in any business-type activities

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont…)

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 CRA are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, 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. 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. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. Due to the CRA's fund structure, there were no non-major funds.

The financial activities of the CRA are reported in a single governmental "general" fund. There are no other governmental funds, no proprietary funds nor any fiduciary funds.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the CRA.

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 and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE

CASH AND CASH EQUIVALENTS - The City maintains a pooled cash account that is available for use by all operating funds of the City. The City maintains an accounting system which centralizes the cash accounting function of all funds and the CRA's "share" of these pooled cash amounts is reported as cash and cash equivalents on the accompanying balance sheet/statement of net position. The CRA does not have a separate bank account apart from the amounts in the City's pooled system.

INVESTMENTS – Because City Management has operational responsibility for the CRA and because the CRA funds are pooled with other City funds for centralized accounting purposes, references to the City in this note apply to the CRA because of this arrangement.

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

Investments are reported at fair value or amortized cost, which approximates fair value. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results.

The CRA reported no investments on or during the year ended September 30, 2025.

RECEIVABLES – Receivables, if any, are reported at their gross value reduced by the estimated portion that is expected to be uncollectible. As of September 30, 2025, the CRA reported no receivables.

INVENTORIES - Inventories of expendable supplies are recorded at year-end if material. These inventories are reported at cost on a first-in, first-out basis. They are recorded as expenditures at the time individual inventory items are used.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

CAPITAL ASSETS – In the government-wide financial statements, capital assets may include land, buildings, improvements, infrastructure, and furniture and equipment. The CRA frequently undertakes the construction, renovation, or acquisition of such assets; however, these assets are not titled to the CRA. The CRA does not maintain operational control or bear responsibility for ongoing maintenance. Instead, the assets are transferred to the City upon acquisition or upon completion of construction or renovation.

For long-term projects, related costs are capitalized as construction in progress under the CRA's governmental activities and transferred to the City upon completion. Assets donated to the City are recorded as community redevelopment expenses in the statement of activities.

In rare cases where assets are titled to the CRA or where the CRA assumes operational responsibility, those assets would be reported at historical cost if purchased, or at estimated acquisition value if donated. Capital assets are defined per City resolution as tangible property or improvements with a value of $5,000 or more and an expected useful life exceeding two years. Routine maintenance and repair costs that do not extend an asset's useful life are expensed as incurred.

In the fund financial statements, capital assets are reported as capital outlay expenditures of the CRA's general fund at the time of acquisition.

RESTRICTED ASSETS – While all CRA assets are restricted for community redevelopment purposes, any cash balances with additional restrictions above and beyond the general restriction on CRA assets will be reported as restricted in the accompanying balance sheet/statement of net position. The CRA generally uses restricted resources first when an expenditures/expense is incurred for which both restricted and unrestricted resources are available.

LONG-TERM OBLIGATIONS - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 expenses in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements.

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.

The CRA reported no long-term obligations as of September 30, 2025.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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 position that applies to a future period(s) and so 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 separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds may report unavailable revenues as deferred inflows on the accompanying balance sheet until the amounts become available at which time they will be reported as revenues in the fund-level statement of revenues, expenditures and changes in fund balance.

As of September 30, 2025, the CRA reported no deferred outflows or inflows of resources.

EQUITY CLASSIFICATIONS -

Government-wide and Enterprise Fund 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:

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 that are attributable to the acquisition, construction, or improvement of those assets.

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 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 CRA's policy to use restricted net position first, and then unrestricted net position as they are needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Fund Balance Classification in Governmental 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 CRA is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non spendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form such as inventories, prepaid items and noncurrent receivables (including interfund due froms) or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the CRA's Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

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

Unassigned - All other spendable amounts.

The details of the components of fund balances are included in the governmental fund balance sheet. The CRA 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.

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.

NOTE 2 - PROPERTY TAX CALENDAR

The CRA's primary source of revenue is tax-increment funds. This revenue is computed by applying the respective operating tax rates for the City and Polk County, Florida (the "County") multiplied by the increased value of property located within the boundaries of the redevelopment areas of the CRA in excess of the base property value, minus 5%. The City and County are required to fund this amount annually by January 1 of each year without regard to tax collections or other obligations.

The City and County millage rates in effect for the fiscal year ended September 30, 2025 were 6.7500 and 6.6348 respectively.

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is approved by the Board of Directors of the CRA and then formally adopted by an Ordinance of the City Commission on or before October 1 of each year. Because the City has operational responsibility for the CRA, the CRA utilizes the City's budgetary level of control policy which establishes the legal level of budgetary control at the fund level for all the CRA's funds. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations subject to notification of the CRA's Board of Directors; however, any revisions that alter the total expenditure of any fund must be approved by an Ordinance of the City Commission. Budgets for all funds are adopted on the modified accrual basis of accounting.

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS – As previously discussed, the amounts reported as *cash and cash equivalents*, is the CRA's claim on the pooled cash account maintained by the City.

INVESTMENTS – As of September 30, 2025, the CRA held no investments in the CRA's name nor did the CRA participate in any pooled investments of the City and therefore is not exposed to investment related custodial credit risk, interest rate risk, credit risk nor concentration of credit risk as of September 30, 2025.

The remainder of Note 4 refers to City investment and risk policies. Because City Management has operational responsibility for the CRA and because the CRA funds are pooled with other City funds for centralized accounting purposes, references to the City apply to the CRA because of this arrangement.

Custodial Credit Risk-Deposits - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the CRA's cash deposits may not be returned to the CRA.

On September 30, 2025, the previously mentioned pooled cash account was held in qualified public depositories pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act. These City deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. Furthermore, qualified public depositories participate in a shared risk collateral pool overseen by the State of Florida and established by Florida Statute. The State of Florida collateral pool is a multiple financial institution pool which provides for additional amounts to be assessed to the members of the pool if the value of the pool's collateral is inadequate to cover a loss. The amounts covered by the pool are considered insured for financial reporting disclosure requirements. Because of this arrangement and the fact, the CRA's deposits are maintained within the City's pooled cash account, management believes the CRA's deposits are not exposed to custodial credit risk.

NOTE 4 - DEPOSITS AND INVESTMENTS (cont…)

Investment Policy – The City does not have a formal investment policy and are therefore required to adhere to Section 218.415 (17), Florida Statutes which allows the City to invest surplus funds in the following investments: Local Government Surplus Funds Trust Fund, money market funds with the highest credit quality rating, time deposits or savings accounts in qualified public depositories, direct obligations of the U.S. Treasury or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.

Custodial credit risk – Investments - Custodial credit risk for investments is the risk that, in the event of a failure by the counterparty, the CRA will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City has no formal policy regarding custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is defined as when five percent or more of the total investments are invested with one issuer. Investments issued or explicitly guaranteed by the United States government and investments in mutual funds or pools are excluded. There were no concentrations to disclose for the year ended September 30, 2025.

Investments – Fair Value - The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City had no investments reported at fair value at any time during the fiscal year and therefore had no recurring fair value measurements on September 30, 2025.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2025, is summarized below:

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in process	$ 39,038	$ 18,100	$ -	$ 57,138
Total capital assets, not being depreciated	$ 39,038	$ 18,100	$ -	$ 57,138

NOTE 6 - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the CRA may be 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 CRA is covered by the City's insurance plans. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the CRA.

The CRA may be contingently liable with respect to lawsuits and other claims which arise in the ordinary course of carrying out its public service. Management believes that any losses not covered by insurance which may ultimately be incurred as a result of the suits and claims will not be material, with the exception of attorney's fees which are not determinable.

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Lake Alfred)
Budgetary Comparison Schedule – General fund
For the year ended September 30, 2025

	Budgeted Amounts		Actual Amounts (GAAP basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 527,533	$ 514,174	$ 514,174	$ -
Prior year surplus appropriated	200,000	245,345	-	na
Total revenues	727,533	759,519	514,174	-
EXPENDITURES:				
Economic environment	327,533	227,422	244,477	(17,055)
Capital outlay	400,000	268,100	268,100	-
Budgeted carryover reserve	-	263,997	-	n/a
Total expenditures	727,533	759,519	512,577	(17,055)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 1,597	$ 1,597

Notes to Budgetary Comparison Schedule:

The budget is prepared on the GAAP basis of accounting.

Excess Outflows over Budgeted Appropriations - The legal level of budgetary control (the level at which outflows may not legally exceed appropriations) is at the fund level. For the fiscal year ended September 30, 2025, actual operating and capital expenditures exceeded final budgeted operating and capital appropriations, excluding budgeted carryover reserve, by $17,055..

OTHER INFORMATION

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Lake Alfred)
Data Elements required by Section 218.32(1)(e), *Florida Statutes*
September 30, 2025

Data Element	Reference	Comment
The total number of CRA employees compensated in the last pay period of the CRA's fiscal year being reported.	Section 218.32(1)(e)(2)(a)	The CRA has no employees.
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year being reported.	Section 218.32(1)(e)(2)(b)	0
All compensation earned by or awarded to CRA employees, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(c)	The CRA has no employees.
All compensation earned by or awarded to CRA nonemployee independent contractors, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(d)	$0
Budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6), Florida Statutes.	Section 218.32(1)(e)(3)	See page 23 of this annual financial report.
Each construction project with a total cost of at least $65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.	Section 218.32(1)(e)(2)(e)	Residential Improvement Grants - $129,019 Commercial Improvement Grant - $134,978

Continued…

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY
(A component unit of the City of Lake Alfred)
Data Elements required by Section 218.32(1)(e), *Florida Statutes* (concluded)
September 30, 2025

	Original Budget	Actual Amounts (GAAP basis)	Variance with Original Budget
REVENUES:			
Taxes	$ 527,533	$ 514,174	$ (13,359)
Prior year surplus appropriated	200,000	-	na
Total revenues	727,533	514,174	(13,359)
EXPENDITURES:			
Economic environment	327,533	244,477	83,056
Capital outlay	400,000	268,100	131,900
Total expenditures	727,533	512,577	214,956
NET CHANGE IN FUND BALANCE	$ -	$ 1,597	$ (228,315)

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY

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GOVERNMENT AUDITING SECTION

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

Honorable Chair and Members of the City of Lake Alfred Community Redevelopment Agency
City of Lake Alfred, 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 and each major fund of the City of Lake Alfred Community Redevelopment Agency (the CRA), a dependent special district and component unit of the City of Lake Alfred, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements and have issued our report thereon dated June 22, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA'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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

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

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

Compliance and Other Matters

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

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.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 22, 2026

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTIONS 218.415, 163.387(6) AND 163.387(7), FLORIDA STATUTES

Honorable Chair and Members of the City of Lake Alfred Community Redevelopment Agency
City of Lake Alfred, Florida

We have examined the City of Lake Alfred Community Redevelopment Agency's (the CRA) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2025. We have also examined the CRA's compliance with Sections 163.387(6) and (7), *Florida Statutes* during the year ended September 30, 2025. Management is responsible for the CRA's compliance with these specified requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

The CRA is a dependent special district and component unit of the City of Lake Alfred, Florida.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards required that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether CRA 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 of the City of Lake Alfred Community Redevelopment Agency and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our examination.

Our examination does not provide a legal determination of CRA's compliance with the specified requirements.

In our opinion, the Lake Alfred Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements of Section 218.415, and Sections 163.387 (6) and (7), *Florida Statutes* for the year ended September 30, 2025.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 22, 2026

MANAGEMENT LETTER

Honorable Chair and Members of the City of Lake Alfred Community Redevelopment Agency
City of Lake Alfred, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Lake Alfred Community Redevelopment Agency (the CRA), a dependent special district and component unit of the City of Lake Alfred, Florida, as of and for the year ended September 30, 2025, and have issued our report thereon dated June 22, 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance with the requirements of Section 218.415, and Sections 163.387(6) and (7), Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 22, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. For the legal authority of the CRA, see Note 1 of the summary of significant accounting policies in the notes to financial statements. There are no component units of the CRA.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the CRA 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 of the financial statements of the CRA, we determined that the CRA did not meet any of the specified 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 CRA. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

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

Specific Information

Management has provided the specific information required by Section 218.39(3)(c), Florida Statutes in the other information section of the financial statements on page 22 and 23.

Property Assessed Clean Energy (PACE) Programs

In accordance with Section 10.554(1)(i)6.a. of the Rules of the Auditor General, no property assessed clean energy (PACE) program—providing financing for qualifying improvements under Section 163.081 or Section 163.082, Florida Statutes—operated within the geographical boundaries of the CRA district, during the fiscal year ended September 30, 2025.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. Refer to finding 2025-001 in the accompanying *schedule of findings and recommendations* for our findings and recommendations issued in accordance with Section 10.554(1)(i)3., Rules of the Auditor General.

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 CRA Board of Commissioners, members of the City of Lake Alfred City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 22, 2026

Finding 2025-001: Management Letter – Expenditures in Excess of Budget

Criteria:
Section 189.016, Florida Statutes, requires each special district to adopt an annual budget and provides that the adopted budget regulates expenditures of the special district. The statute further provides that an officer of a special district may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget. Budget amendments may be made as provided by statute.

Condition:
During our audit, we noted that the City of Lake Alfred Community Redevelopment Agency, a blended component unit of the City of Lake Alfred, incurred economic environment expenditures of $244,477, which exceeded the final amended budget of $227,422 by $17,055.

Cause:
The CRA amended its budget to reflect expenditures recorded by management at year-end; however, an additional expenditure incurred during the fiscal year was identified during the audit and recorded as an audit adjustment. This adjustment caused actual expenditures to exceed the final amended budget.

Effect:
Expenditures in excess of budget indicate noncompliance with the adopted budget and reduce the effectiveness of budgetary controls over CRA operations.

Recommendation:
We recommend that the CRA continue monitoring actual expenditures against budgeted appropriations and ensure year-end accruals and other necessary adjustments are considered before finalizing budget amendments, so expenditures do not exceed authorized budget amounts.

View of Responsible Official:

For the View of Responsible Officials regarding these findings and recommendations, see the accompanying letter of management's response.

CITY OF LAKE ALFRED COMMUNITY REDEVELOPMENT AGENCY

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OTHER INFORMATION

155 E Pomelo Street
Lake Alfred, FL 33850
Office: (863) 291-5270

June 22, 2026

Corrective Action Plan – Finding 2025-001

Management concurs with the finding. The City acknowledges the importance of ensuring expenditure remains within legally adopted budget appropriations as required by Section 189.016, Florida Statutes.

In the past, we have always just amended the budget at closeout to be accurate to year to date to the penny which left no margin for error with back posted expenses.

When additional expenses were posted back to the fiscal year after the budget closeout it created a finding since the expense was greater than the amended budget. The standard is expense only; so even if there was additional offsetting revenue that was also posted back (which was the case here) it created the finding.

Now that management is aware of this standard, we will just provide a cushion in the budget closeout by leaving the margin within the anticipated expenses instead of shearing them off by balancing them to the penny in the closeout. The irony here is that it was our strictness in the budget closeout that created the finding.

Summary of Actions:

1. Leave expense capacity and margin within the budget closeout to absorb back posted expenses that come in after the final budget amendment.

Sincerely,

Ryan Leavengood
City Manager