

TOWN OF LEE, FLORIDA
FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

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TOWN OF LEE, FLORIDA

TOWN OFFICIALS

September 30, 2024

<u>OFFICIALS</u>	<u>ELECTED TERM EXPIRATION</u>
<u>MAYOR</u>	
James Ruzicka	November 2026
<u>TOWN COUNCIL</u>	
Kenneth Szostek, Council Member	November 2026
Lloyd Burke, Council Member	November 2024
Edwin McMullen, Council Member	November 2024
Joyce Bethea, Council Member	November 2024
Ronnie Bass, President	November 2026
<u>TOWN MANAGER/CLERK</u>	
Sona Hayslett	
<u>TOWN ATTORNEY</u>	
Rhett Bullard	

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TOWN OF LEE, FLORIDA

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TOWN OF LEE, FLORIDA

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Council
Town of Lee, Florida

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lee, Florida as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Lee, Florida's basic financial statements as listed in the table of contents.

In my 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 Lee, Florida as of September 30, 2024, 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

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Town of Lee, Florida, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Lee, Florida'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

My 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 my 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*, I:

- 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 Lee, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Lee, Florida's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison information on pages 33-34 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. I 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 I obtained during our audit of the basic financial statements. I 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*, I have also issued our report dated May 23, 2025, on my consideration of the Town of Lee, Florida's internal control over financial reporting and on my 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 my 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 of Lee, Florida'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 Town of Lee, Florida's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
May 23, 2025

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**MANAGEMENT'S
DISCUSSION AND
ANALYSIS**

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TOWN OF LEE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2024

Our discussion and analysis of the Town of Lee, Florida's (the Town), financial performance provides an overview of Town's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the Town's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

To aid in maintaining the Town's roads, streets, and public property; the following equipment purchases were made: a Gravely 672 Zero Turn mower, a 60 hp Kubota tractor with front end loader, and a 11'1' Land Pride mower.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer – term view of the Town's finances.

Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government – wide statements by providing information about the Town's most significant funds.

Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 5. The Statement of Net Position and the Statement of Activities on pages 10 and 11 includes all assets, liabilities, revenues, and expenses using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements also report the Town's net position and changes in it. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health. Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating.

Consideration of other nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's capital assets, are also necessary to assess its overall financial health.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two kinds of activities:

- Governmental activities – the Town’s basic services are reported here, including the finance and administration functions, public safety, economic development, and culture and recreation. Property taxes, intergovernmental revenues, and grants finance most of these activities.
- Business–type activities – the Town charges a fee to customers to help it cover all or most of the costs of the water and sewer/wastewater utility services it provides.

Reporting the Town’s Most Significant Funds

Our analysis of the Town’s major funds begins on page 8. The fund financial statements begin on page 11 and provide detailed information about the most significant funds, not the Town as a whole. The Town has a General Fund (governmental) and an Enterprise (proprietary) Fund. The Town’s two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental funds*

The Town’s basic services are reported in governmental funds, which focus on how money flows into and out of the fund and the balances left at year end that are available for spending. The fund is reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short–term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs.

The differences between governmental activities reported in the Statement of Net Position and Statement of Activities and the governmental funds are described in the reconciliations accompanying the fund financial statements.

- *Proprietary funds*

When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The Town’s Enterprise Fund, a proprietary fund, is the same as the business–type activities reported in the government–wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Town as a Whole

The Town’s total Net Position decreased approximately \$167,000, largely due to depreciation on the Town’s capital assets and repairs to the Town’s Business Complex.

The Governmental Activities' Net Position decreased \$32,000. The Business-type Activities Net Position decreased approximately \$135,000.

Analysis of the changes in net position follows.

Table 1 focuses on the Town's net position.

	Governmental Activities		Business type Activities		Totals	
	2024	2023	2024	2023	2024	2023
	Current and other assets	\$ 393	\$ 476	\$ 542	\$ 483	\$ 935
Capital assets	1,267	1,214	4,107	4,316	5,374	5,530
Total assets	<u>\$ 1,660</u>	<u>\$ 1,690</u>	<u>\$ 4,649</u>	<u>\$ 4,799</u>	<u>\$ 6,309</u>	<u>\$ 6,489</u>
Long term liabilities	\$ 4	\$ 3	\$ 429	\$ 451	\$ 429	\$ 454
Other liabilities	9	8	36	29	45	37
Total liabilities	<u>13</u>	<u>11</u>	<u>465</u>	<u>480</u>	<u>478</u>	<u>491</u>
Net position:						
Invested in Cap Assets	1,267	1,214	3,679	3,867	4,946	5,081
Restricted	-	-	17	16	17	16
Unrestricted	<u>380</u>	<u>465</u>	<u>488</u>	<u>436</u>	<u>868</u>	<u>901</u>
Total net position	<u>1,647</u>	<u>1,679</u>	<u>4,184</u>	<u>4,319</u>	<u>5,831</u>	<u>5,998</u>
Total liabilities & net position	<u>\$ 1,660</u>	<u>\$ 1,690</u>	<u>\$ 4,649</u>	<u>\$ 4,799</u>	<u>\$ 6,309</u>	<u>\$ 6,489</u>

Table 2 focuses on the changes in the net position.

	Governmental Activities		Business type Activities		Totals	
	2024	2023	2024	2023	2024	2023
	Revenues					
Program revenues						
General government	\$ 5	\$ 3	\$ -	\$ -	\$ 5	\$ 3
Public safety	-	50	-	-	-	50
Physical environment	-	80	-	-	-	80
Transportation	4	4	-	-	4	4
Economic environment	52	31	-	-	52	31
Culture/recreation	-	-	-	-	-	-
Water utility services	-	-	115	110	115	110
Sewer/wastewater services	-	-	141	128	141	128
General revenues						
Taxes						
Ad valorem	98	79	-	-	98	79
Local option gas	49	49	-	-	49	49
Franchise fees	25	33	-	-	25	33
Utility service	34	19	16	15	50	34
Local Communications	20	27	-	-	20	27
Intergovernmental	38	38	-	-	38	38
Interest	4	4	13	11	17	15
Miscellaneous	<u>15</u>	<u>41</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>41</u>
Total revenues	<u>344</u>	<u>458</u>	<u>285</u>	<u>264</u>	<u>629</u>	<u>722</u>

(Table 2 continued)

Program expenses						
General government	146	146	-	-	146	146
Public safety	4	53	-	-	4	53
Physical environment	1	1	-	-	1	1
Transportation	130	152	-	-	130	152
Economic environment	55	21	-	-	55	21
Culture/recreation	31	44	-	-	31	44
Water utility services	-	-	142	153	142	153
Sewer/wastewater services	-	-	287	296	287	296
Total expenses	<u>367</u>	<u>417</u>	<u>429</u>	<u>449</u>	<u>796</u>	<u>866</u>
Excess (deficiency) before transfers						
	(23)	41	(144)	(185)	(167)	(144)
Special items						
Transfers	(9)	-	9	-	-	-
Change in net position	(32)	41	(135)	(185)	(167)	(144)
Net position - beginning	<u>1,679</u>	<u>1,638</u>	<u>4,319</u>	<u>4,504</u>	<u>5,998</u>	<u>6,142</u>
Net position - ending	<u>\$ 1,647</u>	<u>\$ 1,679</u>	<u>\$ 4,184</u>	<u>\$ 4,319</u>	<u>\$ 5,831</u>	<u>\$ 5,998</u>

Governmental Activities

- Governmental Activities current and other assets decreased due to the purchase of equipment in the amount of \$96,987, indicated in the Financial Highlights section above.
- Total net position decreased slightly due to depreciation and repairs on the Town's Business Complex roof.
- Increases/decreases in governmental revenues are explained as follows: 1. General government revenues decreased due to a prior year payment by Madison County to the Town for excess funds, a "surplus funds payment" in the amount of \$12,932 based on an interlocal agreement. 2. Public safety revenues decreased due to a prior year Volunteer Firefighter Grant in the amount of \$49,700. 3. Miscellaneous revenues decreased due to prior year insurance reimbursements of \$32,433 for Hurricane Idalia damage. 4. Taxes increased due to an expansion in the ad valorem tax base of \$1.1 million.
- Increases/decreases in governmental expenses are explained as follows: 1. Public safety decreased due to expenditures under the Volunteer Firefighter Grants in the prior year (Air-Paks and Snap-Changer Cylinders) 2. Transportation expenses increased due to significant repairs on the Town's mowers. 3. Economic environment expenses increase due to repairs on the Business Complex totaling \$15,750. 4. Recreation expenses decreased due to prior year roof repairs of the McMullen Home located behind Town Hall (\$11,480) and aerators installed in Lake Brittany adjacent to Town Hall (\$4,793).

Business-type Activities

- Current and other assets increased due to billings/collections increasing 2.34%. Prior year water and sewer system repairs made via the ARPA Grant decreased repair and maintenance costs in 2023-24.
- Capital assets decreased due to the depreciation of the water/wastewater system.
- Invested in capital assets decreased due to depreciation on the Town's wastewater system.

- Water/sewer utility revenues increased due to greater billings – an increase of 2.34%. Love’s, the Town’s largest utility customer, billings increased \$23,336.

Significant Changes in Major Governmental Fund Balances

General Fund’s Unassigned Fund Balance decreased by approximately \$83,000, due to the purchase of equipment indicated in the financial highlights.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town’s 2023-24 General Fund’s budgetary highlights are as follows:

Actual revenues (excluding budgeted reserves) exceeded the budgeted amounts by approximately \$50,000. Excluding the reserves and contingency, expenditures were greater than budgeted by \$115,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

As indicated in the table below, the Town has approximately \$9.4 million invested in capital assets such as land, infrastructure, buildings, recreation facilities, water utility facilities, and equipment. The above amount represents a \$80,000 net increase over the previous year’s total. The Town’s capital asset increases were due to the purchase of equipment indicated in the financial highlights section.

Table 3
Capital Assets (in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
	Land	\$ 46	\$ 46	\$ 198	\$ 198	\$ 244
Buildings	560	560	40	40	600	600
Infrastructure	951	951	7,128	7,128	8,079	8,079
Equipment, furniture, & vehicles	419	339	117	117	536	456
Totals	<u>\$ 1,976</u>	<u>\$ 1,896</u>	<u>\$ 7,483</u>	<u>\$ 7,483</u>	<u>\$ 9,459</u>	<u>\$ 9,379</u>

Debt

At year-end, the Town’s debt consisted of compensated absences and a note payable to the Florida Department of Environmental Protection. The totals are as indicated below. There are no debt ratings for the Town.

TABLE 4
OUTSTANDING DEBT AT YEAR-END
(in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
	Compensated absences	\$ 4	\$ 3	\$ 1	\$ 1	\$ 5
Notes payable	-	-	428	451	428	451
Totals	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 429</u>	<u>\$ 452</u>	<u>\$ 433</u>	<u>\$ 455</u>

2025 BUDGET AND CURRENTLY KNOWN FACTS

2025 Budget

Notable items/changes in the Town's 2024-25 budgets are as follows:

General Fund: Budgeted expenditures totaling \$352,087 and reserves of \$570,627 for total appropriations of \$922,714.

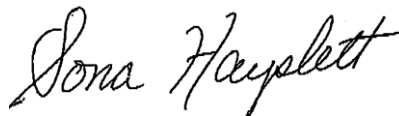
Enterprise Fund: Charges for utility services (water and wastewater) are budgeted at \$246,500 with reserves of \$295,265. Budgeted expenses \$232,400; debt service \$29,435; contingency \$295,265.

Currently Known Facts

The Town continues in its attempts to improve its water and sewer/wastewater systems and roads. The Town expects to begin work on grants relating to the above in the 2024-25 fiscal year.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors, with a general overview of the Town's finances and to show the Town's accountability for the money that it receives. If you have questions about this report or need additional financial information, contact the Town at 286 NE CR 255, Lee, FL 32059.



Sona Hayslett, Manager
Town of Lee, Florida

**BASIC
FINANCIAL
STATEMENTS**

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TOWN OF LEE, FLORIDA

STATEMENT OF NET POSITION

September 30, 2024

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 377,861	\$ 472,417	\$ 850,278
Utility tax receivable	3,009	-	3,009
Accounts receivable, net	-	10,481	10,481
Franchise fees receivable	2,351	-	2,351
Internal balances	-	-	-
Due from other governmental units	10,166	-	10,166
Restricted assets			
Cash	-	59,080	59,080
Capital assets			
Land	46,474	197,549	244,023
Other capital assets, net of depreciation	<u>1,220,209</u>	<u>3,909,203</u>	<u>5,129,412</u>
Total capital assets, net	<u>1,266,683</u>	<u>4,106,752</u>	<u>5,373,435</u>
Total assets	<u><u>\$ 1,660,070</u></u>	<u><u>\$ 4,648,730</u></u>	<u><u>\$ 6,308,800</u></u>
Liabilities and net position			
Liabilities			
Accounts payable	\$ 6,197	\$ 6,998	\$ 13,195
Interest payable	-	1,454	1,454
Payroll taxes payable	2,495	383	2,878
Customer deposits	-	27,275	27,275
Long-term liabilities			
Due within one year			
Compensated absences	515	854	1,369
Notes payable	-	21,954	21,954
Due in more than one year			
Compensated absences	3,603	-	3,603
Notes payable	<u>-</u>	<u>405,706</u>	<u>405,706</u>
Total liabilities	<u>12,810</u>	<u>464,624</u>	<u>477,434</u>
Net position			
Net investment in capital assets	1,266,683	3,679,092	4,945,775
Restricted - capital facilities	-	17,230	17,230
Unrestricted	<u>380,577</u>	<u>487,784</u>	<u>868,361</u>
Total net position	<u>1,647,260</u>	<u>4,184,106</u>	<u>5,831,366</u>
Total liabilities and net position	<u><u>\$ 1,660,070</u></u>	<u><u>\$ 4,648,730</u></u>	<u><u>\$ 6,308,800</u></u>

See notes to financial statements.

TOWN OF LEE, FLORIDA
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities							
General government	\$ 145,822	\$ 1,580	\$ 3,877	\$ -	\$ (140,365)	\$ -	\$ (140,365)
Public safety	3,748	-	-	-	(3,748)	-	(3,748)
Physical environment	525	-	-	-	(525)	-	(525)
Transportation	129,867	3,935	-	-	(125,932)	-	(125,932)
Economic environment	55,747	36,476	15,879	-	(3,392)	-	(3,392)
Culture/recreation	<u>30,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,819)</u>	<u>-</u>	<u>(30,819)</u>
Total governmental activities	<u>366,528</u>	<u>41,991</u>	<u>19,756</u>	<u>-</u>	<u>(304,781)</u>	<u>-</u>	<u>(304,781)</u>
Business type activities							
Water utility services	142,480	115,664	-	-	-	(26,816)	(26,816)
Sewer/wastewater services	<u>286,854</u>	<u>141,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145,776)</u>	<u>(145,776)</u>
Total business type activities	<u>429,334</u>	<u>256,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,592)</u>	<u>(172,592)</u>
Totals	<u>\$ 795,862</u>	<u>\$ 298,733</u>	<u>\$ 19,756</u>	<u>\$ -</u>	<u>(304,781)</u>	<u>(172,592)</u>	<u>(477,373)</u>
General revenues							
Taxes							
Ad valorem					98,098	-	98,098
Local option gas					49,396	-	49,396
Utility service					34,002	15,710	49,712
Local Communications					19,729	-	19,729
Franchise fees					24,459	-	24,459
Intergovernmental					37,457	-	37,457
Interest					4,177	13,168	17,345
Miscellaneous					15,170	-	15,170
Transfers					<u>(9,014)</u>	<u>9,014</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>273,474</u>	<u>37,892</u>	<u>311,366</u>
Change in net position					(31,307)	(134,700)	(166,007)
Net position - beginning					<u>1,678,567</u>	<u>4,318,806</u>	<u>5,997,373</u>
Net position - ending					<u>\$ 1,647,260</u>	<u>\$ 4,184,106</u>	<u>\$ 5,831,366</u>

TOWN OF LEE, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2024

		General <u>Fund</u>
Assets		
Cash	\$	377,861
Utility tax receivable		3,009
Franchise fees receivable		2,351
Due from other governmental units		<u>10,166</u>
Total assets	\$	<u><u>393,387</u></u>
Liabilities and fund balances		
Accounts payable	\$	6,197
Payroll taxes payable		<u>2,496</u>
Total liabilities		<u>8,693</u>
Fund balances		
Unassigned		<u>384,694</u>
Total liabilities and fund balances	\$	<u><u>393,387</u></u>

TOWN OF LEE, FLORIDA

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

September 30, 2024

Total fund balances for governmental funds \$ 384,694

Total net position reported for governmental activities in the statement of net position is different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of the following:

Land	46,474
Buildings	559,543
Accumulated depreciation - buildings	(260,301)
Infrastructure	950,650
Accumulated depreciation - infrastructure	(214,074)
Equipment, furniture, and vehicles	419,668
Accumulated depreciation - equipment	<u>(235,277)</u>
Total capital assets (See Note 5.)	<u>1,266,683</u>

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at September 30, 2024, are as follows:

Compensated absences - short-term	(514)
Compensated absences - long-term	<u>(3,603)</u>
Total net position of governmental activities	<u>\$ 1,647,260</u>

TOWN OF LEE, FLORIDA

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

For the Year Ended September 30, 2024

	General <u>Fund</u>
Revenues	
Taxes	\$ 225,984
Licenses and permits	750
Intergovernmental revenue	57,213
Charges for services	3,935
Fines and forfeits	530
Interest	4,177
Miscellaneous revenues	<u>53,472</u>
Total revenues	<u>346,061</u>
Expenditures	
Current	
General Government	141,808
Transportation	108,240
Economic environment	48,606
Culture/Recreation	24,377
Capital outlay	<u>96,987</u>
Total expenditures	<u>420,018</u>
Excess (deficiency) of revenues over expenditures	(73,957)
Other financing sources (uses)	
Transfers out	<u>(9,014)</u>
Net change in fund balance	(82,971)
Fund balance - beginning	<u>467,665</u>
Fund balance - ending	<u>\$ 384,694</u>

TOWN OF LEE, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds \$ (82,971)

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Expenses are reduced by the capital outlay and increased by the current period's depreciation. Gain/loss is recognized on the disposal of capital assets.

Capital outlay	96,987
Depreciation	(42,487)

Governmental fund report the sales of assets as "sales of fixed assets" and reports the proceeds. In the Statement of Activities, the basis of the disposed assets are removed and used in computing the gain or loss on the disposal. (1,824)

The changes in the long-term portion of accrued annual leave is not reported as an expenditure in the governmental funds. However, the changes in the liability are reported as increases (decreases) to salaries in the statement of activities. (1,012)

Change in net position of governmental activities \$ (31,307)

TOWN OF LEE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND

September 30, 2024

Assets	
Current assets	
Cash	\$ 472,417
Accounts receivable	12,581
Allowance for doubtful accounts	<u>(2,100)</u>
Total current assets	<u>482,898</u>
Noncurrent assets	
Restricted assets	
Cash - deposits	26,836
Cash - impact fees	17,230
Cash - debt service	<u>15,014</u>
Total restricted assets	<u>59,080</u>
Capital assets	
Land	197,549
Buildings	40,000
Improvement other than buildings	7,128,667
Equipment, furniture, and vehicles	117,106
Accumulated depreciation	<u>(3,376,570)</u>
Total capital assets net	<u>4,106,752</u>
Total noncurrent assets	<u>4,165,832</u>
Total assets	<u>\$ 4,648,730</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 6,998
Compensated absences	854
Accrued interest payable	1,454
Payroll taxes payable	383
Deposits	27,275
Note payable	<u>21,954</u>
Total current liabilities	<u>58,918</u>
Long term liabilities	
Note payable	<u>405,706</u>
Total liabilities	<u>464,624</u>
Net position	
Net investment in capital assets	3,679,092
Restricted - capital facilities, expendable	17,230
Unrestricted	<u>487,784</u>
Total net position	<u>4,184,106</u>
Total liabilities and net position	<u>\$ 4,648,730</u>

TOWN OF LEE, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND

For the Year Ended September 30, 2024

Operating revenues	
Water utility revenue	\$ 112,640
Wastewater utility revenue	137,389
Miscellaneous	<u>6,714</u>
Total operating revenues	<u>256,743</u>
Operating expenses	
Water utility services	
Personal services	28,889
Operating expenses	<u>113,591</u>
Total water utility services	<u>142,480</u>
Sewer/wastewater services	
Personal services	29,226
Operating expenses	<u>250,198</u>
Total sewer/wastewater services	<u>279,424</u>
Total operating expenses	<u>421,904</u>
Operating income (loss)	<u>(165,161)</u>
Non-operating revenues (expenses)	
Interest revenue	13,167
Utility service tax	15,710
Interest expense	<u>(7,430)</u>
Total non-operating revenues (expenses)	<u>21,447</u>
Income before transfers	(143,714)
Transfers in	<u>9,014</u>
Increase (decrease) in net positions	(134,700)
Total net position - beginning	<u>4,318,806</u>
Total net position - ending	<u>\$ 4,184,106</u>

TOWN OF LEE, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2024

Cash flows from operating activities	
Cash received from customers and users	\$ 257,357
Cash payments for employees and benefits	(58,045)
Cash payments to contractors, suppliers, and others	<u>(149,762)</u>
Net cash provided by (used for) operating activities	<u>49,550</u>
Cash flows from noncapital financing activities	
Cash transfers in (out)	-
Utility service tax	<u>15,710</u>
Cash flows provided by (used for) noncapital financing activities	<u>15,710</u>
Cash flows from capital and related financing activities	
Principal paid on capital debt	(22,017)
Interest paid on capital debt	<u>(7,416)</u>
Cash flows provided by (used for) capital and related financing activities	<u>(29,433)</u>
Cash flows from investing activities	
Interest revenue	<u>13,167</u>
Net increase (decrease) in cash	48,994
Cash - beginning	<u>482,503</u>
Cash - ending	<u>\$ 531,497</u>

(Continued)
See notes to financial statements.

TOWN OF LEE, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2024

Reconciliation of operating loss to net cash provided
by operating activities

Operating loss	<u>\$ (165,161)</u>
Decrease (increase) in	
Accounts receivable (net)	(1,311)
Increase (decrease) in	
Accounts payable	4,854
Compensated absences	(313)
Payroll taxes payable	383
Deposits	<u>1,925</u>
Total adjustments	<u>214,711</u>
Net cash provided by (used for) operating activities	<u>\$ 49,550</u>
Noncash transactions - interfund balance conversion to a transfer	<u>\$ 9,014</u>
Reconciliation of cash per the statement of net assets to the statement of cash flows:	
Cash per the Statement of Net Assets	
Cash	\$ 472,417
Restricted assets - cash	<u>59,080</u>
Total cash per the Statement of Cash Flows	<u>\$ 531,497</u>

TOWN OF LEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

Note 1. Summary of Significant Accounting Policies

The Town of Lee, a political subdivision of the State of Florida, incorporated under the authority of Chapter 165, *Florida Statutes*, was established by Chapter 6067, *Laws of Florida* (1909). Accordingly, the Town is subject to restrictions imposed by the Florida Constitution and Statutes as well as by its own ordinances. The Town operates under a Council-Manager form of government. The Town's major operations include finance, administration, street maintenance, parks, and recreation. In addition, the Town owns and operates water and wastewater utility systems.

The Town of Lee's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies used by the Town are discussed below.

A. Reporting Entity

These financial statements present only the Town of Lee (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are to be included in the Town of Lee's reporting entity because of the significance of the operating or financial relationships with the Town.

At September 30, 2024, the Town of Lee's financial statements consists only of those functions and activities administered directly by the Mayor and Town Council and include no component units

B. Basis of Presentation

The Town of Lee's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). The government-wide statements categorize primary activities as either governmental or business type. The Town's finance, administration, fire protection, street maintenance, parks, and recreation are classified as governmental activities. The Town's water and sewer/wastewater utility services are classified as a business-type activity.

Government-wide Statements

In the government-wide Statement of Net Position, both governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-

term debt and obligations.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Eliminations of internal activities have been made to minimize the double-counting of internal transactions.

The Town's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental and business-type activities (general government, public safety, physical environment, transportation, economic environment, transportation, and culture/recreation, etc.).

The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, permits and charges, etc.) and service charges.

The Statement of Activities reduces gross expenses (including depreciation) by related charges for services, operating grants, and capital grants. Program revenues must be directly associated with the function (general government, public safety, physical environment, transportation, economic environment, transportation, and culture/recreation, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

The Town does not allocate indirect costs to functions in the statement of activities.

Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. If applicable, all remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Governmental Funds:

The focus of the governmental fund's measurement (in the fund statements) is upon the 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 Town's major governmental fund:

The 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.

Proprietary Funds:

The Town's proprietary fund accounts for its water and sewer/wastewater utility operations.

C. Basis of Accounting

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements use the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: both measurable and available. Revenues are considered available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within six months of the end of the current fiscal period, except for property taxes, for which the period is sixty days.

Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by the general revenues.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

The Town considers all exchange transactions to be operating revenues. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

D. Financial Statement Amounts

Cash and Cash Equivalents

For its Proprietary Fund, the Town has defined cash and cash equivalents to include cash on hand, demand deposits, and funds placed in the State of Florida Board of Administration Local Government Investment Pool which can be deposited or withdrawn at any time without prior notice or penalty.

Inventories

It is the policy of the Town to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time is nominal in amount and is considered immaterial.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	5-50 years
Equipment, furniture, and vehicles	5-10 years

GASBS No. 34 required the Town to report and depreciate new infrastructure assets effective as of October 1, 2003. Infrastructure assets include roads, bridges, underground pipe, traffic signals, sidewalks, etc. In the future, these infrastructure assets are likely to be the largest asset class of the Town. The Town, a Phase 3 Government, elected not to retroactively report infrastructure but to capitalize current and future asset acquisitions.

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the Town recognizes receivables and revenue when the applicable eligibility requirements are met.

E. Compensated Absences

The Town has adopted personnel policies providing annual vacation and sick leave benefits to employees. Accrued vacation vests; however, accrued sick leave does not.

The Town accrues unpaid vacation costs when earned by the employee. The non-current portion for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

F. Governmental Funds - Fund Balances

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

The Town does not have a policy regarding the commitment or assignment of fund balances. As a result, the Town does not report any committed fund balance. In accordance with GASB 54, the Town reports the amount of the fund balance needed to eliminate expected expenditures over expected revenues in the subsequent year budget as assigned fund balance of the general fund, if applicable.

When committed, assigned, and unassigned funds are available for use, the Town's procedures are to use the restricted funds first, followed by assigned funds, and then the unassigned funds. When both restricted and unrestricted funds are available for an expenditure, the Town's policy is to expend restricted amounts until exhausted.

G. Restricted Net Position

At September 30, 2024, the Proprietary Fund's net position was restricted in the amount of \$17,230. This amount is required by *Florida Statutes* 163.31801 to be used for future capital related expenditures.

The government-wide statement of net position reports the above restricted amounts, which is not restricted as a result of enabling legislation.

H. Ad Valorem Taxes

Article VII of the Florida Constitution provides that municipalities are authorized to impose ad valorem taxes on real and intangible personal property. The Town's property taxes, levied by November 1 on assessed valuations as of January 1, are due and payable November 1. Taxes not paid by the following April 1, are considered delinquent and subject to collection through issuance of tax warrants (personal property taxes) and the sale of tax certificates (real property taxes). All

taxes imposed pursuant to the constitution and the laws of the State of Florida constitute a first lien as of January 1, superior to all other liens, continuing in force until discharged by payment or until barred by the provisions of Chapter 95, *Florida Statutes*.

The elected officials of Madison County, Florida perform the property assessment and tax collection functions.

I. Use of Estimates

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

J. Interfund Activity

Interfund activity is reported as loans, services provided, or reimbursements of transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

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 costs as a reimbursement.

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Note 2. Deposits and Investments

Pursuant to *Florida Statutes* 218.415(17), the Town is authorized to invest surplus public funds in:

- (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in *Florida Statutes* 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02
- (d) Direct obligations of the U.S. Treasury.

During the year ended September 30, 2024, the Town complied with the above requirements.

Chapter 218 *Florida Statutes* governs funds invested in Florida PRIME, the state’s investment service for public funds. The Town’s deposits in Florida PRIME, a Securities and Exchange Commission Rule 2a7-like external investment pool are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value (account balance) which is amortized cost.

As of September 30, 2024, the Town discloses the following relating to its investment in Florida PRIME:

Florida Prime rating	AAAm
Interest rate risk disclosure	
Dollar weighted average days to maturity	39 days
Weighted average life	74 days
Foreign Currency Risk	N/A
Securities Lending	N/A
Fair value hierarchy	amortized cost
Fair value/amortized cost	\$331,441

Limitations or Restrictions on Withdrawals

Redemption Gates

Chapter 218.409(8)(a), *Florida Statutes*, states “the principal, and any part thereof, of each accounting 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 forty-eight 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 . . .”

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.

Redemption Fees

As of September 30, 2024, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to one hundred percent of their account value.

The Florida PRIME investment policies can be viewed at: <https://prime.sbafla.com/>.

The Town's deposits are as follows:

Cash	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Deposits	\$ 303,403	\$ 232,665	\$ 536,068
Florida Prime	<u>74,458</u>	<u>239,752</u>	<u>314,210</u>
Total unrestricted deposits	<u>377,861</u>	<u>472,417</u>	<u>850,278</u>
Deposits	-	41,849	41,849
Florida Prime	-	<u>17,231</u>	<u>17,231</u>
Total restricted deposits	-	<u>59,080</u>	<u>59,080</u>
Total cash	<u>\$ 377,861</u>	<u>\$ 531,497</u>	<u>\$ 909,358</u>

Note 3. Accounts Receivable

Accounts receivable at September 30, 2024, of the Enterprise Fund, consisted of the following:

	<u>Billed</u> <u>Accounts</u>
Gross	12,581
Allowance for doubtful accounts	<u>(2,100)</u>
Net accounts receivable	<u>\$ 10,481</u>

At September 30, 2024, the Town Council continued the monthly monitoring of delinquent accounts.

Note 4. Due from Other Governmental Units

Due from other governmental units at September 30, 2024, consists of the following:

State of Florida	\$ 9,809
Madison County, FL	<u>357</u>
Total	<u>\$ 10,166</u>

Note 5. Capital Assets

Capital asset activity for the year ending September 30, 2024, was as follows:

Governmental Activities	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Capital assets not being depreciated				
Land	<u>\$ 46,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,474</u>
Other capital assets				
Buildings	559,543	-	-	559,543
Infrastructure	950,650	-	-	950,650
Equipment, furniture, and vehicles	<u>339,375</u>	<u>96,987</u>	<u>16,694</u>	<u>419,668</u>
Total other capital assets	<u>1,849,568</u>	<u>96,987</u>	<u>16,694</u>	<u>1,929,861</u>
Less accumulated depreciation for				
Buildings	(248,579)	(11,725)	-	(260,304)
Infrastructure	(201,947)	(12,125)	-	(214,072)
Equipment, furniture, and vehicles	<u>(231,507)</u>	<u>(18,636)</u>	<u>14,867</u>	<u>(235,276)</u>
Total accumulated depreciation	<u>(682,033)</u>	<u>(42,486)</u>	<u>14,867</u>	<u>(709,652)</u>
Other capital assets, net	<u>1,167,535</u>	<u>54,501</u>	<u>1,827</u>	<u>1,220,209</u>
Governmental activities capital assets, net	<u>\$ 1,214,009</u>	<u>\$ 54,501</u>	<u>\$ 1,827</u>	<u>\$ 1,266,683</u>

Business-type activities				
Capital assets not being depreciated				
Land	\$ 197,549	\$ -	\$ -	\$ 197,549
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>197,549</u>	<u>-</u>	<u>-</u>	<u>197,549</u>
Other capital assets				
Buildings	40,000	-	-	40,000
Infrastructure	7,128,667	-	-	7,128,667
Equipment, furniture, and vehicles	<u>117,106</u>	<u>-</u>	<u>-</u>	<u>117,106</u>
Total other capital assets	<u>7,285,773</u>	<u>-</u>	<u>-</u>	<u>7,285,773</u>
Less accumulated depreciation for				
Buildings	(40,000)	-	-	(40,000)
Infrastructure	(3,039,629)	(202,336)	-	(3,241,965)
Equipment, furniture, and vehicles	<u>(87,769)</u>	<u>(6,836)</u>	<u>-</u>	<u>(94,605)</u>
Total accumulated depreciation	<u>(3,167,398)</u>	<u>(209,172)</u>	<u>-</u>	<u>(3,376,570)</u>
Other capital assets, net	<u>4,118,375</u>	<u>(209,172)</u>	<u>-</u>	<u>3,909,203</u>
Business-type activities capital assets, net	<u>\$ 4,315,924</u>	<u>\$ (209,172)</u>	<u>\$ -</u>	<u>\$ 4,106,752</u>

For the year ending September 30, 2024, depreciation expense was charged to the following functions as follows:

Governmental activities	
General government	\$ 3,002
Public safety	3,748
Physical environment	525
Transportation	21,628
Economic environment	7,141
Culture/recreation	<u>6,442</u>
Total governmental activities depreciation expense	<u>\$ 42,486</u>
Business-type activities	
Physical environment	<u>\$ 209,172</u>

Note 6. Long-Term Obligations

Business-type Activities

On July 11, 2016, the Town executed Amendment 2 to Loan Agreement DP893010, with the State of Florida, Department of Environmental Protection. The Amendment closed out the previous loan and transferred the amended balance to Loan WW400300 as of July 1, 2016. The Amendment reduced the loan balance to \$607,696.

Under Loan WW400300, the debt is to be repaid in fifty-one semiannual payments of \$14,716. The payments include interest of 1.69%.

The Town incurred interest expense of \$7,430, during the year ending September 30, 2024. The amount is included in the direct expense of the Town's Sewer/wastewater Department.

Debt service to maturity is as follows:

	Note Payable		
	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 29,433	\$ 21,954	\$ 7,479
2026	29,433	22,342	7,091
2027	29,433	22,736	6,697
2028	29,433	23,138	6,295
2029	29,433	23,456	5,887
2029-33	147,165	124,117	23,048
2034-38	147,165	135,468	11,697
2039-41	<u>56,106</u>	<u>54,449</u>	<u>1,657</u>
	<u>\$ 497,601</u>	<u>\$ 427,660</u>	<u>\$ 69,851</u>

Pledged future revenues for the loan above are as follows:

	Water/sewer <u>Fund</u>
Collateralized Debt - Revenue Refunding Bond	
Pledged revenue required for future principal and interest on existing note payable	\$ 427,660
Term of commitment fiscal year ending September 30, 2024	17 years
Percentage of gross sewer system revenue pledged	100%
Current fiscal year pledged revenue	\$ 137,389
Current fiscal year principal and interest paid	\$ 29,433

Long-term liability activity for the year ended September 30, 2024, was as follows:

	<u>10/1/2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2024</u>	Amounts due within One Year
Governmental Activities					
Long term obligations					
Compensated absences	<u>\$ 3,106</u>	<u>\$ 5,525</u>	<u>\$ 4,513</u>	<u>\$ 4,118</u>	<u>\$ 515</u>
Business Type					
Compensated absences	\$ 1,167	\$ 1,248	\$ 1,561	\$ 854	\$ 854
Note payable	<u>449,677</u>	<u>-</u>	<u>22,017</u>	<u>427,660</u>	<u>21,954</u>
Totals	<u>\$ 450,844</u>	<u>\$ 1,248</u>	<u>\$ 23,578</u>	<u>\$ 428,514</u>	<u>\$ 22,808</u>

Note 7. Interfund Transfers

Interfund transfers for the year ending September 30, 2024, were as follows:

Major funds	<u>Transfer out</u>	<u>Transfer in</u>	<u>Description</u>
General	\$ 9,014	\$ -	payroll taxes and other reimbursements
Enterprise	<u>-</u>	<u>9,014</u>	payroll taxes and other reimbursements
Totals	<u>\$ 9,014</u>	<u>\$ 9,014</u>	

NOTE 8. Fund Balance Reporting

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) provides a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances for governmental funds: nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on spending constraints:

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed.

Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

The Town has classified its fund balances with the following hierarchy:

Spendable

The Town has classified the spendable fund balance as unassigned. At September 30, 2024, the unassigned general fund balance was \$384,694 or 92% of the General Fund's total expenditures.

A summary of the fund balances at September 30, 2024, was as follows:

Description	General Fund
Fund balances:	
Spendable	
Unassigned	<u>\$ 384,694</u>

Note 9. Interlocal Agreement

In May 2010, the Town of Lee and the City of Madison amended an interlocal agreement regarding the treatment of wastewater. The City of Madison will provide wastewater treatment services to the Town of Lee.

Per the agreement, the Wastewater Services Fee will automatically increase five percent annually effective October 1. The rate increase will continue unless the City of Madison elects not to activate the automatic wastewater increase for all other wastewater customers. The automatic increase will not begin until one year after the Town's Wastewater Collection System is connected to the City's Wastewater Plant or two years after the date of the interlocal agreement.

The agreement is for an initial term of three years and automatically renews for successive three-year terms. The agreement may be terminated by either party through a written notice three years in advance.

In accordance with the above agreement, the 2024 rate was \$4.46 per 1,000 gallons treated.

Note 10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance to mitigate the risk of property loss or other liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 12. Current/Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) effective dates of upcoming pronouncements are as follows:

Statement No. 101 Compensated Absences – effective for fiscal years beginning after December 15, 2023: FY 2024-25

Statement No. 102, *Certain Risk Disclosures* (December 2023, effective for fiscal years beginning after June 15, 2024, and reporting periods thereafter. Earlier application is encouraged.) Paragraphs 7 through 9: FY 2024-25

Statement No. 103, *Financial Reporting Model Improvements* (April 2024, effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter. Earlier application is encouraged.) Paragraph 10: FY 2025-26

Statement No. 104, *Disclosure of Certain Capital Assets* (September 2024, effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter. Earlier application is encouraged.) Paragraphs 4, 8, and 10: FY 2025-26

The Town is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2024, and beyond.

Note 13. Subsequent Events

The Town's management has evaluated subsequent events through the date of the audit report – May 23, 2025, and reports the following:

On November 15, 2024, the Town was notified that a Safe Streets and Road for All Grant in the amount of \$240,000, had been awarded.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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TOWN OF LEE, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Beginning fund balance	\$ 375,905	\$ 375,905	\$ 467,665	\$ 91,760
Resources (inflows)				
Taxes	214,003	214,003	225,984	11,981
Licenses and permits	750	750	750	-
Intergovernmental revenue	42,331	42,331	57,213	14,882
Charges for services	3,935	3,935	3,935	-
Fines and forfeits	530	530	530	-
Miscellaneous revenues	<u>34,662</u>	<u>34,662</u>	<u>57,649</u>	<u>22,987</u>
Total amount available for appropriation	<u>672,116</u>	<u>672,116</u>	<u>813,726</u>	<u>141,610</u>
Appropriation				
General government services	141,804	141,804	141,808	(4)
Public safety	-	-	-	-
Transportation	120,294	120,294	205,227	(84,933)
Economic environment	18,522	18,522	48,606	(30,084)
Culture and recreation	24,376	24,376	24,377	(1)
Other uses	<u>9,014</u>	<u>9,014</u>	<u>9,014</u>	<u>-</u>
Total appropriations	<u>314,010</u>	<u>314,010</u>	<u>429,032</u>	<u>(115,022)</u>
Reserves/ending fund balance	<u>\$ 358,106</u>	<u>\$ 358,106</u>	<u>\$ 384,694</u>	<u>\$ 26,588</u>

TOWN OF LEE, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2024

Note 1. Budget

As required by *Florida Statute* 166.241, budgets are adopted by the Town annually. All appropriations lapse at fiscal year-end.

On or before September 1, the Town Manager compiles and submits a comprehensive budget to the Town Council. The Town Council conducts public hearings on the proposed budget after September 1 but before September 30. On or before September 30, the Town Council adopts the budget.

The appropriated budget is prepared on a detailed line-item basis by fund, function, and department. Revenues are budgeted by source. Expenditures are budgeted by department and object classification as follows: personal services, operating expenditures (expenses), capital outlay, debt service, and transfers. Increases of a fund's appropriations require the approval of the Town Council. The legal level of budgetary control is the fund level. Appropriations are controlled at the fund level for management control purposes.

The Town did not amend its budget post-year end.

Note 2. Budget to Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accounting principles follows:

	General Fund
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules	\$ 813,726
Differences - budget to GAAP	
The beginning fund balance is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(467,665)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 346,061</u>
Appropriations	
Actual amounts (budgetary basis) appropriated for expenditure from the budgetary comparison schedules	\$ 429,032
Transfers out are considered "other financing sources (uses)" and not part of the General Fund expenditures	<u>(9,014)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 420,018</u>

COMPLIANCE SECTION

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

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

To the Honorable Mayor and Members of the Town Council
Town of Lee, Florida

I 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lee, Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Lee, Florida’s basic financial statements, and have issued my report thereon dated May 23, 2025.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Lee, Florida's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels
Certified Public Accountant
May 23, 2025

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Town Council
Town of Lee, Florida

I have examined the Town of Lee, Florida's compliance with *Florida Statutes* 218.415 during the period October 1, 2023, to September 30, 2024. Management of the Town of Lee, Florida, is responsible for the Town of Lee' compliance with those requirements. My responsibility is to express an opinion on the Town of Lee, Florida's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether the Town of Lee, Florida, assertion about compliance the specified requirements above is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about the Town of Lee, Florida's, assertion. The nature, timing, and extent of the procedures selected depend on my judgment, including an assessment of the risks of material misstatement of the Town of Lee, Florida's assertion, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

I am required to be independent of the Town of Lee, Florida, and to meet my other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

My examination does not provide a legal determination on the Town of Lee, Florida's compliance with the specified requirements.

In my opinion, the Town of Lee, Florida's, assertion that it complied with the aforementioned requirements for the period October 1, 2023, to September 30, 2024, is fairly stated, in all material respects.



Kenneth M. Daniels
Certified Public Accountant
May 23, 2025

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

To the Honorable Mayor and Members of the Town Council
Town of Lee, Florida

Report on the Financial Statements

I have audited the financial statements of the Town of Lee, Florida, as of and for the fiscal year ended September 30, 2024, and have issued my report thereon dated May 23, 2025.

Auditor's Responsibility

I conducted my 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.

Other Reporting Requirements

I have issued my 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 requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated May 23, 2025, 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

All prior year findings were cleared.

There were no current year findings.

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. See Note 1. The Town of Lee, Florida's financial statements included no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that I apply appropriate procedures and report the result of my determination as to whether or not the Town of Lee, Florida, 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 my audit, I determined that the Town of Lee, Florida, did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Town of Lee, Florida's financial condition, and my financial assessment was based in part on representations made by management and the review of financial information provided by the same. The financial condition assessment was performed as of September 30, 2024.

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

Property Assessed Clean Energy (PACE) Programs

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

Additional Matters

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

Purpose of this Letter

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



Kenneth M. Daniels
Certified Public Accountant
May 23, 2025

**TOWN'S IMPACT
FEE AFFIDAVIT**

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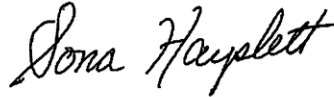
**TOWN OF LEE, FLORIDA
AFFIDAVIT OF COMPLIANCE
FLORIDA STATUTES 163.31801**

For the Year Ending September 30, 2024

BEFORE ME, the undersigned authority, personally appeared Sona Hayslett, who being duly sworn, deposes and says on oath that:

1. I am the Town Manager of the Town of Lee, Florida, which is a local governmental entity of the State of Florida;
2. The Town of Lee, Florida, adopted Ordinance No. 2006-01 implementing an impact fee; and
3. The Town of Lee, Florida, has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

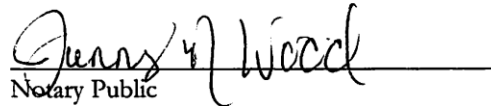
FURTHER AFFIANT SAYETH NAUGHT.



Sona Hayslett, Town Manager

STATE OF FLORIDA
COUNTY OF Madison

SWORN TO AND SUBSCRIBED before me this 23rd day of May, 2025.

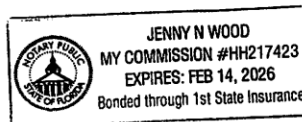

Notary Public

Jenny N. Wood
Print Name

Personally known X or produced identification _____

Type of identification produced: N/A

My Commission Expires:



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