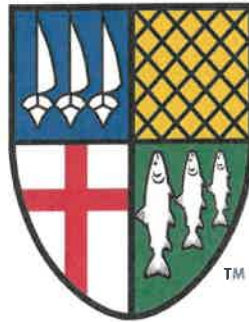


Annual Financial Report

September 30, 2024

THE TOWN OF
Windermere



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Town of Windermere
List of Principal Officials

Elected Officials

Mayor

Jim O'Brien

Town Council Members:

Loren Williams
Mandy David
Tony Davit
Tom Stroup
Brandi Haines

Town Officials

Town Manager

Robert Smith

Town Attorney

Tom Wilkes

Town Clerk

Dorothy Burkhalter

Financial Section

This section contains the following subsections:

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



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Windermere, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund of the *Town of Windermere, Florida* (the "Town"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Town, as of September 30, 2024, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Stormwater Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2025 on our consideration of Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

McDiarmid Davis

Orlando, Florida
February 25, 2025

As management of the Town of Windermere, Florida (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2024.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$11,683,571 (net position). Of this amount, \$1,896,309 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$497,628.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,098,760, an increase of \$355,289 in comparison with the prior year. Unassigned fund balance for the general fund was \$1,574,470 or 20% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has two governmental funds - the General Fund and the Stormwater Special Revenue Fund.

Governmental Funds

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

Town of Windermere, Florida
Management's Discussion and Analysis

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

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

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

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$11,683,571 at the close of the most recent fiscal year. The following table reflects the condensed Statement of Net Position for the current year. For more detail see the Statement of Net Position on page 8.

Net Position as of September 30:

	Governmental Activities 2024	Governmental Activities 2023
Assets:		
Current and other assets	\$ 4,274,639	\$ 3,640,490
Capital assets, net of depreciation	<u>14,296,659</u>	<u>14,541,486</u>
Total assets	<u>18,571,298</u>	<u>18,181,976</u>
Liabilities:		
Long-term liabilities	4,662,349	5,048,189
Other liabilities	<u>2,225,378</u>	<u>1,947,844</u>
Total liabilities	<u>6,887,727</u>	<u>6,996,033</u>
Net Position:		
Net investment in capital assets	9,744,091	9,614,446
Restricted for public safety	43,171	40,307
Unrestricted	<u>1,896,309</u>	<u>1,531,190</u>
Total net position	<u>\$ 11,683,571</u>	<u>\$ 11,185,943</u>

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

The balance of unrestricted net position, \$1,896,309, may be used to meet the Town's ongoing obligations to citizens and creditors.

Statement of Activities

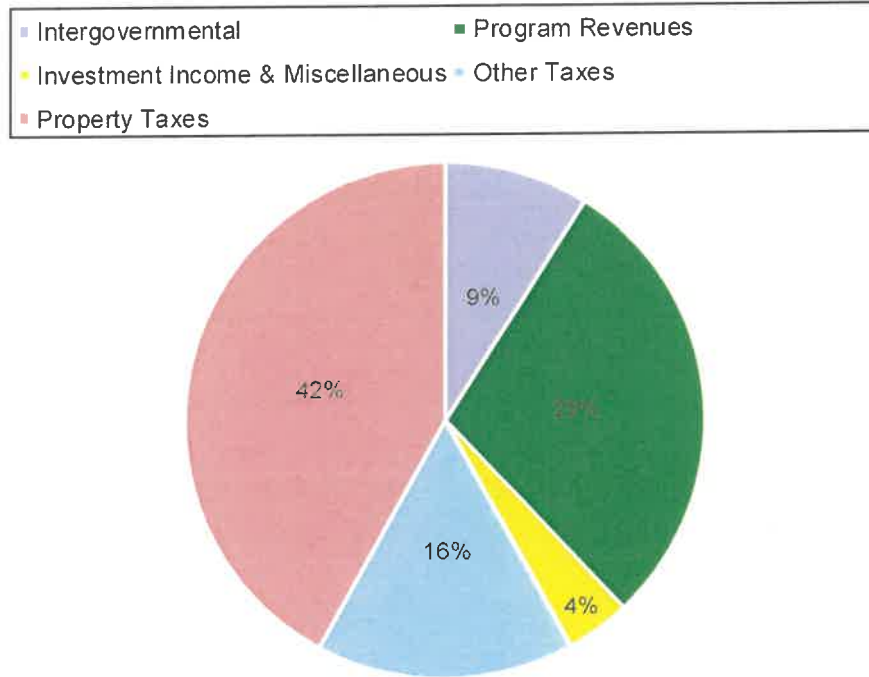
The following table reflects the condensed Statement of Activities for the current year. For more detailed information see the Statement of Activities on page 9.

Governmental activities increased the Town's net position by \$497,628. Key elements of this increase are as follows:

Changes in Net Position

	Governmental Activities 2024	Governmental Activities 2023
Revenues:		
Program Revenues:		
Charges for services	\$ 2,261,391	\$ 2,283,624
Operating grants and contributions	158,738	632,255
Capital grants and contributions	10,000	10,000
Total program revenues	2,430,129	2,925,879
General Revenues:		
Property taxes	3,468,993	3,167,818
Franchise and utility taxes	1,330,973	1,245,680
Intergovernmental	745,771	767,274
Gain on sale of capital asset	58,557	-
Investment income and miscellaneous	229,038	249,213
Total revenues	8,263,461	8,355,864
Expenses:		
General government	2,347,450	2,256,397
Public safety	2,624,872	2,452,709
Physical environment	2,398,745	2,522,763
Culture and recreation	291,649	178,147
Interest on long-term debt	103,117	114,292
Total expenses	7,765,833	7,524,308
Change in net position	497,628	831,556
Net position, beginning	11,185,943	10,354,387
Net position, ending	\$ 11,683,571	\$ 11,185,943

Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

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

As of September 30, 2024, the Town governmental funds reported combined ending fund balances of \$2,098,760.

The general fund is the chief operating fund of the Town. At September 30, 2024, the total fund balance of the general fund was \$2,194,538 and the unassigned fund balance of the general fund was \$1,574,470. The fund balance of the general fund increased by \$266,814.

General Fund Budgetary Highlights

Actual revenues were \$7,784,120 less than budget primarily due to grant revenues not recognized and expenditures for the year ended September 30, 2024 were \$8,374,621 less budgeted amounts primarily due to grant expenditures not incurred. Total general fund balance increased by \$266,814.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental activities as of September 30, 2024 amounts to \$14,296,659, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment and machinery, infrastructure, and intangibles.

Town of Windermere Capital Assets (Net of Depreciation)

	Governmental Activities 2024	Governmental Activities 2023
Land	\$ 510,317	\$ 510,317
Buildings	6,130,220	6,269,987
Improvements other than buildings	755,782	502,696
Equipment and machinery	591,609	468,669
Infrastructure	4,604,658	5,052,690
Intangibles	118,225	164,114
Construction in progress	1,585,848	1,573,013
Total	\$ 14,296,659	\$ 14,541,486

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

Long-Term Debt

At the end of the current fiscal year, the Town had total debt outstanding of \$4,552,568. This debt includes notes payable related to equipment and construction of the new town administrative facility and subscription liabilities. Additional information on long-term debt can be found in Note 10 of this report.

	Governmental Activities 2024	Governmental Activities 2023
Revenue notes payable	\$ 4,190,000	\$ 4,639,000
Promissory notes payable	243,510	168,982
Subscription liabilities	119,058	119,058
	\$ 4,552,568	\$ 4,927,040

Next Year's Budget and Rates

During the current fiscal year, the unassigned fund balance in the General fund increased to \$1,574,470.

Requests for Information

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

Basic Financial Statements

Town of Windermere, Florida
Statement of Net Position
September 30, 2024

	Governmental Activities
Assets:	
Cash	\$ 4,147,110
Receivables	68,115
Prepays	59,414
Capital assets not being depreciated	2,096,165
Capital assets being depreciated, net	<u>12,200,494</u>
Total assets	<u>18,571,298</u>
Liabilities:	
Accounts payable	353,658
Accrued liabilities	109,987
Accrued interest payable	49,499
Unearned revenues	1,491,866
Customer deposits	220,368
Noncurrent Liabilities:	
Due within one year	316,737
Due in more than one year	<u>4,345,612</u>
Total liabilities	<u>6,887,727</u>
Net Position:	
Net investment in capital assets	9,744,091
Restricted for:	
Building permits	43,171
Unrestricted	<u>1,896,309</u>
Total net position	<u>\$ 11,683,571</u>

Town of Windermere, Florida
Balance Sheet
Governmental Funds
September 30, 2024

	<u>General</u>	<u>Stormwater Special Revenue</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 3,930,522	\$ 216,588	\$ 4,147,110
Receivables	68,115	-	68,115
Due from other funds	308,241	-	308,241
Prepays	59,414	-	59,414
Total assets	<u>\$ 4,366,292</u>	<u>\$ 216,588</u>	<u>\$ 4,582,880</u>
Liabilities			
Accounts payable	352,033	1,625	353,658
Accrued liabilities	107,487	2,500	109,987
Due to other funds	-	308,241	308,241
Customer deposits	220,368	-	220,368
Unearned revenue	1,491,866	-	1,491,866
Total liabilities	<u>2,171,754</u>	<u>312,366</u>	<u>2,484,120</u>
Fund Balances			
Nonspendable	59,414	-	59,414
Restricted	43,171	-	43,171
Assigned	517,483	-	517,483
Unassigned	1,574,470	(95,778)	1,478,692
Total fund balances	<u>2,194,538</u>	<u>(95,778)</u>	<u>2,098,760</u>
Total liabilities and fund balances	<u>\$ 4,366,292</u>	<u>\$ 216,588</u>	

**Amounts reported for governmental activities in the Statement of Net
Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,296,659
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(49,499)
Notes payable	(4,433,510)
Subscription arrangements	(119,058)
Compensated absences	(109,781)
Net position of governmental activities	<u>\$ 11,683,571</u>

Town of Windermere, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2024

	<u>General</u>	<u>Stormwater Special Revenue</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
Property	\$ 3,468,993	\$ -	\$ 3,468,993
Franchise and utility	1,330,973	-	1,330,973
Licenses and permits	232,030	-	232,030
Intergovernmental revenues	914,509	-	914,509
Charges for services	1,657,954	349,907	2,007,861
Fines and forfeitures	21,500	-	21,500
Investment income	83,519	3,220	86,739
Miscellaneous	142,299	-	142,299
Total revenues	<u>7,851,777</u>	<u>353,127</u>	<u>8,204,904</u>
Expenditures:			
Current:			
General government	2,185,628	-	2,185,628
Public safety	2,659,957	-	2,659,957
Physical environment	2,099,699	238,873	2,338,572
Culture and recreation	245,100	-	245,100
Debt Service:			
Principal	510,946	24,111	535,057
Interest and other charges	102,775	1,668	104,443
Total expenditures	<u>7,804,105</u>	<u>264,652</u>	<u>8,068,757</u>
Excess (Deficit) of revenues over expenditures	47,672	88,475	136,147
Other Financing Sources (Uses):			
Leases	160,585	-	160,585
Sale of general capital assets	58,557	-	58,557
Total other financing sources (uses)	<u>219,142</u>	<u>-</u>	<u>219,142</u>
Net change in fund balances	266,814	88,475	355,289
Fund balance, beginning of year	1,927,724	(184,253)	1,743,471
Fund balance, end of year	<u>\$ 2,194,538</u>	<u>\$ (95,778)</u>	<u>\$ 2,098,760</u>

Town of Windermere, Florida
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**
Year Ended September 30, 2024

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds: \$ 355,289

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$	738,311	
Current year depreciation		<u>(983,138)</u>	(244,827)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Debt repayments			535,057
Notes payable issued			(160,585)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid. 1,326

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 11,368

Change in Net Position of Governmental Activities \$ 497,628

Town of Windermere, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 3,391,806	\$ 3,391,806	\$ 3,468,993	\$ 77,187
Franchise and utility	1,232,000	1,232,000	1,330,973	98,973
Licenses and permits	327,874	327,874	232,030	(95,844)
Intergovernmental revenues	8,958,295	8,958,295	914,509	(8,043,786)
Charges for services	1,674,672	1,674,672	1,657,954	(16,718)
Fines and forfeitures	25,000	25,000	21,500	(3,500)
Investment income	12,000	12,000	83,519	71,519
Miscellaneous	104,250	104,250	142,299	38,049
Total revenues	15,725,897	15,725,897	7,851,777	(7,874,120)
Expenditures:				
Current:				
General government:				
Finance & administrative	1,426,119	1,426,119	1,573,931	(147,812)
Other	605,142	605,142	603,864	1,278
Total general government	2,031,261	2,031,261	2,177,795	(146,534)
Public safety	3,169,940	3,169,940	3,213,092	(43,152)
Physical environment:				
Streets & buildings	10,302,537	10,302,537	1,655,935	8,646,602
Solid waste	364,903	364,903	369,990	(5,087)
Total physical environment	10,667,440	10,667,440	2,025,925	8,641,515
Culture and recreation	149,500	149,500	226,708	(77,208)
Total expenditures	16,018,141	16,018,141	7,643,520	8,374,621
Excess of revenues over expenditures	(292,244)	(292,244)	208,257	500,501
Other Financing Sources (uses):				
Transfers in	131,703	131,703	-	(131,703)
Sale of capital assets	72,500	72,500	58,557	(13,943)
Total other financing sources (uses)	204,203	204,203	58,557	(145,646)
Net change in fund balances	(88,041)	(88,041)	266,814	354,855
Fund balance, beginning	1,927,724	1,927,724	1,927,724	-
Fund balance, ending	\$ 1,839,683	\$ 1,839,683	\$ 2,194,538	\$ 354,855

Town of Windermere, Florida
Stormwater Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 359,747	\$ 359,747	\$ 349,907	\$ (9,840)
Investment income	-	-	3,220	3,220
Total revenues	<u>359,747</u>	<u>359,747</u>	<u>353,127</u>	<u>(6,620)</u>
Expenditures:				
Current:				
Physical environment	<u>359,747</u>	<u>359,747</u>	<u>264,652</u>	<u>95,095</u>
Total expenditures	<u>359,747</u>	<u>359,747</u>	<u>264,652</u>	<u>95,095</u>
Excess (deficit) of revenues over expenditures	-	-	88,475	88,475
Fund balance, beginning of year	<u>(184,253)</u>	<u>(184,253)</u>	<u>(184,253)</u>	-
Fund balance, end of year	<u>\$ (184,253)</u>	<u>\$ (184,253)</u>	<u>\$ (95,778)</u>	<u>\$ 88,475</u>

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. Since the Town has no business-type activities, only governmental activities are reported on the government-wide financial statements.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The Town reports the following major governmental funds:

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

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

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

Assets, Liabilities and Net Position or Equity

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables

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

Prepaid Items

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

Capital Assets

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

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

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

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

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

Subscription assets are amortized over the life of the associated contract.

Contributions

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

Restricted Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Subscription Based Information Technology Arrangements

The Town reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the government-wide financial statements for a subscription-based information technology arrangement (SBITA). The Town's policy is to recognize subscription liabilities with an initial, individual value of \$5,000 or more.

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

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

- The Town uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and any extension that are deemed certain to be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments to the SBITA vendor.

The Town monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any item that qualifies for reporting in this category for the year ended September 30, 2024.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town does not have any item that qualifies for reporting in this category for the year ended September 30, 2024.

Net Position Flow Assumptions

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Use of Estimates

The preparation of financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

In fiscal year 2024, the Town has not implemented any new accounting standards with a material effect on the City's financial statements.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

In fiscal year 2024, the following adjustments were necessary to convert General Fund expenditures on a GAAP basis to the budgetary basis:

	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP basis	\$ 7,804,105	\$ 219,142
Nonbudgeted Proceeds from Notes Payable	(160,585)	(160,585)
Budgetary basis	<u>\$ 7,643,520</u>	<u>\$ 58,557</u>

Expenditures in Excess of Appropriations

For the year ended September 30, 2024, appropriations in various departments of the General Fund were in excess of appropriations. These over expenditures were offset by under expenditures in the streets and building departments. The Town formally amended the budget in December 2024, and that amendment is not reflected in these financial statements.

Appropriations in Excess of Estimated Revenues and Funds Available

For the year ended September 30, 2024, revenue in the Stormwater Special Revenue Fund were in excess of anticipated appropriations and available fund balance due to a beginning fund balance deficit.

NOTE 4 CASH AND INVESTMENTS

Deposits

At year-end, the carrying amount of the Town's deposits was \$4,147,110 and the bank balance was \$4,466,536. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law.

Investments

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

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

The Town follows GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available market values. Per GASB No. 72, *Fair Value Measurement and Application*, The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. As of September 30, 2024, the Town has no investments as defined by GASB 72.

The Town's investment policy limits credit risk by restricting authorized investments to those described above. These policies also control concentration of credit risk by setting limits on the maximum percentage that certain investments may comprise in the portfolio. Since the Town has no investments at September 30, 2024, it has no exposure to credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The Town's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2024, all the Town's bank deposits were in qualified public depositories.

NOTE 5 PROPERTY TAXES

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

The Town is permitted by the Municipal Finance Law of the State to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended September 30, 2024 was \$3.7425 per \$1,000 which means the Town has a tax margin of \$6.2575 per \$1,000 and could raise up to \$5,910,316 (before discount) additional per year from the present assessed valuation of \$944,517,102 before the limit is reached.

NOTE 6 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases / Transfers</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
Primary Government				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 510,317	\$ -	\$ -	\$ 510,317
Construction in progress	1,573,013	448,843	(436,008)	1,585,848
Total capital assets not being depreciated	<u>2,083,330</u>	<u>448,843</u>	<u>(436,008)</u>	<u>2,096,165</u>
Capital assets, being depreciated:				
Buildings	7,395,530	-	-	7,395,530
Improvements	1,375,762	333,757	-	1,709,519
Equipment & machinery	1,804,750	233,800	(152,114)	1,886,436
Infrastructure	11,841,035	157,919	-	11,998,954
Intangibles	150,474	-	-	150,474
Intangibles - software	144,254	-	-	144,254
Total capital assets being depreciated	<u>22,711,805</u>	<u>725,476</u>	<u>(152,114)</u>	<u>23,285,167</u>
Less accumulated depreciation for:				
Buildings	(1,125,543)	(139,767)	-	(1,265,310)
Improvements	(873,066)	(80,671)	-	(953,737)
Equipment & machinery	(1,336,081)	(110,860)	152,114	(1,294,827)
Infrastructure	(6,788,345)	(605,951)	-	(7,394,296)
Intangibles	(106,572)	(21,847)	-	(128,419)
Intangibles - software	(24,042)	(24,042)	-	(48,084)
Total accumulated depreciation	<u>(10,253,649)</u>	<u>(983,138)</u>	<u>152,114</u>	<u>(11,084,673)</u>
Total capital assets being depreciated, net	<u>12,458,156</u>	<u>(257,662)</u>	<u>-</u>	<u>12,200,494</u>
Governmental activities capital assets, net	<u>\$ 14,541,486</u>	<u>\$ 191,181</u>	<u>\$ (436,008)</u>	<u>\$ 14,296,659</u>
Depreciation Allocation:				
General government		\$ 173,386		
Public safety		96,816		
Physical environment		658,997		
Culture and recreation		53,939		
		<u>\$ 983,138</u>		

NOTE 7 INTERFUND RECEIVABLES AND PAYABLES

At September 30, 2024, the Stormwater Special Revenue Fund owed the General Fund \$308,241 mainly due to the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

NOTE 8 RETIREMENT PLAN

The Town adopted the Town of Windermere Employee Retirement Plan effective October 1, 2001. The plan is a money purchase defined contribution plan which was established and can be amended by the Town Council. The plan covers all full time employees. The Town is required to contribute 19% of eligible employee compensation for sworn police officers, and 10% for remaining employees each year. Employees may not make contributions to the plan. At September 30, 2024, there were 24 active participants. Total contributions made by the Town during the year ended September 30, 2024 amounted to \$241,730.

The Town adopted the Town of Windermere Deferred Compensation Plan effective March 20, 2002. The plan is a deferred compensation defined contribution plan which was established and can be amended by the Town Council. The plan covers all full time employees who may elect to make contributions. The Town does not match employee contributions or otherwise contribute to the plan. At September 30, 2024, the plan had 16 active participants.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

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

NOTE 10 LONG-TERM DEBT

A summary of long-term debt activity for the year ended September 30, 2024 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Promissory notes payable- Private Placement	\$ 168,982	\$ 160,585	\$ (86,057)	\$ 243,510	\$ 47,881
Revenue notes payable- Private Placement	4,639,000	-	(449,000)	4,190,000	235,000
Subscription liabilities	119,058	-	-	119,058	22,878
Compensated absences	121,149	121,462	(132,830)	109,781	10,978
	<u>\$ 5,048,189</u>	<u>\$ 282,047</u>	<u>\$ (667,887)</u>	<u>\$ 4,662,349</u>	<u>\$ 316,737</u>

NOTE 10 LONG-TERM DEBT (CONTINUED)

Notes Payable

Notes payable outstanding at September 30, 2024, are as follows:

	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Outstanding 9/30/2024</u>	<u>Final Maturity</u>	<u>Interest Rates to Maturity</u>
<u>Note Payable:</u>					
CIRN Note, Series 2019	12/20/2019	\$ 5,200,000	\$ 4,190,000	10/1/2039	2.13%
<u>Promissory Notes:</u>					
Promissory Note 802856-7	12/13/2016	148,493	49,352	12/13/2026	3.05%
Promissory Note 802856-14	11/25/2019	39,634	8,505	11/25/2024	3.65%
Promissory Note 802856-16	12/10/2020	35,495	14,711	12/10/2025	2.40%
Promissory Note 802856-17	4/23/2021	25,000	10,357	4/23/2026	2.40%
Promissory Note 802856-18	5/31/2024	60,586	60,586	6/1/2029	4.71%
Promissory Note 802856-19	9/26/2024	99,999	99,999	10/1/2029	4.05%

The Town has pledged future communication services tax revenues to repay the Communication Services Tax Refunding Revenue Note, Series 2014. Proceeds from the original note, issued in 2004, provided financing for various Town capital projects. The note is payable solely from the communication services tax revenues. To the extent that communication services tax revenues are insufficient to pay principal and interest on the note, the Town will, in each year while the note is outstanding, budget and appropriate sufficient non-ad valorem revenues to make payments of the principal of and interest on the note as it becomes due. Total communication services tax revenues pledged for the year was \$534,958. In the event of default, all principal and interest of the Note will become immediately due and payable.

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

Debt service requirements of notes payable are as follows:

	<u>Maximum Annual Debt Service</u>	<u>Fiscal Year Principal & Interest Paid</u>	<u>Principal and Interest Remaining</u>	<u>Payment Schedule</u>
<u>Note Payable:</u>				
Communication services tax refunding Note, Series 2014	\$ 229,597	\$ 230,057	\$ -	Bi-annual
CIRN Note, Series 2019	323,361	317,868	4,941,201	Annual
<u>Promissory Notes:</u>				
Promissory Note 802856-6	8,828	34,064	-	Annual
Promissory Note 802856-7	17,492	17,492	52,446	Annual
Promissory Note 802856-13	18,210	18,210	-	Annual
Promissory Note 802856-14	8,817	8,817	8,816	Annual
Promissory Note 802856-16	7,626	7,626	15,251	Annual
Promissory Note 802856-17	5,366	5,366	10,732	Annual
Promissory Note 802856-18	13,890	-	69,417	Annual
Promissory Note 802856-19	22,550	-	112,526	Annual

NOTE 10 LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	Governmental Activities	
	Principal	Interest
2025	\$ 282,881	\$ 93,331
2026	289,134	90,798
2027	293,213	83,690
2028	277,629	76,593
2029	289,034	69,916
2030 - 2034	1,356,619	255,624
2035 - 2039	1,490,000	105,276
2040	155,000	1,651
	<u>\$ 4,433,510</u>	<u>\$ 776,879</u>

Subscription Based Information Technology Arrangements

During a prior year, the Town entered into a six-year subscription contract for police software. Total subscription assets under the arrangements are \$144,254, and total accumulated amortization was \$48,084.

Annual debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	Subscription liability	
	Principal	Interest
2025	\$ 22,878	\$ 2,381
2026	23,336	1,924
2027	23,802	1,457
2028	24,278	981
2029	24,764	495
	<u>\$ 119,058</u>	<u>\$ 7,238</u>

NOTE 11 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. Risk of loss from the above is transferred by the Town to various commercial insurers through the purchase of insurance.

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

NOTE 12 LITIGATION CONTINGENCIES, AND COMMITMENTS

Litigation

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

NOTE 13 FUND BALANCES

At September 30, 2024, the Town's governmental fund balances were classified as follows:

Fund Balances:	General	Stormwater Special Revenue	Total
Nonspendable:			
Prepaid expenses	\$ 59,414	\$ -	\$ 59,414
Spendable:			
Restricted	43,171	-	43,171
Assigned to:			
Parks & recreation	54,423	-	54,423
Capital improvements	100,000	-	100,000
Other	363,060	-	363,060
Unassigned:			
Unassigned	1,574,470	(95,778)	1,478,692
Total Fund Balances	\$ 2,194,538	\$ (95,778)	\$ 2,098,760

Other Reports



1800 Pembroke Drive, Suite 170
Orlando, Florida 32810
407-843-5406
www.mcdermittdavis.com

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

Honorable Mayor and Town Council
Town of Windermere, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, of the Town as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 25, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Town of Windermere's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

McDismit Davis

Orlando, Florida
February 25, 2025



1800 Pembroke Drive, Suite 170
Orlando, Florida 32803
407-843-5406
www.mcdermittdavis.com

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

Honorable Mayor and Town Council
Town of Windermere, Florida

We have examined Town of Windermere's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2024. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

McDermitt Davis

Orlando, Florida
February 25, 2025



MANAGEMENT LETTER

Honorable Mayor and Town Council
Town of Windermere, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Windermere, Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated February 25, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 25, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
FY 2024 Finding #	FY 2023 Finding #	FY 2022 Finding #
ML 24-01	ML 23-01	ML 22-01

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Properly Assessed Clean Energy (PACE) Programs (Unaudited)

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

The Town did not have a PACE program operate within the Town

As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the Town, a list of all program administrators and third-party administrators that administered the program.

Not applicable, no PACE programs.

As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the Town, the full names and contact information of each such program administrator and third-party administrator.

Not applicable, no PACE programs.

Additional Matters

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

Purpose of this Letter

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

McDiarmid Davis

Orlando, Florida
February 25, 2025

24-01 - INTERNAL CONTROLS OVER THE PREPARATION OF FINANCIAL STATEMENTS

Criteria

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

Condition

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

Cause

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

Effect

Errors in financial reporting could go undetected by management.

Recommendation

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

THE TOWN OF
Windermere

**MAYOR
JIM O'BRIEN**



**TOWN MANAGER
ROBERT SMITH**

**CLERK
DOROTHY BURKHALTER**

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

March 1, 2025

RE: Comments and Recommendations from Auditor FY23-24

Mayor and Council,

For FY 23-24, the auditors had one finding relative to internal controls. The Following is my response to that finding:

24-01 INTERNAL CONTROLS OVER THE PREPARATION OF FINANCIAL STATEMENTS:

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

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

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

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

Regards,



Robert Smith

Town Manager