



CITY OF EAGLE LAKE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

City of Eagle Lake, Florida

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City of Eagle Lake, Florida

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
City of Eagle Lake, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Eagle Lake, Florida as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City of Eagle Lake, Florida's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Eagle Lake, Florida, 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.

Emphasis of Matter – Prior Period Restatement

As discussed in Note 16 to the financial statements, the September 30, 2024 net position of the City of Eagle Lake, Florida's business-type activities and enterprise fund have been restated due to correction of an error. Our opinions are not modified with respect to this matter.



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 City of Eagle Lake, 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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Eagle Lake, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Eagle Lake, Florida's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and other post-employment benefits information 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

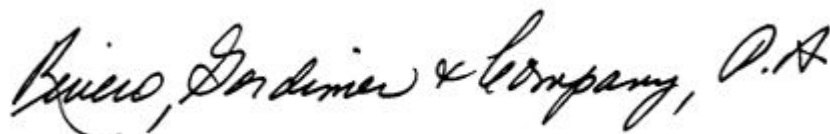
Management is responsible for the other information included with the financial statements. The other information comprises the data elements required by Section 218.32(i)(e), *Florida Statutes*. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 March 10, 2026, on our consideration of the City of Eagle Lake, Florida'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Eagle Lake, Florida's internal control over financial reporting and compliance.

Tampa, Florida
March 10, 2026

A handwritten signature in black ink that reads "Bueco, Jordanier & Company, P.A." The signature is written in a cursive, flowing style.

As management of the City of Eagle Lake, Florida (the City), we offer readers of the City's financial statements this management's discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 12.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$45,015,793 (net position) compared to \$38,161,534 at the end of the prior year. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors and totaled \$12,730,713 on September 30, 2025 and \$10,876,692 at the end of the prior year.
- The government's total net position increased by \$7,216,803 as a result of operations during the year ended September 30, 2025 compared to an increase of \$10,128,265 in the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported ending fund balances of \$11,858,933 an increase from the prior year balance of \$10,213,705. Of this total amount, \$6,009,883 is available for spending at the government's discretion (unassigned fund balance). Unassigned fund balance was \$5,045,859 at the end of the prior fiscal year.
- During fiscal year ended September 30, 2025, the City determined that certain ARPA SLFRF revenues recorded in a prior year are required to be refunded to the U.S. Department of the Treasury. Treasury determined that the City's previously submitted ARPA reports are final and cannot be amended, so the City reversed the previously recognized ARPA revenue and recorded a liability payable to Treasury. This error correction totaled \$362,544, and the comparative prior-year amounts presented in this Management's Discussion and Analysis have been restated to reflect the correction

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information and an other information section to report the data elements required by Section 218.32(1)(e), Florida Statutes.

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

The statement of net position presents information on all the City's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Overview of the Financial Statements (cont...)

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

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

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

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

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

The City maintains two individual governmental funds, the general fund and the community redevelopment agency (the CRA) fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

Proprietary funds: The City utilizes one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water, wastewater, stormwater management and sanitation departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one fiduciary fund type; a custodial fund. The custodial fund report resources, not in a trust, that are held by the City for other parties outside of City's reporting entity.

Overview of the Financial Statements (concluded)

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

All the city's funds are considered major funds.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund and community redevelopment fund's budgetary comparisons and changes in the other postemployment benefits obligation.

Government-wide Financial Analysis

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 12,412,037	\$ 10,960,459	\$ 24,101,857	\$ 20,545,605	\$ 36,513,894	\$ 31,506,064
Capital assets	3,991,549	2,443,446	7,413,158	6,644,235	11,404,707	9,087,681
Total assets	16,403,586	13,403,905	31,515,015	27,189,840	47,918,601	40,593,745
Liabilities:						
Current liabilities	250,189	426,279	1,358,956	1,209,505	1,609,145	1,635,784
Non-current liabilities	145,801	136,716	844,947	701,780	990,748	838,496
Total liabilities	395,990	562,995	2,203,903	1,911,285	2,599,893	2,474,280
Deferred inflows	302,915	320,475	-	-	302,915	320,475
Net position:						
Net investment in capital assets	3,991,549	2,443,272	6,720,730	6,104,157	10,712,279	8,547,429
Restricted	5,849,050	5,167,846	15,723,751	13,569,567	21,572,801	18,737,413
Unrestricted	5,864,082	4,909,317	6,866,631	5,604,831	12,730,713	10,514,148
Total net position	\$ 15,704,681	\$ 12,520,435	\$ 29,311,112	\$ 25,278,555	\$ 45,015,793	\$ 37,798,990

Twenty-four percent (24%) of the City's net position reflect its investment in capital assets (e.g., land, buildings, water and wastewater system, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. This is an increase from twenty-two percent (22%) as of the prior year-end. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Forty-eight percent (48%) of the City's net position represents resources that are subject to external restrictions on how they may be used and are reported as restricted net position. This is a decrease from forty-nine percent (49%) as of the prior year-end. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Government-wide Financial Analysis (cont...)

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 1,173,944	\$ 1,730,143	\$ 5,134,918	\$ 5,118,072	\$ 6,308,862	\$ 6,848,215
Operating grants/contrib.	23,862	7,150	-	-	23,862	7,150
Capital grants/contrib.	770,514	1,204,118	2,480,081	4,220,676	3,250,595	5,424,794
<i>General revenues:</i>						
Property taxes - General	2,663,088	1,847,597	-	-	2,663,088	1,847,597
Property taxes - CRA	81,724	79,119	-	-	81,724	79,119
Pub svc tax/franchise fees	1,102,713	860,692	-	-	1,102,713	860,692
State shared revenue	486,744	447,123	-	-	486,744	447,123
Other	79,431	66,719	36,758	21,411	116,189	88,130
Total revenues	6,382,020	6,242,661	7,651,757	9,360,159	14,033,777	15,602,820
Expenses:						
<i>Governmental activities:</i>						
General government	1,432,619	1,287,660	-	-	1,432,619	1,287,660
Building and code enf.	379,916	613,834	-	-	379,916	613,834
Library	277,515	263,906	-	-	277,515	263,906
Community redevelopment	58,534	45,528	-	-	58,534	45,528
Law enforcement	763,201	704,830	-	-	763,201	704,830
Streets	163,591	157,602	-	-	163,591	157,602
Parks and recreation	293,982	288,676	-	-	293,982	288,676
Interest on long-term debt	-	40	-	-	-	40
<i>Business-type activities:</i>						
Water utility	-	-	1,353,179	937,847	1,353,179	937,847
Wastewater utility	-	-	889,566	832,680	889,566	832,680
Sanitation	-	-	938,019	561,305	938,019	561,305
Stormwater management	-	-	266,852	143,191	266,852	143,191
Total expenses	3,369,358	3,362,076	3,447,616	2,475,023	6,816,974	5,837,099
Transfers in (out)	171,584	252,936	(171,584)	(252,936)	-	-
Change in Net Position	3,184,246	3,133,521	4,032,557	6,632,200	7,216,803	9,765,721
Net position - Beginning	12,520,435	9,386,914	25,278,555	18,646,355	37,798,990	28,033,269
Net position - Ending	\$ 15,704,681	\$ 12,520,435	\$ 29,311,112	\$ 25,278,555	\$ 45,015,793	\$ 37,798,990

Government-wide Financial Analysis (cont...)

Governmental activities: Governmental activities' change in net position was an increase of \$3,184,246 for 2025 as compared to an increase of \$3,133,521 for the prior year. The main reasons for the increase are as follows:

- Total revenue increased by approximately \$140,000 or 2% mainly due to the following:
 - General revenue increased by approximately \$1,112,000 or 34% mainly due to increased property values, both from the addition of new homes and increased property valuations, which increased ad valorem tax revenue by \$818,000 or 44%.
 - Charges for services decreased by approximately \$556,200 or 32% mainly due to a decrease in building related fees of approximately \$547,000 (47%) due to decreased residential construction activity within the City.
 - Capital grants and contributions decreased by approximately \$433,600 or 36% mainly due to decreased impact fee revenue driven by decreased residential construction within the City.
- Total expenses increased by approximately \$7,200 or less than 1%.
 - General government expenses increased by approximately \$145,000 (29%) mainly due to the following:
 - Personnel-related expenses increased by approximately \$30,000 (6%) due to cost increases and increased staffing in this function.
 - Engineering, planning and legal expenses increased by approximately \$101,000 (23%) due to increased costs to monitor, oversee and manage the future residential construction activity within the City.
 - Building and code enforcement expenses decreased by approximately \$234,000 (38%) mainly due to decreased building inspection service expenses due to decreased construction related activity within the City.

Business-type activities: Business-type activities increased the City's net position by \$4,032,557 in 2025 compared to an increase of \$6,632,200 in 2024. The main reasons for the increase are as follows:

- Total revenue decreased by approximately \$2,071,000 or 21% mainly due to the following:
 - Capital grants and contributions decreased by approximately \$1,740,600 or 46% due to decreased impact fee revenue given a recent decline in residential construction within the City during 2025.
- Total expenses increased by approximately \$972,600 or 39% mainly due to the following:
 - Water expenses increased by approximately \$415,000 or 44% mainly due to following:
 - Personnel related expenses increased by approximately \$151,000 or 69% due to additional staff allocated to this segment as well as budgeted wage increases.
 - Legal and non-capital engineering expenses increased by approximately \$184,000 or 200% due to increased legal matters and increased system engineering studies being performed.

Government-wide Financial Analysis (concluded)

- Sanitation expenses increased by approximately \$376,700 or 67% due to increased utility customers caused by recent construction within the City.
- Stormwater expenses increased by approximately \$123,000 or 86% due to noncapital costs associated with a stormwater infiltration and intrusion study and report.

Financial Analysis of the City's Funds

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

As of the end of the current fiscal year, the City's governmental funds (the general fund and CRA) reported ending fund balances of \$11,858,933 an increase of \$1,645,228 in comparison with the previously reported balance in the prior year. Of this total, \$6,009,883 for the general fund constitutes unassigned fund balance, which is available for spending at the government's discretion. The total unassigned fund balance represents 123% of 2025 total governmental fund expenditures compared to the prior year percentage of 132%. The remainder of fund balance is restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

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

- Total governmental funds revenue increased by approximately \$140,000 (2%) mainly due the following:
 - An approximately \$1,077,000 (36%) increase in overall tax revenue due to increased property values and general improvement in economic activity within the City, county and State.
 - The increase in tax revenue was partially offset by a decrease in the following categories:
 - Licenses and permits, charges for services and other revenue decreased by approximately \$996,000 due to reduced building inspection fees and impact fees caused by decreased residential construction in the current year.
 - Total expenditures of the governmental funds increased by approximately \$1,011,800 (26%) mainly due to the following:
 - Capital outlay expenditures increased by approximately \$951,100 or 125% due to more capital assets purchased or project costs incurred during 2025 compared to the previous year.

Financial Analysis of the City’s Funds (completed)

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

General Fund Budgetary Highlights

Actual resources were more than budgeted resources by \$1,090,379 and actual charges to appropriations were \$311,490 less than budgeted resulting in an overall positive budget variance of \$1,401,869. The budget for the year ended September 30, 2025 was amended by the City Commission increasing budgeted expenditures by \$1,024,000 to reflect capital expenditures that were not included in the original budget and for residential-construction driven expenditures such as engineering review and building inspection fees that exceeded expectations during the year. Budgeted revenue was amended \$582,736 higher to partially offset the changes to budgeted expenditures.

Capital Assets and Debt Administration

Capital assets: The city’s investment in capital assets for its governmental and business type activities as of September 30, 2025, amounts to \$11,404,707 (net of accumulated depreciation) which is an increase of 25%. This increase is the result of current year additions in excess of annual depreciation expense.

Information on the City’s capital assets is summarized in the following table.

Capital Assets Activity						
(net of accumulated depreciation)						
as of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 566,580	\$ 259,714	\$ 488,165	\$ 28,527	\$ 1,054,745	\$ 288,241
Buildings and improvements	466,007	530,381	6,096,049	5,591,505	6,562,056	6,121,886
Equipment	460,204	414,081	631,276	690,578	1,091,480	1,104,659
Infrastructure	1,297,044	1,005,009	-	-	1,297,044	1,005,009
Right-to-use leased equipment	-	623	-	-	-	623
Construction in progress	1,201,714	233,638	197,668	333,625	1,399,382	567,263
Total	<u>\$ 3,991,549</u>	<u>\$ 2,443,446</u>	<u>\$ 7,413,158</u>	<u>\$ 6,644,235</u>	<u>\$ 11,404,707</u>	<u>\$ 9,087,681</u>

Additional information on the City’s capital assets can be found in note 6 of the notes to financial statements.

Capital Assets and Debt Administration (completed)

Long-Term Debt: As shown in the table below, the City had total long-term debt outstanding of \$692,428 which represents an increase of approximately 28% over the prior year due to scheduled debt payments.

	Outstanding Debt and Other Financing					
	as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Bonds and notes payable	\$ -	\$ -	\$ 692,428	\$ 540,078	\$ 692,428	\$ 540,078
Leases payable	-	174	-	-	-	174
Total	\$ -	\$ 174	\$ 692,428	\$ 540,078	\$ 692,428	\$ 540,252

Additional information on the City’s long-term debt and other noncurrent liabilities can be found in note 7 of the notes to financial statements.

Economic Factors and Next Year’s Budgets and Rates

It is anticipated that the following significant items will affect the 2026 fiscal year:

- The City's millage rate in effect for the fiscal year ended September 30, 2026 remains consistent at 7.6516 but because of increased property values, the expected ad valorem tax revenue is expected to increase by approximately 26% or \$685,000.
- Residential construction activity is expected to slow in 2026.

These significant factors were considered in preparing the City’s budget for the 2025-26 fiscal year and are expected to influence the City’s fiscal year 2025-26 financial results.

Requests for information

This financial report is designed to provide a general overview of the City of Eagle Lake, Florida, finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Eagle Lake, P.O. Box 129, Eagle Lake, Florida 33839.

CITY OF EAGLE LAKE, FLORIDA

Statement of Net Position

September 30, 2025

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 6,174,284	\$ 6,602,704	\$ 12,776,988
Receivables, current:			
Customer accounts, net	56,186	496,082	552,268
Intergovernmental	113,928	4,731	118,659
Franchise and public service taxes	47,284	-	47,284
Inventory and prepaids	-	10,749	10,749
Internal balances	(157,144)	157,144	-
Lease receivable	316,789	-	316,789
Restricted assets:			
Cash and cash equivalents	5,860,710	16,830,447	22,691,157
Capital assets:			
Non-depreciable	1,768,294	685,833	2,454,127
Depreciable, net	2,223,255	6,727,325	8,950,580
TOTAL ASSETS	16,403,586	31,515,015	47,918,601
LIABILITIES			
Accounts payable and accrued expenses	160,896	179,484	340,380
Accrued wages	89,293	29,906	119,199
Due to other governments	-	516,078	516,078
Accrued interest payable	-	8,747	8,747
Customer deposits	-	581,871	581,871
Long-term obligations:			
Due within one year	-	42,870	42,870
Due in more than one year	145,801	844,947	990,748
TOTAL LIABILITIES	395,990	2,203,903	2,599,893
DEFERRED INFLOWS OF RESOURCES			
Lease related	302,915	-	302,915
NET POSITION			
Net investment in capital assets	3,991,549	6,720,730	10,712,279
Restricted for:			
Debt service	-	77,168	77,168
Water system improvements	-	7,705,376	7,705,376
Wastewater system improvements	-	7,278,971	7,278,971
Stormwater management	-	662,236	662,236
Building code enforcement	1,281,255	-	1,281,255
Public building improvements	3,444,563	-	3,444,563
Parks and recreation facilities	843,189	-	843,189
Community redevelopment	280,043	-	280,043
Unrestricted	5,864,082	6,866,631	12,730,713
TOTAL NET POSITION	\$ 15,704,681	\$ 29,311,112	\$ 45,015,793

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA
Statement of Activities
for the year ended September 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 1,432,619	\$ 345,366	\$ 19,662	\$ 463,214	\$ (604,377)	\$ -	\$ (604,377)
Building and code enforcement	379,916	607,061	-	-	227,145	-	227,145
Library	277,515	2,283	-	172,139	(103,093)	-	(103,093)
Community redevelopment	58,534	-	-	-	(58,534)	-	(58,534)
Law enforcement	763,201	8,955	-	-	(754,246)	-	(754,246)
Streets	163,591	209,254	-	-	45,663	-	45,663
Parks and recreation	293,982	1,025	4,200	135,161	(153,596)	-	(153,596)
Total governmental activities	3,369,358	1,173,944	23,862	770,514	(1,401,038)	-	(1,401,038)
Business-type activities							
Water utility	1,353,179	1,865,180	-	1,214,925	-	1,726,926	1,726,926
Wastewater utility	889,566	2,135,165	-	1,200,005	-	2,445,604	2,445,604
Sanitation	938,019	989,027	-	-	-	51,008	51,008
Stormwater management	266,852	145,546	-	65,151	-	(56,155)	(56,155)
Total business-type activities	3,447,616	5,134,918	-	2,480,081	-	4,167,383	4,167,383
TOTAL PRIMARY GOVERNMENT	\$ 6,816,974	\$ 6,308,862	\$ 23,862	\$ 3,250,595	(1,401,038)	4,167,383	2,766,345
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					2,663,088	-	2,663,088
Property taxes, levied for community redevelopment purposes					81,724	-	81,724
Public service taxes and franchise fees					1,102,713	-	1,102,713
State shared revenue					486,744	-	486,744
Investment earnings					23,611	36,758	60,369
Miscellaneous					55,820	-	55,820
TRANSFERS					171,584	(171,584)	-
Total general revenues and transfers					4,585,284	(134,826)	4,450,458
CHANGE IN NET POSITION					3,184,246	4,032,557	7,216,803
NET POSITION, beginning of year					12,520,435	25,641,099	38,161,534
Restatement (Note 16)					-	(362,544)	(362,544)
NET POSITION, beginning of year, as restated					12,520,435	25,278,555	37,798,990
NET POSITION, end of year					\$ 15,704,681	\$ 29,311,112	\$ 45,015,793

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2025

	General Fund	Community Redevelopment Agency	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,174,284	\$ 291,703	\$ 6,465,987
Receivables, net			
Customer accounts, net	56,186	-	56,186
Intergovernmental	113,928	-	113,928
Franchise and public service taxes	47,284	-	47,284
Due from community redevelopment fund	10,409	-	10,409
Lease receivable	316,789	-	316,789
Restricted assets:			
Cash and cash equivalents	5,569,007	-	5,569,007
TOTAL ASSETS	\$ 12,287,887	\$ 291,703	\$ 12,579,590
LIABILITIES			
Accounts payable	\$ 159,645	\$ 1,251	\$ 160,896
Accrued wages and benefits	89,293	-	89,293
Due to general fund	-	10,409	10,409
Due to enterprise fund	157,144	-	157,144
TOTAL LIABILITIES	406,082	11,660	417,742
DEFERRED INFLOWS OF RESOURCES			
Lease related	302,915	-	302,915
TOTAL DEFERRED INFLOWS OF RESOURCES	302,915	-	302,915
FUND BALANCE			
Restricted for:			
Building code enforcement	1,281,255	-	1,281,255
Public building improvements	3,444,563	-	3,444,563
Parks and recreation facilities	843,189	-	843,189
Community redevelopment	-	280,043	280,043
Unassigned:			
General fund	6,009,883	-	6,009,883
TOTAL FUND BALANCES	11,578,890	280,043	11,858,933
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 12,287,887	\$ 291,703	\$ 12,579,590

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

September 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 11,858,933

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 3,991,549

Long-term liabilities (including bonds, notes and leases payable, compensated absences liability and the other postemployment benefit liability) are not due and payable in the current period and, therefore are not reported in the governmental funds.
This is the amount of the long-term liabilities (145,801)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 15,704,681

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
for the year ended September 30, 2025

	General Fund	Community Redevelopment Agency	Total
REVENUES:			
Taxes	\$ 3,946,730	\$ 81,724	\$ 4,028,454
Licenses and permits	506,058	-	506,058
Intergovernmental revenue	662,214	-	662,214
Charges for services	129,122	-	129,122
Fines and forfeitures	8,955	-	8,955
Other	1,026,972	246	1,027,218
Total revenues	6,280,051	81,970	6,362,021
EXPENDITURES:			
Current:			
General government	1,348,958	-	1,348,958
Public safety	1,118,841	-	1,118,841
Economic environment	-	58,534	58,534
Transportation	122,892	-	122,892
Culture/recreation	527,683	-	527,683
Capital outlay	1,711,295	-	1,711,295
Debt service			
Principal	174	-	174
Total expenditures	4,829,843	58,534	4,888,377
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,450,208	23,436	1,473,644
OTHER FINANCING SOURCES (USES)			
Transfers in	171,584	-	171,584
TOTAL OTHER FINANCING SOURCES (USES)	171,584	-	171,584
NET CHANGE IN FUND BALANCE	1,621,792	23,436	1,645,228
FUND BALANCE, beginning of year	9,957,098	256,607	10,213,705
FUND BALANCE, end of year	\$ 11,578,890	\$ 280,043	\$ 11,858,933

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA

Reconciliation of The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
for the year ended September 30, 2025

Amounts reported for governmental activities in the statement of net activities are different because:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,645,228
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
This is the amount of capital assets recorded in the current period.	1,696,716
This is the amount of depreciation recorded in the current period.	(138,547)
This is the book value of dispositions and transfers recorded in the current period.	(10,066)
Long-term obligations including bonds, notes and leases payable, compensated absences and the other postemployment benefits liabilities are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:	
This is the repayment of leases payable principal reported as expenditures in governmental funds.	174
This is the change in accrued compensated absences during the year.	(10,469)
This is the change in the total other postemployment benefit liability during the year.	1,210
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,184,246</u>

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2025

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,602,704
Receivables:	
Customers, net	496,082
Intergovernmental and other	4,731
Inventory	10,749
Due from general fund	157,144
Total current assets	<u>7,271,410</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	16,830,447
Capital assets:	
Non-depreciable	685,833
Depreciable, net	6,727,325
Total noncurrent assets	<u>24,243,605</u>
TOTAL ASSETS	<u>31,515,015</u>
LIABILITIES	
Current liabilities:	
Accounts payable	179,484
Accrued wages	29,906
Due to other governments	516,078
Bonds and notes payable, current	42,870
Total current liabilities	<u>768,338</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	581,871
Interest payable	8,747
Due to other governments	71,820
Compensated absences	98,413
Post employment obligation payable	25,156
Bonds and notes payable, noncurrent portion	649,558
Total noncurrent liabilities	<u>1,435,565</u>
TOTAL LIABILITIES	<u>2,203,903</u>
NET POSITION	
Net investment in capital assets	6,720,730
Restricted for:	
Water system improvements (expendable)	7,705,376
Wastewater system improvements (expendable)	7,278,971
Stormwater management (expendable)	662,236
Revenue bond retirement (expendable)	77,168
Unrestricted	6,866,631
TOTAL NET POSITION	<u>\$ 29,311,112</u>

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDAStatement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund
for the year ended September 30, 2025

	Enterprise Fund
OPERATING REVENUES:	
Charges for services	
Water and wastewater customer user fees	\$ 4,000,345
Sanitation customer user fees	989,027
Stormwater customer user fees	145,546
	<hr/>
Total charges for services	5,134,918
	<hr/>
Total operating revenues	5,134,918
OPERATING EXPENSES:	
Personnel services	631,419
Operating expenses	2,418,289
Depreciation	418,466
	<hr/>
Total operating expenses	3,468,174
OPERATING INCOME (LOSS)	
	1,666,744
NONOPERATING REVENUE (EXPENSE)	
Interest revenue	36,758
Interest expense	(18,368)
Other, net	38,926
	<hr/>
Total nonoperating revenues (expense)	57,316
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	
	1,724,060
CAPITAL CONTRIBUTIONS	
Capital grants and contributions	120,356
Impact fees	2,359,725
	<hr/>
Total capital contributions	2,480,081
TRANSFERS IN (OUT)	
	(171,584)
CHANGE IN NET POSITION	
	4,032,557
NET POSITION, beginning of year	
	25,641,099
Restatement (Note 16)	(362,544)
	<hr/>
NET POSITION, beginning of year, as restated	25,278,555
	<hr/>
NET POSITION, end of year	\$ 29,311,112

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDAStatement of Cash Flows - Proprietary Funds
for the year ended September 30, 2025

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 5,189,648
Payments to suppliers	(2,345,216)
Payments for salaries and benefits	(624,376)
Net cash flows from operating activities	<u>2,220,056</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers (to) from other funds, net of change in due to/from	31,761
Net cash flows from noncapital financing activities	<u>31,761</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(1,187,389)
Principal paid on notes, bonds and lease obligations	(212,493)
Interest paid on borrowings and other debt costs	(18,613)
Proceeds from long-term debt	364,843
Capital contributions and impact fees received, net of change in related receivables	2,676,429
Net cash flows from capital and related financing activities	<u>1,622,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	36,758
Other nonoperating payments	38,926
Net cash flows from investing activities	<u>75,684</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,950,278
CASH AND CASH EQUIVALENTS, beginning of year	<u>19,482,873</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 23,433,151</u>
As shown in the Accompanying Financial Statements	
Equity in pooled cash and cash equivalents	\$ 6,602,704
Restricted equity in pooled cash and cash equivalents	16,830,447
Total cash and cash equivalents	<u>\$ 23,433,151</u>

Continued...

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA

Statement of Cash Flows - Proprietary Funds - Concluded
for the year ended September 30, 2025

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 1,666,744
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	418,466
Decrease in accounts receivable	(5,667)
Increase in accounts payable	73,073
Increase in customer deposits	60,397
Increase in accrued wages and compensated absences	7,748
Decrease in the other postemployment benefit obligation	<u>(705)</u>
Net cash flows from operating activities	<u>\$ 2,220,056</u>

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA

Statement of Fiduciary Net Position – Fiduciary Fund
September 30, 2025

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 97,759
TOTAL ASSETS	<u>97,759</u>
LIABILITIES	
Due to other governments	97,759
TOTAL LIABILITIES	<u>97,759</u>
NET POSITION	
TOTAL NET POSITION	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

CITY OF EAGLE LAKE, FLORIDA

Statement of Changes in Fiduciary Net Position – Fiduciary Fund
for the year ended September 30, 2025

	<u>Custodial Fund</u>
ADDITIONS:	
Fees collected on behalf of other governments	\$ 2,752,178
Total additions	<u>2,752,178</u>
DEDUCTIONS:	
Remittance of fees to other governments	<u>2,752,178</u>
Total deductions	<u>2,752,178</u>
NET INCREASE (DECREASE)	-
NET POSITION - beginning of year	-
NET POSITION - end of year	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The City of Eagle Lake, Florida (the "City") is a Municipal Corporation incorporated in 1921 by Chapter 8943, Laws of Florida. The Corporation operates under a charter form of government created by an unnumbered City Ordinance dated November 11, 1975, and most recently recodified and readopted by Ordinance No. 596 in 1978 and again in 1993 by Ordinance No. 93-7. The City is governed by a board of five elected commissioners. These financial statements include all of the funds, organizations, agencies, and departments of the City (the "primary government") and any "legally separate entities ("component units") required by generally accepted accounting principles to be included in the reporting entity.

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

Based on these criteria, the entity included as a blended component unit of the primary government is the Eagle Lake Community Redevelopment Agency ("CRA"), created by Ordinance 00-06, because the CRA exclusively benefits the primary government. The CRA does not issue a separately audited Component Unit Financial Statement (CUFS).

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

BASIS OF PRESENTATION

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

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. The City's fiduciary fund is excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government.

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

BASIS OF PRESENTATION (cont...)

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, including depreciation. The City does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The funds used by the City are as follows:

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

- **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Eagle Lake Community Redevelopment Agency** (the "CRA") was created by City Ordinance No. 00-06 pursuant to Florida Statutes Chapter 163. Due to its profile in the community, the City electively added the Eagle Lake CRA as a major fund and is reported as a special revenue fund. The CRA has the power to levy taxes or appropriate funds to preserve and enhance the downtown Eagle Lake area. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The City commission also serves as the CRA's Board of Directors along with two additional appointed board members.

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

BASIS OF PRESENTATION (concluded)

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

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

Fiduciary Fund - The City also reports one fiduciary fund type; a custodial fund, which is used to account for impact fees collected on behalf of Polk County, Florida (the "County"). These funds are collected on behalf of the County as new construction takes place within the City and remitted to the County monthly.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

Property taxes are recognized as revenues in the year for which they are levied. Franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period.

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

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

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (concluded)

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

Proprietary fund operating revenues generally result from producing or providing goods and services related to sanitation, water and wastewater services and stormwater management. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

CASH AND CASH EQUIVALENTS

The financial caption “cash and cash equivalents” includes all bank demand deposits, certificates of deposit, money-market and savings accounts and all short-term, highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less when purchased. On September 30, 2025, all of the City's cash and investments met this definition.

RESTRICTED CASH AND CASH EQUIVALENTS

Include cash and cash equivalents that are legally restricted to specific uses by external parties or enabling legislation. The City generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

RECEIVABLES

The City accrues the unbilled service of its enterprise fund which represents the estimated value of service from the last billing date to year end and totaled \$154,580 on September 30, 2025. A reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the utility customer receivables that are not expected to be collected. On September 30, 2025, such reserves totaled \$18,495.

INTERFUND BALANCES

To the extent any current interfund balances exist, management anticipates that they will be settled in cash as opposed to a permanent transfer.

INVENTORY

Enterprise fund inventories are valued at the lower of cost or market determined on a first-in, first-out basis.

PREPAID ITEMS

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

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

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., utility systems and roads), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial estimated useful life in excess of one year and individual cost of more than \$5,000. 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.

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

Donated assets are recorded at acquisition cost. Depreciation of exhaustible fixed assets used by these funds is charged as an expense against operations and, accumulated depreciation is reported on the statement of net position of the funds in which the assets are capitalized. Depreciation has been provided over the estimated useful life of each asset using the straight-line method. The range of estimated useful lives of capital assets are:

<u>Asset Type</u>	<u>Years</u>
Buildings and improvements	20-40
Utility plant in service	38-49
Machinery and equipment	3-15
Infrastructure	20-30

INTEREST COSTS

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure) until that time.

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

The City has one item that qualifies for reporting in this category which is the deferred amounts related to leases.

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

COMPENSATED ABSENCES

The City implemented GASB Statement No. 101, Compensated Absences, effective for the fiscal year ended September 30, 2025.

For financial reporting purposes, the City applies a leave utilization assumption under which leave is used on a last-in, first-out (LIFO) basis. Under this approach, future leave is considered earned in the future; accordingly, at each reporting date the compensated absences liability reflects the amount that would be paid if an employee terminated employment as of that date.

Employees accumulate vacation leave ranging from 6 to 20 days per year, up to a maximum accrual consistent with City policy (limited to 240 hours). Accrued vacation is paid upon retirement or termination at the employee's current rate of pay.

Employees accumulate sick leave ranging from 6 to 12 days per year without limitation. Employees retiring or terminating with at least two years of continuous service are eligible for a sick leave payout based on years of service: 25% (2–5 years), 30% (5–15 years), 40% (15–20 years), and 50% (20+ years), subject to the City's maximum paid hours policy (up to 800 paid hours for employees hired prior to September 25, 2006 and 400 paid hours for employees hired thereafter).

The City also provides compensatory time in accordance with applicable policies and continues to account for compensatory time consistent with prior methods.

Management's evaluation of accrued leave balances as of September 30, 2025 indicated that implementation of GASB 101 did not result in a material change in the City's compensated absences liability.

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

INTERFUND TRANSFERS

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

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

CONNECTION FEES AND IMPACT FEES

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

EQUITY CLASSIFICATIONS

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

- a) *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) *Restricted net position* - Consists of restricted assets reduced by liabilities related to those assets. Net position is reported as restricted only when restricted by outside parties or enabling legislation.
- c) *Unrestricted net position* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

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

EQUITY CLASSIFICATIONS (concluded)

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

- a) *Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. These amounts also include long-term interfund receivables.
- b) *Restricted* - amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c) *Committed* - amounts constrained to specific purposes by formal action (ordinance) of the City using its highest level of decision-making authority (the City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes the same highest-level action (ordinance) to remove or change the constraint.
- d) *Assigned* - amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. The City Commission has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.
- e) *Unassigned* - all other spendable amounts.

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

USE OF ESTIMATES

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

LEASES

Lessee: The City is a lessee for a noncancellable lease of equipment and recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term, subsequently reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include the determination of the discount rate used to discount the lease payments to present value and determination of the lease term.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate for a similar transaction as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase price that the City is reasonably certain to exercise.

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

Lessor: The City is a lessor for a noncancellable lease of City property for cell phone antenna placement. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date and recognized as revenue over the life of the lease term on a straight-line basis. Key estimates and judgements include how the City determines the discount rate it uses to discount the lease receipts to present value and determination of the lease term.

- The City's lease agreement does not contain an explicit interest component that is charged to the lessee and has decided to discount the lease receipts using the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices as a proxy for the incremental borrowing rate for general City obligations.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2025 was 7.6516.

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

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by Ordinance on a City-wide basis for all City funds on or before October 1 of each year as required by State Statute. City Ordinance establishes the legal level of budgetary control at the individual fund level. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations subject to notification of the City commission; however, any revisions that alter the total expenditure of any fund must be approved by Ordinance. Budgets for all funds are adopted on the basis of cash receipts and disbursements which differs from the basis used for financial reporting purposes. These differences are usually not significant for the governmental funds, however they are for the enterprise fund as the budget includes capital outlay and debt principal repayments as expenses and does not include depreciation.

During the year and subsequent to year-end, the City Commission may adopt an amended budget approving such additional expenditures/expenses. A budgetary comparison schedule is presented as required supplementary information for the general fund and the community redevelopment agency special revenue fund.

All final budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions - the City had no material violations of finance related legal and contractual provisions.

Deficit Fund Balance or Net Position of Individual Funds - As of September 30, 2025, no individual fund had a deficit fund balance or net position deficit.

Excess of Expenditures Over Budget Appropriations in Individual Funds - For the year ended September 30, 2025, no budgetary fund had an excess of expenditures over appropriations.

NOTE 5 - DEPOSITS AND INVESTMENTS

On September 30, 2025, the carrying amount of the City's deposits and investments is summarized below:

Cash and cash equivalents:

Cash on hand	\$	97,179
Cash deposits in financial institutions:		
Insured or fully collateralized bank deposits		<u>35,370,966</u>
Total cash and cash equivalents	\$	<u>35,468,145</u>

DEPOSITS IN FINANCIAL INSTITUTIONS

All of the City's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. Qualified public depositories are required to pledge collateral to the Chief Financial Officer, State of Florida ("CFO") with a market value equal to 50% of the average daily balance of all public deposits in excess of any federal deposit insurance. In addition, to the extent that total public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits. In event of default by a qualified public depository, all claims for public deposits would be satisfied by the CFO from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are considered fully insured or collateralized.

INVESTMENTS

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

CITY OF EAGLE LAKE, FLORIDA

Notes to Financial Statements

September 30, 2025

NOTE 6 - CAPITAL ASSETS

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

	Balance October 1, 2024	Transfers	Increases	Decreases	Balance September 30, 2025
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 259,714	\$ -	\$ 306,866	\$ -	\$ 566,580
Construction in process	233,638	-	968,076	-	1,201,714
Total capital assets, not being depreciated	<u>493,352</u>	<u>-</u>	<u>1,274,942</u>	<u>-</u>	<u>1,768,294</u>
Capital assets, being depreciated:					
Buildings and improvements	2,964,935	-	-	(39,000)	2,925,935
Equipment	563,006	-	103,381	(5,164)	661,223
Infrastructure	1,142,368	-	320,880	-	1,463,248
Right-to-use leased equipment	2,487	-	-	(2,487)	-
Total capital assets, being depreciated	<u>4,672,796</u>	<u>-</u>	<u>421,774</u>	<u>(44,164)</u>	<u>5,050,406</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,434,554)	-	(51,943)	26,569	(2,459,928)
Equipment	(148,925)	-	(57,259)	5,165	(201,019)
Infrastructure:	(137,359)	-	(28,845)	-	(166,204)
Right-to-use leased equipment	(1,864)	-	(500)	2,364	-
Total accumulated depreciation	<u>(2,722,702)</u>	<u>-</u>	<u>(138,547)</u>	<u>34,098</u>	<u>(2,827,151)</u>
Total capital assets being depreciated, net	<u>1,950,094</u>	<u>-</u>	<u>283,227</u>	<u>(10,066)</u>	<u>2,223,255</u>
Governmental activities capital assets, net	<u>\$ 2,443,446</u>	<u>\$ -</u>	<u>\$ 1,558,169</u>	<u>\$ (10,066)</u>	<u>\$ 3,991,549</u>
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 28,527	\$ -	\$ 459,638	\$ -	\$ 488,165
Construction-in-progress	333,625	(230,943)	94,986	-	197,668
Total capital assets, not being depreciated	<u>362,152</u>	<u>(230,943)</u>	<u>554,624</u>	<u>-</u>	<u>685,833</u>
Capital assets, being depreciated:					
Buildings, utility plant and improvements	11,503,704	230,943	571,650	-	12,306,297
Equipment	1,351,607	-	61,115	(55,882)	1,356,840
Total capital assets, being depreciated	<u>12,855,311</u>	<u>230,943</u>	<u>632,765</u>	<u>(55,882)</u>	<u>13,663,137</u>
Less accumulated depreciation for:					
Buildings, utility plant and improvements	(5,912,199)	-	(298,049)	-	(6,210,248)
Equipment	(661,029)	-	(120,417)	55,882	(725,564)
Total accumulated depreciation	<u>(6,573,228)</u>	<u>-</u>	<u>(418,466)</u>	<u>55,882</u>	<u>(6,935,812)</u>
Total capital assets being depreciated, net	<u>6,282,083</u>	<u>230,943</u>	<u>214,299</u>	<u>-</u>	<u>6,727,325</u>
Business-type activities capital assets, net	<u>\$ 6,644,235</u>	<u>\$ -</u>	<u>\$ 768,923</u>	<u>\$ -</u>	<u>\$ 7,413,158</u>

NOTE 6 - CAPITAL ASSETS (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	42,209
Building and code enforcement		5,858
Law enforcement		3,378
Streets		38,835
Library		2,245
Parks and recreation		<u>46,022</u>
Total depreciation expense - governmental activities	\$	<u>138,547</u>

Business-type Activities:

Water	\$	208,973
Wastewater		149,414
Stormwater		<u>60,079</u>
Total depreciation expense - business-type activities	\$	<u>418,466</u>

NOTE 7 - LONG-TERM OBLIGATIONS

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

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025	Amounts Due within One Year
Governmental Activities:					
Other liabilities:					
Leases	\$ 174	\$ -	\$ (174)	\$ -	-
Other postemployment benefits	32,242	-	(1,210)	31,032	-
Compensated absences, net	104,300	10,469	-	114,769	-
Total long-term obligations	<u>\$ 136,716</u>	<u>\$ 10,469</u>	<u>\$ (1,384)</u>	<u>\$ 145,801</u>	<u>\$ -</u>
Less amounts due in one year				-	
Total noncurrent obligations due in more than one year				<u>\$ 145,801</u>	
Business-type Activities:					
Long-term debt:					
Bonds and notes payable:					
Water System Revenue Bonds, Series 2007	\$ 173,258	\$ -	\$ (23,223)	\$ 150,035	\$ 25,172
Wastewater System Revenue Bonds, Series 2015	366,820	-	(7,455)	359,365	7,652
FDEP Note - CW530920	-	136,633	(68,151)	68,482	10,046
FDEP Note - DW530911	-	228,210	(113,664)	114,546	-
Total long-term debt	<u>540,078</u>	<u>364,843</u>	<u>(212,493)</u>	<u>692,428</u>	<u>42,870</u>
Other liabilities:					
Other postemployment benefits	25,861	-	(705)	25,156	-
Compensated absences, net	95,662	2,751	-	98,413	-
Prepaid impact fees due to City of Bartow, Florida	71,820	-	-	71,820	-
Total other liabilities	<u>193,343</u>	<u>2,751</u>	<u>(705)</u>	<u>195,389</u>	<u>-</u>
Total long-term obligations	<u>\$ 733,421</u>	<u>\$ 367,594</u>	<u>\$ (213,198)</u>	<u>887,817</u>	<u>\$ 42,870</u>
Less amounts due in one year				(42,870)	
Total noncurrent obligations due in more than one year				<u>\$ 844,947</u>	

Notes to Long-Term Obligations Table

Long-term liabilities, including accumulated compensated absences are typically liquidated by the individual fund to which the liability is directly associated.

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

NOTE 7 - LONG-TERM OBLIGATIONS (cont...)

Governmental Activities:

- Leases Payable – The City financed the acquisition of a right-to-use postage processing machine that required monthly principal and interest payments of \$58 and matured in December 2024. The lease agreement did not have an explicit interest rate and the City utilized an estimated incremental borrowing rate of 6% to determine the lease liability.

Business-Type Activities:

- The USDA Rural Utilities Service Series 2007 Water Revenue Bonds are secured by the net revenues of the water system. The bonds bear interest at 4.125% with a final maturity of September 1, 2046. The bond proceeds were used to construct extensions and improvements to the water system. The bonds require the maintenance of sinking, reserve and renewal and replacement funds.

In the event of default, the bond holders have the right to take whatever action necessary to collect the amounts due including the appointment of a receiver to manage the water system.

The City was in compliance with all significant requirements of the loan resolutions as of September 30, 2025.

- The USDA Rural Utilities Service Series 2015 Wastewater System Revenue Bonds are secured by the net revenues of the wastewater system. The bonds bear interest at 2.625% with a final maturity of November 19, 2055. The bond proceeds were used for lift station improvements to the wastewater system. The bonds require the maintenance of sinking, reserve and short-lived asset reserve funds.

In the event of default, the bond holders have the right to take whatever action necessary to collect the amounts due including the appointment of a receiver to manage the water system.

The City was in compliance with all significant requirements of the loan resolutions as of September 30, 2025.

- Florida Department of Environmental Protection (FDEP) Note CW530920 is secured by the net revenues of the water and sewer system. Proceeds are being used to fund planning activities for a sewer system evaluation survey. The note provides up to \$375,000 of funding and includes 50% principal forgiveness, meaning 50% of each loan draw is immediately forgiven and recognized as grant revenue through FDEP. Through September 30, 2025, the City had drawn \$136,636, of which \$65,151 was recognized as principal forgiveness grant revenue. As of January 31, 2026 (the latest information available as of the issuance date of this report), total draws were \$249,283, of which \$124,324 had been recognized as principal forgiveness grant revenue. The note bears interest at 1.29% and is payable in 20 semiannual installments of \$10,488 beginning August 15, 2026.

NOTE 7 - LONG-TERM OBLIGATIONS (concluded)

- Florida Department of Environmental Protection (FDEP) Note DW530911 is secured by the net revenues of the water and sewer system. Proceeds are being used to fund design activities for a water transmission facilities. The note provides up to \$286,586 of funding and includes 50% principal forgiveness, meaning 50% of each loan draw is immediately forgiven and recognized as grant revenue through FDEP. Through September 30, 2025, the City had drawn \$228,210, of which \$113,664 was recognized as principal forgiveness grant revenue. As of January 31, 2026 (the latest information available as of the issuance date of this report), total draws were \$256,525, of which \$127,769 had been recognized as principal forgiveness grant revenue. The note bears interest at 1.69% and is payable in 20 semiannual installments of \$8,195 beginning October 15, 2026.
- The amount due to City of Bartow, Florida represents the portion of wastewater impact fees paid in advance that are due to the City of Bartow in accordance with their wastewater service agreement with the City of Eagle Lake. In accordance with the agreement, these amounts are due when a utility customer connects to the City's wastewater system and were paid in advance by a property developer in September 2007.

Annual debt service requirements of the City's bonds and notes payable as of September 30, 2025, are as follows:

Fiscal Year Ending	Business-type Activities	
	Principal	Interest
2026	\$ 42,870	\$ 16,609
2027	68,897	17,460
2028	70,727	15,630
2029	69,401	13,739
2030	53,486	11,895
2031-2035	113,905	43,740
2036-2040	52,249	34,967
2041-2045	59,475	27,741
2046-2050	67,702	19,514
2051-2055	77,067	10,149
2056-2060	16,649	794
Total	<u>\$ 692,428</u>	<u>\$ 212,238</u>

NOTE 8 - INTERFUND TRANSACTIONS

Interfund receivables and payables as of September 30, 2025 consisted of:

Receivable Fund	Payable Fund	Amount
Enterprise fund	General fund	\$ 157,144
General fund	Community Redevelopment Fund	10,409

Interfund receivables represent expenditures paid by those funds on behalf of another fund that were not repaid until after year end.

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

Receiving Fund	Paying Fund	Amount
General fund	Enterprise fund	\$ 171,584

The transfer from the enterprise fund to the general fund is the budgeted annual transfer to finance services accounted for in the general fund.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

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

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the City are eligible to participate in the City’s healthcare and life insurance benefits. The City subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The City does not offer any explicit subsidies for retiree coverage. The City doesn’t issue a stand-alone report for the OPEB Plan, and the OPEB Plan is not included in the annual report of a public employee retirement system or another entity.

There are currently 19 active plan members and no inactive plan members who are receiving benefits.

Funding Policy – OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes. The City has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis.

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

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Total OPEB Liability – The City’s total OPEB liability was determined by an actuarial valuation as of September 30, 2023, updated to September 30, 2025 (measurement date) using the assumptions below.

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.50%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	51

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using projection scale MP-2019.

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 4.50%. The high-quality bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch, if there are multiple ratings, the lowest rate is used.

OPEB Expense – For the year ended September 30, 2025, the City recognized OPEB expense of \$3,847.

Changes in Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2024	\$ 58,103
Changes for the year:	
Service cost	2,438
Interest	2,365
Changes of assumptions	(2,066)
Benefit payments	(4,652)
Net changes	(1,915)
Reporting period ending September 30, 2025	\$ 56,188

Sensitivity of the Total OPEB Liability to changes in the discount rate - The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.50%)	Discount Rate (4.50%)	1% Increase (5.50%)
Total other postemployment benefits liability	\$ 61,057	\$ 56,188	\$ 51,902

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (concluded)

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u> <u>(3.00% to 6.00%)</u>	<u>Discount Rate</u> <u>(4.00% to 7.00%)</u>	<u>1% Increase</u> <u>(5.00% to 8.00%)</u>
Total other postemployment benefits liability	\$ 50,823	\$ 56,188	\$ 62,444

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN

The City commission has established by Resolution an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan covering all full-time employees and permanent part-time employees who have completed one year of employment. The plan trust is administered by the Florida League of Cities, Inc. and the assets of the plans are not considered part of the City's reporting entity. Benefits vest at a rate of 20% per year of service up to 100% vesting upon completion of the sixth year of service. Participation is voluntary, and the employee determines the amount of their contribution. The City contributes seven percent of the employees' compensation regardless of the employee contribution. Most employees of the City were eligible and did participate in the plan during the year ended September 30, 2025. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Contributions for the fiscal year ended September 30, 2025 totaled \$122,766 which consisted of \$60,676 contributed by employees and \$62,090 contributed by the City. The City's payroll totaled approximately \$1,189,000 of which pension contributions were provided on approximately \$887,000.

NOTE 11 - RISK MANAGEMENT

During the ordinary course of its operations, the City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. There have been no significant reductions in coverage nor have settlement amounts exceeded the City's coverage during the year ended September 30, 2025 or the previous two fiscal years. In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the City. The City's workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool. Settled claims resulting from these risks have not exceeded insurance coverage.

NOTE 12 - COMMITMENT AND CONTINGENCIES

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

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUND

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

	Water System	Wastewater System	Combined Water & Wastewater System
Condensed statement of revenues, expenses and changes in net position:			
Operating revenues	\$ 1,865,180	\$ 2,135,165	\$ 4,000,345
Operating expenses	(1,174,561)	(730,355)	(1,904,916)
Depreciation	(208,973)	(149,414)	(358,387)
Nonoperating revenues (expenses):			
Interest income	36,758	-	36,758
Interest expense	(8,571)	(9,797)	(18,368)
Other nonoperating expense	38,926	-	38,926
Capital contributions	1,214,925	1,200,005	2,414,930
Transfers	(75,190)	(75,190)	(150,380)
Change in net position	<u>\$ 1,688,494</u>	<u>\$ 2,370,414</u>	<u>\$ 4,058,908</u>
Summary information from statement of net position:			
Capital assets, net	<u>\$ 3,182,141</u>	<u>\$ 2,834,124</u>	<u>\$ 6,016,265</u>
Long-term debt	<u>\$ 264,581</u>	<u>\$ 427,847</u>	<u>\$ 692,428</u>

NOTE 14 - FUTURE REVENUES THAT ARE PLEDGED

The City has pledged various future revenue sources for various debt issues. For the water and wastewater systems, the City has pledged future revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City's outstanding debt issues. Additional information regarding the City's pledged revenue can be found in note 7.

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Net Revenues to Principal and Interest Paid
Water and wastewater system net revenue	11/19/2055	\$ 904,666	\$ 231,106	\$ 4,491,913	1943.66%

NOTE 15 – JOINT VENTURE

The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the City of Eagle Lake, City of Auburndale, City of Bartow, City of Davenport, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, City of Mulberry, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the City Member Governments have no equity ownership in the PRWC.

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

The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual operating budget which is established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2025, the total annual operating budget of the PRWC was \$346,516 of which the City's proportionate share was \$2,729.

During 2022, the City agreed to be a project participant in the Southeast Wellfield (the Project), a new lower Floridan aquifer public supply wellfield located in southeast Polk County. Project participants agree to receive potable water from the Project once completed. The Project is being funded through the PRWC using a combination of grants and loans and the ultimate debt service and operating costs of the project will be passed through to the project participants through the water service charges which are determined each year by the PRWC board of directors. The City water charges to the PRWC for the fiscal year ending September 30, 2025 were \$168,627.

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

NOTE 16 – CORRECTION OF AN ERROR

During the year ended September 30, 2025, the City identified that certain American Rescue Plan Act State and Local Fiscal Recovery Fund (ARPA SLFRF) amounts recognized as revenue in a prior year are subject to refund to the U.S. Department of the Treasury based on Treasury's determination that previously submitted ARPA reports are final and cannot be amended. Accordingly, the City recorded a prior-period adjustment to reverse the previously recognized ARPA revenue and to record a liability due to the U.S. Department of the Treasury.

As a result of this correction of an error, beginning net position of the City's Enterprise Fund and business-type activities was decreased by \$362,544.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAGLE LAKE, FLORIDA
 Budgetary Comparison Schedule – General Fund
 for the year ended September 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary basis)	Final Budget Favorable (Unfavorable)
RESOURCES (inflows):				
Taxes	\$ 3,593,984	\$ 3,593,984	\$ 3,966,730	\$ 372,746
Licenses and permits	89,200	245,800	506,058	260,258
Intergovernmental revenue	687,608	687,608	662,214	(25,394)
Charges for services	69,540	69,540	129,122	59,582
Fines and forfeitures	8,500	8,500	8,955	455
Other	115,000	541,136	1,026,972	485,836
Transfers in	276,208	276,208	213,104	(63,104)
Total revenues	<u>4,840,040</u>	<u>5,422,776</u>	<u>6,513,155</u>	<u>1,090,379</u>
CHARGES TO APPROPRIATIONS (outflows):				
General government	1,420,722	1,420,722	1,410,478	10,244
Public safety	1,608,550	1,012,550	1,118,841	(106,291)
Transportation	177,850	177,850	122,892	54,958
Culture/recreation	639,731	639,731	527,683	112,048
Capital outlay	332,000	1,952,000	1,711,295	240,705
Debt service	-	-	174	(174)
Total expenditures	<u>4,178,853</u>	<u>5,202,853</u>	<u>4,891,363</u>	<u>311,490</u>
EXCESS OF RESOURCES OVER				
CHARGES TO APPROPRIATIONS	661,187	219,923	<u>\$ 1,621,792</u>	<u>\$ 1,401,869</u>
Surplus carried forward to subsequent fiscal year	<u>(661,187)</u>	<u>(219,923)</u>		
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>		

Continued...

CITY OF EAGLE LAKE, FLORIDA

Budgetary Comparison Schedule – General Fund - Concluded
for the year ended September 30, 2025

Reconciliation of the budgetary comparison schedule – general to the statement of revenues, expenditures and changes in fund balances – governmental funds.

Explanation of differences between budgetary inflows and outflows of GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 6,513,155
Differences - budget to GAAP:	
Budgetary inflows representing interfund reimbursements that are recorded as expenditures for financial reporting purposes.	(41,520)
Budgetary outflows representing interfund transactions that are recorded as revenues for financial reporting purposes.	(20,000)
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 6,451,635</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule.	\$ 4,891,363
Differences - budget to GAAP:	
Budgetary inflows representing interfund reimbursements that are recorded as expenditures for financial reporting purposes.	(41,520)
Budgetary outflows representing interfund transactions that are recorded as revenues for financial reporting purposes.	(20,000)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 4,829,843</u>

CITY OF EAGLE LAKE, FLORIDA

Budgetary Comparison Schedule – Community Redevelopment Agency
for the year ended September 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RESOURCES (inflows):				
Taxes	\$ 80,000	\$ 80,000	\$ 81,724	\$ 1,724
Other	250	250	246	(4)
Total resources	<u>80,250</u>	<u>80,250</u>	<u>81,970</u>	<u>1,720</u>
CHARGES TO APPROPRIATIONS (outflows)				
Economic environment	<u>80,250</u>	<u>80,250</u>	<u>58,534</u>	<u>21,716</u>
Total charges to appropriations	<u>80,250</u>	<u>80,250</u>	<u>58,534</u>	<u>21,716</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	-	-	<u>\$ 23,436</u>	<u>\$ 23,436</u>
Surplus carried forward to subsequent year	-	-		
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>		

CITY OF EAGLE LAKE, FLORIDA

**Schedule of Changes in the Total Other Post-Employment Benefits Liability and Related Ratios
Last 10 Fiscal Years**

Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Reporting period ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability								
Service cost	\$ 2,438	\$ 3,403	\$ 5,214	\$ 7,473	\$ 7,176	\$ 7,727	\$ 6,302	\$ 6,584
Interest	2,365	4,323	3,952	2,624	1,954	3,494	3,412	2,895
Change in assumptions	(2,066)	(31,358)	(721)	(27,425)	(2,554)	(12,605)	4,879	(4,200)
Differences between expected and actual experience	-	5,485	-	14,615	-	3,828	-	-
Benefit payments	(4,652)	(7,147)	(5,331)	(5,665)	(3,971)	(4,821)	(2,976)	(2,743)
Net change in total pension liability	(1,915)	(25,294)	3,114	(8,378)	2,605	(2,377)	11,617	2,536
Total OPEB liability, beginning	58,103	83,397	80,283	88,661	86,056	88,433	76,816	74,280
Total OPEB liability, ending	\$ 56,188	\$ 58,103	\$ 83,397	\$ 80,283	\$ 88,661	\$ 86,056	\$ 88,433	\$ 76,816
Covered payroll	\$ 906,222	\$ 884,119	\$ 744,985	\$ 726,814	\$ 602,680	\$ 587,981	\$ 508,213	\$ 495,818
Total OPEB liability as a percentage of covered-employee payroll	6.20%	6.57%	11.19%	11.05%	14.71%	14.64%	17.40%	15.49%

Notes to Schedule:

No assets are being accumulated in a trust to pay for plan benefits.

Information is not available for years preceding fiscal year 2018.

Changes in Assumptions:

- For measurement date September 30, 2025 the discount rate was 4.50%
- For measurement date September 30, 2024 the discount rate was 4.06%
- For measurement date September 30, 2023 the discount rate was 4.87%
- For measurement date September 30, 2022 the discount rate was 4.77%
- For measurement date September 30, 2021 the discount rate was 2.43%
- For measurement date September 30, 2020 the discount rate was 2.14%
- For measurement date September 30, 2019 the discount rate was 3.58%
- For measurement date September 30, 2018 the discount rate was 4.18%
- For measurement date September 30, 2017 the discount rate was 3.64%



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OTHER INFORMATION

CITY OF EAGLE LAKE, FLORIDA

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

September 30, 2025

<u>Data Element</u>	<u>Reference</u>	<u>Comment</u>
The total number of CRA employees compensated in the last pay period of the CRA’s fiscal year being reported	Section 218.32(1)(e)(2)(a)	The CRA has no employees.
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA’s fiscal year being reported.	Section 218.32(1)(e)(2)(b)	None
All compensation earned by or awarded to CRA employees, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(c)	The CRA has no employees.
All compensation earned by or awarded to CRA nonemployee independent contractors, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(d)	None
Budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6), Florida Statutes.	Section 218.32(1)(e)(3)	See page 47 of this annual financial report. The CRA did not amend their budget for 2025.
Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.	Section 218.32(1)(e)(2)(e)	None

OTHER REPORTS



Herman V. Lazzara	Michael E. Helton
Sam A. Lazzara	James K. O'Connor
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Marc D. Sasser, of Counsel	
Cesar J. Rivero, in Memoriam (1942-2017)	

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 Members of City Council
City of Eagle Lake, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of City of Eagle Lake, Florida as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Eagle Lake, Florida's basic financial statements, and have issued our report thereon dated March 10, 2026.

Report on Internal Control Over Financial Reporting

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

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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2025-001 that we considered to be a material weakness.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eagle Lake, Florida'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 determination of financial statement amounts. 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*.


City of Eagle Lake, Florida's Response to Findings

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

Purpose of this Report

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

Tampa, Florida
March 10, 2026



City of Eagle Lake, Florida

SCHEDULE OF FINDINGS

September 30, 2025

Finding 2025-001: Material Weakness in Internal Controls Related to Grant Reporting and Grant Fund Designation

Criteria: Effective internal controls should be implemented regarding the preparation and review of required grant compliance requirements.

Condition: Reports submitted to the US Department of Treasury for Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program were inaccurate and incomplete as well as the funds were not appropriately designated by the required date of the grant terms and conditions.

Cause: Management did not properly review the reporting requirements as well as management did not monitor the terms and conditions for designation by the required date.

Effect: The City of Eagle Lake, Florida was required to pay back approximately \$516,000 to the US Department of Treasury for funds considered unearned which resulted in a prior period restatement for revenues previously recognized.

Recommendation: We recommend that the City of Eagle Lake, Florida implement additional internal controls to include timely monitoring of grant awards as well as training of individuals to better understand grant terms and conditions.

View of responsible officials and planned corrective actions: Management concurs with the recommendation.



RIVERO, GORDIMER & COMPANY, P.A.

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

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

Honorable Mayor and Members of City Council
City of Eagle Lake, Florida

We have examined the City of Eagle Lake, Florida's compliance with the requirements of Section 218.415, *Florida Statutes* during the year ended September 30, 2025. Management is responsible for City of Eagle Lake, Florida's compliance with those requirements. Our responsibility is to express an opinion on City of Eagle Lake, Florida's compliance based on our examination.

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

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

In our opinion, City of Eagle Lake, Florida complied, in all material respects, investment policy compliance with the requirements of Section 218.415, *Florida Statutes* during the year ended September 30, 2025.

Tampa, Florida
March 10, 2026





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MANAGEMENT LETTER BASED ON RULE 10.554(1)(i) OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and Members of City Council
City of Eagle Lake, Florida

Report on the Financial Statements

We have audited the financial statements of City of Eagle Lake, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 10, 2026.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Summary of Audit Findings, and Independent Accountant’s Report on Compliance with the Requirements of Section 218.415, *Florida Statutes* 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, March 10, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings or recommendations were made in the preceding financial audit report.

Official Title and Legal Authority

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



Financial Condition and Management

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

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

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

Property Assessed Clear Energy (PACE) Programs

As required by Section 10.544(1)(i)6.a., Rules of the Auditor General, The City of Eagle Lake, Florida, a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate under the purview of the City of Eagle Lake, Florida during the year under audit.

Specific Information

City of Eagle Lake, Florida has included certain information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General for the Eagle Lake Community Redevelopment Agency in Other Information included on page 49.


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 have 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, Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Tampa, Florida
March 10, 2026





CITY OF EAGLE LAKE

"Growing With People In Mind"

75 N. 7th Street, P.O. Box 129, Eagle Lake, FL 33839

Phone (863) 293-4141 Fax: (863) 294-3590

March 10, 2026

Audit Finding Number: 2025-001

Audit Finding: Material Weakness in Internal Controls Related to Grant Reporting and Grant Fund Designation

Corrective Action Plan:

The city will find online training on Grant Management for the City Manager and the Accounting Department.

City Management will implement...

For grants such as these which expended over multiple years, the City will implement additional oversight that not only looks at the yearly purchases but the overall payments purchased through the grant.

Anticipated Completion Date: Fiscal Year 2026

Name and Title of contact person responsible for corrective action:

Thomas Ernharth, City Manager