

**TOWN OF INTERLACHEN, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

**TOWN OF INTERLACHEN, FLORIDA
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SEPTEMBER 30, 2025**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council Members,
Town of Interlachen, Florida:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, 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 of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

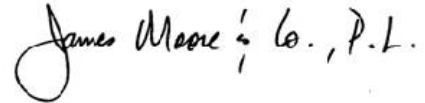
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
February 23, 2026

**TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

As management of Town of Interlachen, Florida (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2025.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

The Town maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

Proprietary funds. The Town maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and cemetery operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and cemetery operations, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 16 – 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 – 27 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded the Town's liabilities by \$13,060,644.

By far the largest portion of the Town's net position (50 percent) reflects its net investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and furniture). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

**Town of Interlachen, Florida's Condensed Statements of Net Position
2025**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 4,915,297	\$ 1,753,361	\$ 6,668,658
Capital assets	2,460,247	4,341,697	6,801,944
Total assets	<u>7,375,544</u>	<u>6,095,058</u>	<u>13,470,602</u>
Long-term liabilities outstanding	34,245	231,482	265,727
Other liabilities	86,194	58,037	144,231
Total liabilities	<u>120,439</u>	<u>289,519</u>	<u>409,958</u>
Net position:			
Net investment in capital assets	2,460,247	4,080,898	6,541,145
Restricted	507,411	-	507,411
Unrestricted	4,287,447	1,724,641	6,012,088
Total net position	<u>\$ 7,255,105</u>	<u>\$ 5,805,539</u>	<u>\$ 13,060,644</u>

2024

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 4,653,048	\$ 1,529,396	\$ 6,182,444
Capital assets	2,616,951	4,538,088	7,155,039
Total assets	<u>7,269,999</u>	<u>6,067,484</u>	<u>13,337,483</u>
Long-term liabilities outstanding	30,202	265,205	295,407
Other liabilities	61,901	58,972	120,873
Total liabilities	<u>92,103</u>	<u>324,177</u>	<u>416,280</u>
Net position:			
Net investment in capital assets	2,616,951	4,243,364	6,860,315
Restricted	530,292	-	530,292
Unrestricted	4,030,653	1,499,943	5,530,596
Total net position	<u>\$ 7,177,896</u>	<u>\$ 5,743,307</u>	<u>\$ 12,921,203</u>

An additional portion of the Town's net position (5.42 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,012,088) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net position by \$77,209. The key factor responsible for this increase is due to increase in interest income.

Business-type activities. Business-type activities increased the Town's net position by \$62,232. The key factor responsible for this increase is due to increase in interest income.

**TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Town of Interlachen, Florida's Condensed Statements of Activities

	2025		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 22,603	\$ 422,984	\$ 445,587
Operating grants and contributions	135,177	-	135,177
Capital Grants and contributions	72,045	-	72,045
General revenues:			
Property taxes	642,833	-	642,833
Intergovernmental and other	875,025	46,400	921,425
Transfers	8,750	(8,750)	-
Total revenues	<u>1,756,433</u>	<u>460,634</u>	<u>2,217,067</u>
Expenses:			
General government	749,781	-	749,781
Public safety	306,029	-	306,029
Physical environment	614,611	-	614,611
Culture and recreation	8,803	-	8,803
Water and Cemetery	-	398,402	398,402
Total expenses	<u>1,679,224</u>	<u>398,402</u>	<u>2,077,626</u>
Change in net position	77,209	62,232	139,441
Net position , beginning of year	<u>7,177,896</u>	<u>5,743,307</u>	<u>12,921,203</u>
Net position , end of year	<u>\$ 7,255,105</u>	<u>\$ 5,805,539</u>	<u>\$ 13,060,644</u>

	2024		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 50,089	\$ 437,784	\$ 487,873
Operating grants and contributions	147,230	-	147,230
Capital Grants and contributions	-	765,741	765,741
General revenues:			
Property taxes	641,373	-	641,373
Intergovernmental and other	672,462	11,106	683,568
Transfers	(383,057)	383,057	-
Total revenues	<u>1,128,097</u>	<u>1,597,688</u>	<u>2,725,785</u>
Expenses:			
General government	486,410	-	486,410
Public safety	305,398	-	305,398
Physical environment	565,089	-	565,089
Culture and recreation	3,271	-	3,271
Water and Cemetery	-	350,430	350,430
Total expenses	<u>1,360,168</u>	<u>350,430</u>	<u>1,710,598</u>
Change in net position	(232,071)	1,247,258	1,015,187
Net position , beginning of year	<u>7,409,967</u>	<u>4,496,049</u>	<u>11,906,016</u>
Net position , end of year	<u>\$ 7,177,896</u>	<u>\$ 5,743,307</u>	<u>\$ 12,921,203</u>

**TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental fund (general fund) reported an ending fund balance of \$4,823,907, an increase of \$227,373 in comparison with the prior year. Approximately 65 percent of this total amount (\$3,137,836) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable* or *restricted* to indicate that it is not available for new spending because it has already been committed to the Town's prepaid expenses \$42,491 and construction of infrastructure and roads of \$708,051.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, *unassigned fund balance* of the general fund was \$3,137,836. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total expenditures were 207% and 319% of unassigned and total fund balance respectively.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and cemetery operations at the end of the year amounted to \$1,193,982 and \$530,659, respectively. The increase in net position for the water fund was \$60,899 and the increase in net position for the cemetery fund was \$1,333.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business type activities as of September 30, 2025, amounts to \$6,541,145 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and construction in process.

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

Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$260,799. This debt represents note payables to the State for financing of a road expansion project. The Town made payments in accordance with the repayment schedules.

Additional information on the Town's long-term debt can be found in Note 7 of this report.

**TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Economic Factors and Next Year's Budgets and Rates

- Millage rate was adopted at 6.9018 mills, based on anticipated expenditures.
- Grant funding for capital projects will continue.
- CDBG 23DB-N12 grant project will break ground by early summer.

This factor was considered in preparing the Town's budget for the 2025-2026 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Town of Interlachen, Florida's 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 Joni Payne, Town Clerk, 311 Atlantic Avenue, Interlachen, Florida, 32148.

TOWN OF INTERLACHEN, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,641,903	\$ 1,704,126	\$ 6,346,029
Restricted cash	-	18,810	18,810
Receivables, net	39,769	40,989	80,758
Internal balances	17,658	(17,658)	-
Due from other governments	173,476	-	173,476
Inventories	-	7,094	7,094
Prepays	42,491	-	42,491
Capital assets:			
Land	138,032	-	138,032
Buildings and improvements	621,887	2,384,935	3,006,822
Improvements other than buildings	4,423,804	-	4,423,804
Equipment	1,312,840	508,525	1,821,365
Water system	-	3,116,633	3,116,633
Accumulated depreciation	(4,036,316)	(1,668,396)	(5,704,712)
Total assets	<u>\$ 7,375,544</u>	<u>\$ 6,095,058</u>	<u>\$ 13,470,602</u>
LIABILITIES			
Accounts payable	\$ 46,794	\$ -	\$ 46,794
Customer deposits	-	18,810	18,810
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	33,925	33,925
Compensated absences	39,400	5,302	44,702
Due in more than one year:			
Bonds and notes payable	-	226,874	226,874
Compensated absences	34,245	4,608	38,853
Total liabilities	<u>\$ 120,439</u>	<u>\$ 289,519</u>	<u>\$ 409,958</u>
NET POSITION			
Net investment in capital assets	\$ 2,460,247	\$ 4,080,898	\$ 6,541,145
Restricted for:			
Capital improvements	692,835	-	692,835
Building department	15,216	-	15,216
Unrestricted	4,086,807	1,724,641	5,811,448
Total net position	<u>\$ 7,255,105</u>	<u>\$ 5,805,539</u>	<u>\$ 13,060,644</u>

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

**TOWN OF INTERLACHEN, 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 Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 749,781	\$ 16,068	\$ -	\$ -	\$ (733,713)	\$ -	\$ (733,713)
Public safety	306,029	6,535	-	43,155	(256,339)	-	(256,339)
Physical environment	614,611	-	135,177	28,890	(450,544)	-	(450,544)
Culture and recreation	8,803	-	-	-	(8,803)	-	(8,803)
Total governmental activities	<u>1,679,224</u>	<u>22,603</u>	<u>135,177</u>	<u>72,045</u>	<u>(1,449,399)</u>	<u>-</u>	<u>(1,449,399)</u>
Business-type activities:							
Water and sewer	371,139	410,874	-	-	-	39,735	39,735
Industrial park	27,263	12,110	-	-	-	(15,153)	(15,153)
Total business-type activities	<u>398,402</u>	<u>422,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,582</u>	<u>24,582</u>
Total primary government	<u>\$ 2,077,626</u>	<u>\$ 445,587</u>	<u>\$ 135,177</u>	<u>\$ 72,045</u>	<u>(1,449,399)</u>	<u>24,582</u>	<u>(1,424,817)</u>
General revenues:							
Property taxes					642,833	-	642,833
Sales and use taxes					283,013	-	283,013
Franchise and utility taxes					272,463	-	272,463
State revenue sharing					54,829	-	54,829
Other intergovernmental revenues					112,226	-	112,226
Investment earnings (loss)					137,895	46,400	184,295
Miscellaneous revenues					14,599	-	14,599
Transfers					8,750	(8,750)	-
Total general revenues and transfers					<u>1,526,608</u>	<u>37,650</u>	<u>1,564,258</u>
Change in net position					77,209	62,232	139,441
Net position - beginning					7,177,896	5,743,307	12,921,203
Net position - ending					<u>\$ 7,255,105</u>	<u>\$ 5,805,539</u>	<u>\$ 13,060,644</u>

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

**TOWN OF INTERLACHEN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	General
ASSETS	
Cash and cash equivalents	\$ 4,641,903
Receivables, net	39,769
Due from other governments	173,476
Due from other funds	17,658
Prepaid items	42,491
Total assets	\$ 4,915,297
LIABILITIES	
Accounts payable	\$ 46,794
Total liabilities	46,794
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	44,596
FUND BALANCES	
Nonspendable:	
Prepaid items	42,491
Restricted for:	
Infrastructure	692,835
Road construction	15,216
Assigned to:	
Subsequent year's budget	935,529
Unassigned	3,137,836
Total fund balances	4,823,907
Total liabilities and fund balances	\$ 4,915,297

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

**TOWN OF INTERLACHEN, FLORIDA
RECONCILIATION OF THE BALANCE SHEET—GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Fund balances - total governmental funds		\$ 4,823,907
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Total governmental capital assets	6,496,563	
Less: accumulated depreciation	<u>(4,036,316)</u>	2,460,247
Delinquent taxes are recorded as deferred inflows in the general fund, but are recorded as revenue in the statement of activities.		
		44,596
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Compensated absences	<u>(73,645)</u>	(73,645)
Net position of governmental activities		<u><u>\$ 7,255,105</u></u>

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

TOWN OF INTERLACHEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund
Revenues	
Taxes	\$ 1,257,971
Intergovernmental	262,869
Fines and forfeitures	19,397
Investment income	138,395
Miscellaneous	53,817
Total revenues	1,732,449
Expenditures	
Current:	
General government	1,104,298
Public safety	302,295
Capital outlay	107,233
Total expenditures	1,513,826
Excess (deficiency) of revenues over expenditures	218,623
Other financing sources (uses)	
Transfers in	8,750
Total other financing sources (uses)	8,750
Net change in fund balances	227,373
Fund balances, beginning of year	4,596,534
Fund balances, end of year	\$ 4,823,907

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

**TOWN OF INTERLACHEN, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net change in fund balances - total governmental funds	\$	227,373
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		74,846
Depreciation expense		(231,550)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:		
Change in deferred inflows related to delinquent taxes receivable		15,234
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:		
Change in compensated absences liability		(8,694)
Change in net position of governmental activities	<u>\$</u>	<u>77,209</u>

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

TOWN OF INTERLACHEN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds		
	Water Fund	Cemetery Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,179,197	\$ 231,876	\$ 1,411,073
Restricted cash	18,810	-	18,810
Accounts receivable, net	40,989	-	40,989
Inventory	-	7,094	7,094
Total current assets	<u>1,238,996</u>	<u>238,970</u>	<u>1,477,966</u>
Noncurrent assets:			
Certificates of deposit	-	293,053	293,053
Capital assets:			
Buildings and improvements	1,946,273	438,662	2,384,935
Machinery and equipment	508,525	-	508,525
Water system	3,116,633	-	3,116,633
Accumulated depreciation	<u>(1,623,946)</u>	<u>(44,450)</u>	<u>(1,668,396)</u>
Total noncurrent assets	<u>3,947,485</u>	<u>687,265</u>	<u>4,634,750</u>
Total assets	<u><u>\$ 5,186,481</u></u>	<u><u>\$ 926,235</u></u>	<u><u>\$ 6,112,716</u></u>
LIABILITIES			
Current liabilities:			
Deposits	\$ 18,810	\$ -	\$ 18,810
Due to other funds	16,553	1,105	17,658
Compensated absences	5,163	139	5,302
Current maturities on long-term debt	<u>33,925</u>	<u>-</u>	<u>33,925</u>
Total current liabilities	<u>74,451</u>	<u>1,244</u>	<u>75,695</u>
Noncurrent liabilities:			
Notes payable	226,874	-	226,874
Compensated absences	4,488	120	4,608
Total noncurrent liabilities	<u>231,362</u>	<u>120</u>	<u>231,482</u>
Total liabilities	<u><u>\$ 305,813</u></u>	<u><u>\$ 1,364</u></u>	<u><u>\$ 307,177</u></u>
NET POSITION			
Net investment in capital assets	\$ 3,686,686	\$ 394,212	\$ 4,080,898
Unrestricted	<u>1,193,982</u>	<u>530,659</u>	<u>1,724,641</u>
Total net position	<u><u>\$ 4,880,668</u></u>	<u><u>\$ 924,871</u></u>	<u><u>\$ 5,805,539</u></u>

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

TOWN OF INTERLACHEN, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues			
Charges for services	\$ 410,874	\$ 12,110	\$ 422,984
Total operating revenues	<u>410,874</u>	<u>12,110</u>	<u>422,984</u>
Operating expenses			
Personnel services	91,293	2,146	93,439
Operating expenses	105,388	3,184	108,572
Depreciation	174,458	21,933	196,391
Total operating expenses	<u>371,139</u>	<u>27,263</u>	<u>398,402</u>
Operating income (loss)	<u>39,735</u>	<u>(15,153)</u>	<u>24,582</u>
Nonoperating revenues (expenses)			
Interest earnings	29,664	16,736	46,400
Total nonoperating revenues (expenses)	<u>29,664</u>	<u>16,736</u>	<u>46,400</u>
Income (loss) before capital contributions and transfers	<u>69,399</u>	<u>1,583</u>	<u>70,982</u>
Transfers out	(8,500)	(250)	(8,750)
Change in net position	<u>60,899</u>	<u>1,333</u>	<u>62,232</u>
Net position, beginning of year	4,819,769	923,538	5,743,307
Net position, end of year	<u>\$ 4,880,668</u>	<u>\$ 924,871</u>	<u>\$ 5,805,539</u>

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

**TOWN OF INTERLACHEN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Business-type Activities - Enterprise Funds		
	Water Fund	Cemetery Fund	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	\$ 412,688	\$ 12,110	\$ 424,798
Cash paid to employees	(90,878)	(2,125)	(93,003)
Cash paid to suppliers	(105,388)	(2,696)	(108,084)
Net cash provided by (used in) operating activities	<u>216,422</u>	<u>7,289</u>	<u>223,711</u>
Cash flows from noncapital financing activities			
Interfund transfers	(8,500)	(250)	(8,750)
Interfund loans	49,202	155	49,357
Net cash provided by (used in) noncapital financing activities	<u>40,702</u>	<u>(95)</u>	<u>40,607</u>
Cash flows from capital and related financing activities			
Principal payments of long-term debt	(33,925)	-	(33,925)
Net cash provided by (used in) capital and related financing activities	<u>(33,925)</u>	<u>-</u>	<u>(33,925)</u>
Cash flows from investing activities			
Interest received	29,664	6,364	36,028
Net cash provided by (used in) investing activities	<u>29,664</u>	<u>6,364</u>	<u>36,028</u>
Net change in cash and cash equivalents	<u>252,863</u>	<u>13,558</u>	<u>266,421</u>
Cash and cash equivalents, beginning of year	945,144	218,318	1,163,462
Cash and cash equivalents, end of year	<u>\$ 1,198,007</u>	<u>\$ 231,876</u>	<u>\$ 1,429,883</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 39,735	\$ (15,153)	\$ 24,582
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Depreciation	174,458	21,933	196,391
Changes in assets and liabilities:			
Accounts receivable	2,983	-	2,983
Inventories and prepaids	-	488	488
Deposits	(1,169)	-	(1,169)
Compensated absences	415	21	436
Net cash provided by operating activities	<u>\$ 216,422</u>	<u>\$ 7,289</u>	<u>\$ 223,711</u>
Cash and cash equivalents classified as:			
Cash and cash equivalents	\$ 1,179,197	\$ 231,876	\$ 1,411,073
Restricted cash and cash equivalents for:			
Customer deposits	18,810	-	18,810
Total cash and cash equivalents	<u>\$ 1,198,007</u>	<u>\$ 231,876</u>	<u>\$ 1,429,883</u>

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

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) Summary of Significant Accounting Policies:

The financial statements of the Town of Interlachen, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town was formed in 1888 under a Charter, which was enacted by the Florida Legislature in Chapter 61-2280 Laws of Florida. The Town operates under a Council form of government with elected officials consisting of five council members and one mayor with two-year terms. The following services are provided by the Town as authorized by its charter: public safety (police), highway and streets, sanitation, cemetery services, health and social services, public improvement and general administrative services. The Town's Charter was last updated in 1998.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are hereafter described.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. 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 charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Taxes and certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures for compensated absences and claims and judgments, are recorded only when payment is due.

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification 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.

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary fund:

The **Water Fund** accounts for the activities of the government's water distribution operations.

The **Cemetery Fund** accounts for the activities of the government's cemetery operations.

(e) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

(f) **Deposits and investments**—The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Florida Statutes authorize the Town to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Town to invest in bonds, notes or other obligations of the United States government; certain bonds of any state or local government unit and bonds issued by certain government agencies, asset-backed or mortgage-backed securities of the highest credit quality, and certain preferred and common stock listed on a recognized national stock exchange in the United States. Investments of the Town are reported at fair value.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Account receivables**—Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Water Fund are net of a \$40,989 allowance.

(h) **Inventories**—Inventories are stated at cost, based on the first-in, first out method.

(i) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Property, plant, and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-40
Infrastructure	20-40
Machinery and equipment	5-10
Vehicles	5

(j) **Compensated absences**—The Town’s policy is to allow limited vesting of employee vacation pay and accumulated sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

(k) **Property Taxes**—The Levy County Tax Collector bills and collects property taxes for the Town. In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Levy Date:	October 1, 2024
Due Date:	March 31, 2025
Lien Date:	January 1, 2025

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Deferred outflows/inflows of resources**—In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has one item, deferred inflows related to property taxes, which qualify for reporting in this category.

(m) **Fund balance**—The Town follows the provisions of the GASB Codification to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Those classifications are as follows:

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Town’s highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action.

Assigned – Assigned fund balances are amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Town Council or (b) a body or official to which the Town Council has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the Town’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(n) **Operating revenues and expenses**—The enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(o) **Restricted net position**—In the accompanying government-wide and proprietary funds’ statements of net position, *restricted net position* is subject to restrictions beyond the Town’s control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation.

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

**TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments:**

The Town’s cash and equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2025, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

(4) **Receivables:**

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water Fund	Total
Accounts receivable	\$ 39,769	\$ 41,881	\$ 81,650
Intergovernmental receivable	173,476	-	173,476
Gross receivables	213,245	41,881	255,126
Less: Allowance	-	(892)	(892)
Net total receivables	\$ 213,245	\$ 40,989	\$ 254,234

(5) **Interfund Balances and Transfers:**

The interfund balances resulted from the normal course of operations and are expected to be repaid within one year. Interfund transfers were consistent with the purpose of the fund making the transfer.

At September 30, 2025, interfund balances were as follows:

Receivable Fund	Payable Fund	Amount
General	Cemetery	\$ 1,105
General	Water	16,553
Total		\$ 17,658

For the year ended September 30, 2025, the Cemetery Fund transferred \$250 to the General Fund and Water fund transferred \$8,500 to the General Fund for and operating subsidy.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2025, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 138,032	\$ -	\$ -	\$ 138,032
Total assets not being depreciated	<u>138,032</u>	<u>-</u>	<u>-</u>	<u>138,032</u>
Capital assets being depreciated:				
Buildings	621,887	-	-	621,887
Improvements other than building	4,423,804	-	-	4,423,804
Machinery and Equipment	1,104,673	74,846	(3,440)	1,176,079
Furniture and office equipment	137,446	-	(685)	136,761
Total assets being depreciated	<u>6,287,810</u>	<u>74,846</u>	<u>(4,125)</u>	<u>6,358,531</u>
Less accumulated depreciation for:				
Buildings	(368,761)	(15,522)	-	(384,283)
Improvements other than building	(2,384,641)	(186,573)	-	(2,571,214)
Machinery and Equipment	(927,293)	(28,184)	-	(955,477)
Furniture and office equipment	(128,196)	(1,271)	4,125	(125,342)
Total accumulated depreciation	<u>(3,808,891)</u>	<u>(231,550)</u>	<u>4,125</u>	<u>(4,036,316)</u>
Total capital assets being depreciated, net	<u>2,478,919</u>	<u>(156,704)</u>	<u>-</u>	<u>2,322,215</u>
Governmental activities capital assets, net	<u>\$ 2,616,951</u>	<u>\$ (156,704)</u>	<u>\$ -</u>	<u>\$ 2,460,247</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 38,900	\$ -	\$ (38,900)	\$ -
Total assets not being depreciated	<u>38,900</u>	<u>-</u>	<u>(38,900)</u>	<u>-</u>
Capital assets being depreciated:				
Buildings and improvements	5,462,668	38,900	-	5,501,568
Equipment	508,525	-	-	508,525
Total assets being depreciated	<u>5,971,193</u>	<u>38,900</u>	<u>-</u>	<u>6,010,093</u>
Less accumulated depreciation for:				
Building & Improvements	(1,472,005)	(196,391)	-	(1,668,396)
Total accumulated depreciation	<u>(1,472,005)</u>	<u>(196,391)</u>	<u>-</u>	<u>(1,668,396)</u>
Total capital assets being depreciated, net	<u>4,499,188</u>	<u>(157,491)</u>	<u>-</u>	<u>4,341,697</u>
Business-type activities capital assets, net	<u>\$ 4,538,088</u>	<u>\$ (157,491)</u>	<u>\$ (38,900)</u>	<u>\$ 4,341,697</u>

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) **Capital Assets:** (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 46,085
Public safety	3,734
Physical environment	172,928
Culture and recreation	8,803
Total depreciation expense – governmental activities	<u>\$ 231,550</u>
Business-type activities:	
Water	\$ 174,458
Cemetery	21,933
Total depreciation expense – business-type activities	<u>\$ 196,391</u>

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(7) Long-Term Obligations:

The Town entered into an agreement with the State of Florida, Department of Transportation to finance a road expansion project totaling \$430,787, which included the replacement of water pipes along the roadway. The project was completed in 2008. The financing agreement states that the Town will make annual non-interest bearing payments of \$18,730 for 24 years.

The Town entered into an agreement with the State of Florida, Department of Transportation to finance a road expansion project totaling \$227,929, which included costs associated with the relocation of water pipes along the roadway. The project was completed in 2022. The financing agreement states that the Town will make annual non-interest bearing payments of \$15,199 for 14 years.

Year Ending September 30,	Principal
2026	\$ 33,925
2027	33,925
2028	33,925
2029	33,925
2030	33,925
2031-2035	75,975
2036-2036	15,199
Total	\$ 260,799

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 64,951	\$ 8,694	\$ -	\$ 73,645	\$ 39,400
Business-type activities:					
Compensated absences	\$ 9,474	\$ 435	\$ -	\$ 9,910	\$ 5,302
Notes Payable	294,724	-	(33,925)	260,799	33,925
	\$ 304,198	\$ 435	\$ (33,925)	\$ 270,709	\$ 39,227

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(8) Employee Benefits:

On a monthly basis, employees are paid a fixed sum in addition to their base compensation that is to partially defray the cost of group health insurance available to Town employees. This benefit is available to all regular Town employees and does not depend on a minimum number of years of service, and terminates upon separation from employment. Specifically, full time employees who are on a regular weekly schedule will be entitled to earn, accrue and use this benefit upon the first of the month after sixty days of continuous employment with no breaks in service. Temporary, emergency or other part-time employees shall not be eligible to earn, accrue or use this benefit. This accrued \$100 benefit shall be credited as earned on the last pay period date of each month for the previous month and must be used by September 30th of each fiscal year since it cannot be carried over from one fiscal year to the next. This Additional Benefit is not available for use during the first sixty days of continuous employment. Employees on a leave of absence without pay will not lose any of this accumulated benefit. Additional Benefit credited to them, however, they also will not accrue this benefit during the leave of absence. Employees on a leave of absence with pay shall continue to earn and accrue this benefit except when an employee is granted leave in conjunction with resignation or termination of employment, in such cases employees shall not earn or accrue this benefit. Beginning November 8, 2011, employees hired on or after this date are responsible for 5% of their group health insurance premium. The Town has not established a formal retirement plan.

(9) Risk Management:

The Town is exposed to various risks of loss related to general liability, workers' compensation, public liability, law enforcement liability, property damage, and errors and omissions. To manage its risks, the Town participates in the Florida League of Cities Self Insurance Fund (the "Fund") a public entity risk pool currently operating as a common risk management and insurance program for member cities. The Town pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are based on certain actual exposures of each member.

(10) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

- (a) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (b) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.
- (c) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The objective of GASB 105 is to improve financial reporting requirements for subsequent events by clarifying the subsequent events time frame, distinguishing between recognized and nonrecognized subsequent events, and enhancing consistency and transparency in related disclosures. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

TOWN OF INTERLACHEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 949,501	\$ 949,501	\$ 1,257,971	\$ 308,470
Intergovernmental	1,499,969	1,499,969	262,869	(1,237,100)
Charges for services	4,574,570	4,574,570	-	(4,574,570)
Fines and forfeitures	2,700	2,700	19,397	16,697
Interest revenues	1,450	1,450	138,395	136,945
Miscellaneous	45,050	45,050	53,817	8,767
Total revenues	7,073,240	7,073,240	1,732,449	(5,340,791)
Expenditures				
Current:				
General government	4,880,147	4,880,147	1,104,298	3,775,849
Public safety	358,394	357,894	302,295	55,599
Capital outlay	1,843,449	1,843,949	107,233	1,736,716
Total expenditures	7,081,990	7,081,990	1,513,826	5,568,164
Excess (deficiency) of revenues over expenditures	(8,750)	(8,750)	218,623	227,373
Other financing sources (uses)				
Transfers in	8,750	8,750	8,750	-
Total other financing sources (uses)	8,750	8,750	8,750	-
Net change in fund balances	-	-	227,373	227,373
Fund balances, beginning of year	4,596,534	4,596,534	4,596,534	-
Fund balances, end of year	\$ 4,596,534	\$ 4,596,534	\$ 4,823,907	\$ 227,373

The accompanying notes to the schedule of revenues, expenditures, and changes in fund balance budget to actual are an integral part of this schedule.

**TOWN OF INTERLACHEN, FLORIDA
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTEMBER 30, 2025**

The Town adopts an annual budget for the General Fund. The Town generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Clerk submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. Budgetary control is maintained at the department level. The department is the legal level of control.
5. Appropriations lapse at the end of the fiscal year.
6. The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

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

To the Honorable Mayor and Town Council Members,
Town of Interlachen, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of the Town of Interlachen, Florida, (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 23, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting, listed below, that we consider to be a significant deficiency:

2025-001 – Preparation of Financial Statements (Repeat Comment)

Professional standards promulgated by the American Institute of Certified Public Accountants provide a system of internal control over financial reporting should allow the Town to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP). While auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. A control deficiency exists in instances where the Town is not positioned to draft financial statements and all required disclosures. However, the outsourcing of these services is not unusual in governmental entities of similar budget and personnel size. For subsequent audits, management may wish to take an active role in the drafting of the financial statements and related disclosures.

Report on Compliance and Other Matters

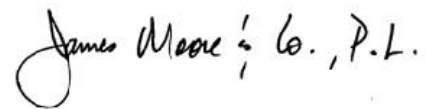
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Town of Interlachen, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the letter titled Management's Response to the Auditors' Comments, as listed in the table of contents. The Town's response was not subjected to the auditing procedures applied in the other audit of the financial statements and, accordingly, we express no opinion on it.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gainesville, Florida
February 23, 2026

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor and Town Council Members,
Town of Interlachen, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Interlachen, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated February 23, 2026.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 23, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below under the heading Prior Year Findings and Recommendations. Finding 2025-001 is a repeat finding for at least the past two preceding years.

Prior Year Findings and Recommendations

2024-001 – Preparation of Financial Statements – Corrective action not taken.

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. The legal authority for the primary government of the reporting entity is disclosed in Note (1) of the basic financial statements.

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Town's geographical boundaries during the fiscal year under audit.

Special District Component Units

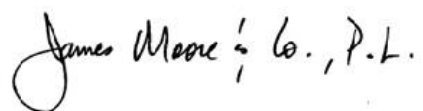
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to address 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 State granting agencies, Town Council Members, management, and others within the Town, and is not intended to be and should not be used by anyone other than these specified parties.



Gainesville, Florida
February 23, 2026



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and Town Council Members,
Town of Interlachen, Florida:

We have examined the Town of Interlachen, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025. The Town's management is responsible for the Town's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the Town's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies* for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating the Town's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Town's compliance for the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Town's compliance was not in accordance with the aforementioned requirements, in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of Town of Interlachen, Florida, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Town of Interlachen, Florida, complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.



Gainesville, Florida
February 23, 2026

MANAGEMENT'S RESPONSE TO FINDINGS

2025-001 – Preparation of financial statements (Repeat Comment)

The Town understands this weakness, but is willing to accept the risk. The Town has a small office staff and is unable to prepare the financial statements at this time.